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SOUTHERN DISTRICT OF CALIFORNIA
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For Immediate Release

**Director and Promoter of BitConnect Pleads
Guilty in Global \$2 Billion Cryptocurrency
Scheme**

NEWS RELEASE SUMMARY—September 1, 2021

SAN DIEGO—Glenn Arcaro of Los Angeles pleaded guilty today in federal court for his participation in a massive conspiracy involving BitConnect, a cryptocurrency investment scheme, which defrauded investors from the United States and abroad of over \$2 billion. The BitConnect scheme is believed to be the largest cryptocurrency fraud ever charged criminally.

As admitted in documents entered today before U.S. Magistrate Judge Mitchell D. Dembin, Arcaro conspired with others to exploit investor interest in cryptocurrency by fraudulently marketing BitConnect’s proprietary coin offering and digital currency exchange as a lucrative investment.

Arcaro further admitted that he and others conspired to mislead investors about BitConnect’s purported proprietary technology, known as the “BitConnect Trading Bot” and “Volatility Software,” as being able to generate substantial profits and guaranteed returns by using investors’ money to trade on the volatility of cryptocurrency exchange markets. In truth, BitConnect operated a textbook Ponzi scheme by paying earlier BitConnect investors with money from later investors.

“Arcaro and his confidantes preyed on investor interest in cryptocurrency. As a result, a staggering number of individuals lost an enormous amount of money,” said Acting U.S. Attorney Randy S. Grossman of the Southern District of California. “The Department of Justice will continue to protect the investing public and scrutinize the burgeoning cryptocurrency industry. To those who would be the next in line to defraud the investing public, let this action by the Department of Justice stand as a stark cautionary tale. To the investing public, let this also serve as a cautionary tale to safeguard your money and invest it wisely.”

It was through the use of social media, Arcaro acknowledged in his plea agreement, that he and others made materially false and misleading statements, while concealing material facts, all to persuade investors that BitConnect was a lucrative investment. During the scheme, Arcaro posted videos that mocked those who questioned whether BitConnect had a Trading Bot and Volatility Software, doubted the true identity of BitConnect's owner, and complained about losing their money in BitConnect.

According to the documents filed today, Arcaro sat atop a large network of promoters in North America, forming a pyramid scheme known as the BitConnect Referral Program. Arcaro earned as much as 15 percent of every investment into another part of the scheme—the BitConnect “Lending Program”—either from investors he recruited directly or those recruited by others beneath Arcaro in the pyramid. Arcaro further received portions of all investments from a concealed “slush” fund.

“Arcaro has accepted responsibility for his actions of defrauding thousands of individuals worldwide to invest in BitConnect,” said Special Agent in Charge Eric Smith of the FBI's Cleveland Field Office. “He lined his pockets with millions of dollars, money from victims that believed their funds were being invested into a new cryptocurrency with a high rate of return. Those choosing to engage in financial criminal deception should know the FBI will not stop until all fraudsters are identified and held accountable.”

“Arcaro capitalized on the emergence of cryptocurrency markets, enticing innocent investors worldwide to get in early by promising them guaranteed returns, and exploiting the internet and social media to reach a larger pool of victims with greater ease and speed,” said Special Agent in Charge Ryan L. Korner of the IRS Criminal Investigation's (IRS-CI) Los Angeles Field Office. “To conceal and further their scheme, Arcaro and his accomplices circumvented reporting regulations by the SEC and FinCEN, U.S. agencies that were created to protect investors and safeguard our financial systems. IRS-CI will pursue and root out these scams to protect investors and bring these financial fraudsters to justice.”

Arcaro admitted that he earned no less than \$24 million from the BitConnect fraud conspiracy, all of which, according to court documents, he must repay to investors.

Acting U.S. Attorney Randy S. Grossman thanked the FBI's Cleveland Field Office, IRS Criminal Investigation and law enforcement partners in India, Slovenia, and around the world for their efforts now and in the future, who assisted, and continue assist on this investigation. Grossman also thanked Assistant U.S. Attorneys Daniel C. Silva, Mark W. Pletcher, Lisa Sanniti, and Carl Brooker and Trial Attorney Kevin Lowell of the Criminal Division's Fraud Section who are handling this investigation. The Criminal Division's Office of International Affairs provided significant assistance in this matter.

In a parallel action, the U.S. Securities and Exchange Commission today announced civil charges against Arcaro and 3 others in connection with the same conduct.

Sentencing is scheduled to occur on November 15, 2021 at 9:30 a.m. before U.S. District Judge Todd W. Robinson.

If you believe you are a victim of this fraud, please contact the FBI at bccinvestor@fbi.gov.

DEFENDANT

Case Number 21CR2542-TWR

Glenn Arcaro

Los Angeles, CA

Age: 44

SUMMARY OF CHARGES

Conspiracy to Commit Wire Fraud—Title 18, U.S.C., Section 1349

Criminal Forfeiture—Title 18, U.S.C., Section 982

Maximum penalty: Twenty years in prison, \$250,000 fine or twice the gross gain or loss from the offense, whichever is greater; forfeiture and restitution

AGENCIES

FBI

IRS Criminal Investigation

*The charges and allegations contained in an indictment or information are merely accusations, and the defendants are considered innocent unless and until proven guilty.

Kelly Thornton

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