



*United States Attorney
District of New Jersey*

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**CALIFORNIA MAN ADMITS TO SECURITIES AND TAX OFFENSES RELATED TO
\$722 MILLION BITCLUB NETWORK FRAUD SCHEME**

NEWARK, N.J. – A California man today admitted to conspiring to offer and sell unregistered securities and to subscribing to a false tax return in connection with his role in the BitClub Network, a cryptocurrency mining scheme worth at least \$722 million, U.S. Attorney Craig Carpenito announced.

Joseph Frank Abel, 50, of Camarillo, California, pleaded guilty by videoconference before U.S. District Judge Claire C. Cecchi to count two of the indictment, charging him with conspiracy to offer and sell unregistered securities. He also pleaded guilty to a separate information charging him with subscribing to a false tax return for the tax year 2017.

Abel and four codefendants – Matthew Brent Goettsche, Russ Albert Medlin, Jobadiah Sinclair Weeks, and Joseph Frank Abel – were charged by indictment in December 2019.

According to documents filed in this case and statements made in court:

From April 2014 through December 2019, the BitClub Network was a fraudulent scheme that solicited money from investors in exchange for shares of purported cryptocurrency mining pools and rewarded investors for recruiting new investors into the scheme. Abel operated as a large-scale promoter of the BitClub Network. He promoted and sold shares of BitClub Network despite knowing that the network and its operators did not file a registration statement to register shares with the U.S. Securities and Exchange Commission.

Abel admitted taking money from investors in exchange for shares of the BitClub Network's purported mining pools. In order to promote shares in the BitClub Network's mining pools, he created and posted videos to the internet and gave presentations and speeches about the BitClub

Network throughout the United States and numerous other countries, including in Asia, Africa, and Europe. As part of the conspiracy, Abel instructed investors in the United States to use a virtual private network, or “VPN,” to hide their U.S.-based IP addresses and evade detection and regulation by U.S. law enforcement.

Abel admitted failing to report on a Form 1040 United States Individual Income Tax Return for the tax year 2017 approximately \$1 million in cryptocurrency as income he earned from his promotion of the BitClub Network.

The conspiracy charge to which Abel pleaded guilty carries a maximum penalty of five years in prison and a fine of \$250,000, or twice the pecuniary gain to the defendant or loss to the victims. The tax charge to which Abel pleaded guilty carries a maximum penalty of three years in prison and a fine of \$100,000. Sentencing is scheduled for Jan. 27, 2021.

U.S. Attorney Carpenito credited special agents and task force officers of the FBI Los Angeles Division’s West Covina Resident Agency, under the direction of Acting Assistant Director in Charge John F. Bennett; special agents of IRS - Criminal Investigation, under the direction of Special Agent in Charge Michael Montanez in Newark; special agents of the IRS Los Angeles Field Office, under the direction of Special Agent in Charge Ryan L. Korner; the FBI Criminal Investigative Division, under the supervision of Assistant Director Calvin A. Shivers and the Financial Crimes Section, under the leadership of Section Chief Steven Merrill, and members of the Ventura Police Department with the investigation leading to today’s guilty plea.

Anyone who believes they may be a victim can find more information about the case, including a questionnaire for victims to fill out and submit, at: <https://www.justice.gov/usao-nj/bitclub> or the Department of Justice’s large case website <https://www.justice.gov/largecases>.

The government is represented by Unit Chief David W. Feder, Assistant U.S. Attorneys Jamie L. Hoxie and Anthony P. Torntore of the Cybercrime Unit, and Unit Chief Sarah Devlin and Assistant U.S. Attorney Joseph Minish of the Asset Recovery and Money Laundering Unit, of the U.S. Attorney’s Office in Newark.

The charges and allegations against the other defendants are merely accusations, and they are presumed innocent unless and until proven guilty.

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Defense counsel: Jason LeBeouf Esq., Livingston, New Jersey