RECEIVED
DEC 06 2019
AT 8:30 M
WILLIAM T. WALSH, CLERK

2017R01326/DWF/JLH

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

FILED
DEC 05 2019
AT 8:30 4:00 P M
WILLIAM T. WALSH
CLERK

UNITED STATES OF AMERICA	:	Hon.
	:	
v.	:	
	:	
MATTHEW BRENT GOETTSCHE,	:	Criminal Number: 19-877 (CCC)
RUSS ALBERT MEDLIN,	:	
JOBADIAH SINCLAIR WEEKS,	:	18 U.S.C. § 371
JOSEPH FRANK ABEL, and	:	18 U.S.C. § 1349
SILVIU CATALIN BALACI	:	

INDICTMENT

The Grand Jury in and for the District of New Jersey, sitting at Newark, charges:

COUNT ONE
(Conspiracy to Commit Wire Fraud – 18 U.S.C. § 1349)

1. At times relevant to this Indictment:

Individuals and Entities

a. BitClub Network ("BCN") was a worldwide fraudulent scheme that solicited money from investors in exchange for shares of pooled investments in cryptocurrency mining and that rewarded existing investors for recruiting new investors.

b. Defendant MATTHEW BRENT GOETTSCHE created and operated BCN.

c. Defendant RUSS ALBERT MEDLIN created, operated, and promoted BCN.

d. Defendant JOBADIAH SINCLAIR WEEKS promoted BCN.

e. Defendant SILVIU CATALIN BALACI created and operated BCN. BALACI also served as programmer for BCN.

Relevant Terminology

f. "Cryptocurrency" was a digital representation of value that could be traded and functioned as a medium of exchange; a unit of account; and a store of value. Its value was decided by consensus within the community of users of the cryptocurrency.

g. "Bitcoin" was a type of cryptocurrency. Bitcoin were generated and controlled through computer software operating via a decentralized, peer-to-peer network. Bitcoin could be used for purchases or exchanged for other currency on currency exchanges.

h. "Mining" was the way new bitcoin were produced and the way bitcoin transactions were verified. Individuals or entities ran special computer software to solve complex algorithms that validated groups of transactions in a particular cryptocurrency. Under the bitcoin protocol, which fostered a competition to verify transactions for inclusion on the public bitcoin ledger, known as the "blockchain," the first miner to solve the algorithm was rewarded with a preset amount of newly-issued bitcoin.

i. "Hash rate" was the measure of the speed at which a mining machine operated by way of computer processing power that was applied by

miners to solve the algorithms and harvest new currency. Hash rate was expressed generally as the number of calculations mining computers could perform per second. In general, the greater the hash rate, the greater the miner's chance to solve the algorithm and be rewarded the newly-issued bitcoin.

j. "Mining pools" were combinations of cryptocurrency miners who consolidated their computing power to achieve greater hash rate.

k. A "virtual private network" ("VPN") allowed an internet user to secure his or her internet connection and anonymize internet use by obscuring and concealing the user's true personal identity and location information.

The Conspiracy

2. From at least in or around April 2014 through in or about December 2019, in Passaic County, in the District of New Jersey, and elsewhere, defendants

MATTHEW BRENT GOETTSCHE,
RUSS ALBERT MEDLIN,
JOBADIAH SINCLAIR WEEKS, and
SILVIU CATALIN BALACI,

knowingly and intentionally conspired and agreed with each other and others to devise a scheme and artifice to defraud, and to obtain money and property from victims by means of false and fraudulent pretenses, representations, and promises, and, for the purpose of executing such scheme and artifice to

defraud, to transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, contrary to Title 18, United States Code, Section 1343.

The Goal of the Conspiracy

3. It was the goal of the conspiracy for the GOETTSCHE, MEDLIN, WEEKS, BALACI, and others (the "Fraud Co-Conspirators") to enrich themselves by soliciting and causing others to solicit investments in BCN through materially false and fraudulent pretenses, representations, promises, and omissions.

