

US v. JUSTIN COSTELLO FAQ

What crimes did the U.S. Department of Justice allege Justin Costello committed?

On September 28, 2022, a federal Grand Jury sitting in the Western District of Washington returned an Indictment charging Justin Costello with several crimes alleging wire fraud and securities fraud. In short, the Indictment alleged that Justin Costello defrauded private and public investors related to two companies – GRN Holding Corp. and Hempstrack, Inc. The Indictment also alleged that Justin Costello defrauded three marijuana businesses through Pacific Banking Corp., an entity created to assist marijuana businesses access the banking system. Finally, the Indictment alleged that Justin Costello engaged in a series of pump-and-dump schemes.

What is the status of the case?

On January 18, 2023, Justin Costello pleaded guilty to one count of securities fraud. The remaining counts will be dismissed at sentencing. It is common practice in the federal system for a defendant to plead to only one of many counts, and the dismissal of the other counts will not affect his sentence. In his Plea Agreement (linked), Justin Costello admitted to committing several fraudulent acts related to all the crimes alleged in the Indictment as relevant conduct. This ensures that all of the charged conduct, and all of the victims damaged by this conduct, will be before the Court at sentencing. The Judge will consider all the relevant facts when imposing sentence.

How were victims identified?

The FBI, with assistance from the U.S. Securities and Exchange Commission, identified thousands of victims related to Justin Costello's fraudulent conduct. Justin Costello solicited several victims personally. For most victims, however, the FBI and SEC identified individuals who had a net loss trading GRN Holding Corp. stock between July 1, 2019, and May 21, 2021 (the period of Justin Costello's fraudulent conduct related to GRN Holding Corp.).

When is the sentencing hearing?

Justin Costello's sentencing hearing is scheduled for April 21, 2023, at 9:00 a.m. before the Honorable Ricardo Martinez in Courtroom 13A of the U.S. District Court for the Western District of Washington located at 700 Stewart St., Seattle, Washington

What are my rights as a victim of Justin Costello's fraudulent conduct?

The rights you have as a victim were included in the letter that was mailed to you as part of this proceeding. Please read the letter carefully. Those rights include the right to reasonable, accurate, and timely notice of events happening in the proceeding; the right not to be excluded from Court; the right to be reasonably heard at sentencing; the reasonable right to confer with the Assistant U.S. Attorney prosecuting the case; the right to full and timely restitution, and the right to proceedings free from unreasonable delay.

I want to exercise my right to be reasonably heard at sentencing. What should I do?

The best way to be heard at sentencing is to submit a victim impact statement that describes how Justin Costello's fraudulent conduct impacted you including any financial loss you suffered, how that impacted you, and any emotional or other harm caused by the conduct.

You also have the right to attend the sentencing hearing and a reasonable right to be heard at that time. If you plan on attending in person or if you are interested in addressing the Court, please contact Victim-Witness Specialist Pam Johnson by email at Pamela.Johnson2@usdoj.gov.

I received my letter late and the deadline to submit a statement was March 1st. Is it too late?

We understand many people did not receive their letters in sufficient time. We have extended the deadline to submit a victim impact statement until April 1st. You can email it to Pam Johnson or mail it to this address:

Pam Johnson, Victim Witness Specialist
US Attorney's Office
700 Stewart Street, Suite 5220
Seattle, WA 98101

Do I have to do anything?

You are not required to do anything, and we do not need any documentation from you right now. However, if you would like to receive additional updates about the case, you need to enter your email address into the Victim Notification System. You received directions and your victim identification number/personal identification number in the original letter that was mailed to you.

Will I get my money back?

Under federal criminal code, 18 USC Â§ 3663 victims of certain charged offenses are entitled to restitution for losses associated with the criminal offense. This is not a guarantee that you will receive restitution; rather, it is an order imposed on a defendant referred to as a judgment. There are factors involved which may impact your ability to receive restitution. If the defendant's economic circumstances are limited, our office's ability to obtain payment is restricted. However, the United States Attorney's Office will make every effort to reasonably collect restitution on your behalf.

When and how will I receive restitution?

At the sentencing hearing, the court will impose a judgment of restitution. The enforcement of that judgment begins after the defendant completes any period of incarceration and will continue for 20 years. Generally, defendants will begin to make restitution payments once they start the supervised release portion of their sentence. While they are on supervised release status, the defendant will be monitored by a U.S. Probation Officer who will determine a restitution payment schedule. As the defendant makes payments, the clerk's office will distribute collected payments a minimum of 30 days after receipt. These payments can often be quite small. The clerk does not issue checks for small amounts because this is not economically feasible. Therefore, the clerk will wait until there is a more substantial amount to disburse to the victims (ex: a check for \$10 vs a check for only \$2). The clerk will NOT send a letter notifying you a payment is coming - you will just receive a check in the mail. Once a defendant completes his/her period of supervised release, the United States Attorney's Office Financial Litigation Unit will continue to monitor and enforce the collection of restitution for the remaining balance of the 20 years.

How much restitution should I expect to receive?

Unless otherwise ordered in the court's judgment, restitution is distributed to all victims listed in the judgment on a pro-rata basis (if there is more than one victim). This essentially means that you will be given restitution relative to the amount of loss they experienced as a result of the crime. Realistically, however, the chance of full recovery is very low. Many defendants have already spent the money that they stole and will not have sufficient assets to repay their victims. Many defendants owe very large amounts of restitution to a large number of victims. In federal cases, restitution in the hundreds of thousands or millions of dollars is not unusual. While defendants may make partial payments toward the full restitution owed, it is rare that defendants are able to fully pay the entire restitution amount owed.

Does the government seize assets as part of the criminal case?

Whenever possible, the United States Attorney's Office Asset Forfeiture Unit seizes assets generally associated with the charged crime. The Asset Forfeiture Unit may request that any seized or forfeited funds or property be used to compensate victims for any unpaid balance of the restitution order.