Manner and Means of the Conspiracy

4. It was part of the conspiracy that:

a. GOETTSCHE, MEDLIN, WEEKS, and others promoted and caused to be promoted investments in BCN shares as a pooled investment of bitcoin mining proceeds.

b. GOETTSCHE, BALACI, and others discussed and understood that BCN's purported cryptocurrency mining would not be profitable, but would serve to induce investors to purchase BCN memberships and shares in BCN's purported mining pools.

c. The Fraud Co-Conspirators made and caused others to make materially false and fraudulent pretenses, representations, and promises to,

and to conceal material facts from, investors regarding aspects of BCN's investment products, including the information that was displayed to BCN's investors as proof of "bitcoin mining earnings" that purportedly were generated through BCN's bitcoin mining pool.

d. GOETTSCHE, BALACI, and MEDLIN manipulated the numbers that were displayed to BCN investors as "mining earnings" to promote the sale of bitcoin mining shares in BCN and to convince BCN members to invest additional funds in other BCN cryptocurrency-related products.

e. Based on the materially false and fraudulent pretenses, representations, promises, and omissions that the Fraud Co-Conspirators made and caused to be made to investors, the Fraud Co-Conspirators, both individually and through BCN, received funds from investors, including through cash, check, wire transmissions, and cryptocurrency transfers.

f. The Fraud Co-Conspirators, through BCN, obtained at least $722 million from investors.

g. The Fraud Co-Conspirators and others discussed the fraudulent scheme over email and Internet chat, posted videos encouraging investment in BCN, and used the BCN website to promote the fraudulent scheme, including, for example, the following:

i. In or around June 2014, GOETTSCHE and BALACI exchanged emails to discuss the formation of BCN. During this exchange, BALACI emailed GOETTSCHE: "The margins from the MLM [multi-level marketing] will also be insane cause I have seen your skill at constructing attractive matrixes that have almost 0 chance of paying more than 50% of max for 99% of the people :D."

ii. In or around July 2014, as part of an online chat exchange, BALACI told GOETTSCHE that BCN's target audience would be "the typical dumb MLM investor."

iii. In or around October 2014, via Internet chat, GOETTSCHE and BALACI discussed posting fake mining statistics at the inception of BCN to promote the sale of shares in BCN:

GOETTSCHE	but we may need to fake it for the first 30 days while we get going
BALACI	sure
BALACI	we can do that
GOETTSCHE	it needs to look real though 😛
GOETTSCHE	so need a bit of your magic touch on it
BALACI	look real how? We fake real revenue numbers and show them in account daily
GOETTSCHE	and we dont want to fake it too good so that when we need to back it down it drops off
GOETTSCHE	terminolgy
GOETTSCHE	explanation of what is happening
GOETTSCHE	inconsistent numbers daily so its not perfect
GOETTSCHE	all kinds of stuff
BALACI	inconsistent numbers IS real
GOETTSCHE	people think we are not legit or are weary so we need to be careful rolling this out

BALACI	if we pay consistent numbers it will be fake
GOETTSCHE	i know... thats what I am saying, make the numbers inconsistent
BALACI	yeah
BALACI	will make it real

iv. In or around October 2014, GOETTSCHE and BALACI discussed how to calculate fake mining earnings for investors. BALACI stated, "I guess most people do not know only 40% is used for mining and the rest for commissions," to which GOETTSCHE replied, "the leaders know . . . its the sheep that dont."

v. In or around January 2015, GOETTSCHE and BALACI discussed the need to show investors proof of mining power to promote investment in BCN. GOETTSCHE offered BALACI $50,000 to devise a way for BCN to show purported "proof" of a BCN pool without BCN actually having mining power:

GOETTSCHE	got a challenge for you
GOETTSCHE	$50k bonus
GOETTSCHE	to get us "proof" of our own pool
GOETTSCHE	by end of month

. . . .

BALACI	"proof" ? as in without you having mining power?
BALACI	and with you riding me hard avbout everything else 😀
GOETTSCHE	having our own node
GOETTSCHE	yep
GOETTSCHE	its a big one
GOETTSCHE	Ill put together full details
GOETTSCHE	to make it achievable
BALACI	ok
GOETTSCHE	but that will instantly net us 10x that

BALACI	so you want our own pool
GOETTSCHE	yes
GOETTSCHE	dude
BALACI	and then we get miners to mine there?
GOETTSCHE	most of these idiots
BALACI	ok
GOETTSCHE	have no idea
BALACI	by the end of the month...
GOETTSCHE	they just want to make sure we can verify SOMETHING
BALACI	50k bonus
BALACI	deal
GOETTSCHE	that is the #1 question
GOETTSCHE	are you really mining?
BALACI	well, having a pool is 1 thing.... showing mining power is a totally different animal
BALACI	I can get you the pool!
BALACI	we can then offer 5% mining bonus to miners
BALACI	that will get us power
GOETTSCHE	with a pool, we can get miners to join
BALACI	then we can divert some of that

vi. In or around January 2015, GOETTSCHE told BALACI, "we are building this whole model on the backs of idiots" and to "prove the mining . . . just means convincing the morons 😉."

vii. In or around January 2015, GOETTSCHE and BALACI discussed developing fake "proof" and "statistics" to display to potential BCN investors to promote investment in BCN:

GOETTSCHE	how can we get some shiny shit for members?
GOETTSCHE	oh also
GOETTSCHE	need to bump up the payout
GOETTSCHE	its really low
BALACI	what shiny shit you want exactly?
BALACI	ok

GOETTSCHE	the stats you just showed me

. . . .

BALACI	?? fake a pool
BALACI	or?
GOETTSCHE	yea
GOETTSCHE	real stats on fake numbers
GOETTSCHE	we will slowly introduce real numbers
BALACI	uhmmm ok, but to make it believable will not be easy
BALACI	cause we need to code variance in
BALACI	will try to get something up
GOETTSCHE	Im telling you man
GOETTSCHE	some stats like this
GOETTSCHE	a picture with our banners
GOETTSCHE	and some proof in the blockchain
GOETTSCHE	and look the fuck out!!
GOETTSCHE	its over

viii. In or around February 2015, GOETTSCHE directed BALACI to manipulate and falsely increase the "mining earnings" figures displayed to investors on their BCN online accounts:

GOETTSCHE	bump up the daily mining earnings starting today by 60%

. . . .

BALACI	60%?
BALACI	wow
BALACI	that is not sustainable, that is ponzi teritori and fast cash-out ponzi
BALACI	but sure
GOETTSCHE	yea they have not been bumped in a long time
BALACI	ok
GOETTSCHE	we can push them back down, but we need a boost
BALACI	you do realize you need to pay for like 1000 days technically?
BALACI	kk
GOETTSCHE	we will dilute over time
GOETTSCHE	members will think its due to strong growth

GOETTSCHE	but right now the payout does not even break people even after 1,000 days
GOETTSCHE	we need to look like we will break them even in 9-12 months
GOETTSCHE	and then start to curtail it from there
GOETTSCHE	just bump it by 60%, im putting together an update about newly installed equip and that we will be showing mining proof in the next week

ix. In or around August 2015, BALACI told GOETTSCHE, "I noticed you drastically decreased mining payments and people started complaining[.]" GOETTSCHE agreed, "yea."

x. From at least as early as in or around August 2015 through in or around November 2019, BCN falsely claimed on its website that "Our pool was established in October 2014 as a solo mining pool that was exclusive to BitClub Network members," when, in fact, BCN lacked a mining pool exclusive to its members in October 2014.

xi. In or around December 2015, WEEKS messaged MEDLIN and another individual about BCN and stated:

> We really should have sep stats and oct stats and nov stats. The sophisticated investors with a lot of cash are hesitant with putting in big cash because they want to see the mining contract, the receipt or title to the mining equipments, proof that they own something in return, how much the mine made and what the mine paid out to each share holder so they can calculate what a share is worth etc. Bitclub pool doesn't tell us how many share holders we have etc. Its not transparent enough for the big big money guys.

xii. In or around June 2017, WEEKS emailed GOETTSCHE and MEDLIN a business opportunity involving BCN, and observed: "We (Bitclub)

can't just 'sell' people mining hardware (shares) in Bitclub and then not use the money to buy equipment. Its not right. Bitclub makes 20% regardless of the price."

xiii. In or around September 2017, GOETTSCHE and MEDLIN exchanged emails regarding a new scheme to encourage current BCN investors to reinvest their shares into another BCN investment product. GOETTSCHE suggested that BCN manipulate mining earnings:

> We close the current pool to new shares, we call it the Early Adopters Pool or Legacy Pool or some shit like this. We continue to pay out for the total of the life of the pool but no more partial shares or new shares allowed in. This means the day we close it we have 1,000 days that we calculate out and put on autopilot.
>
> . . . .
>
> Here is my current plan... (in my head)
>
> 1. Limit sales by the hour to do $50 mil per month
>
> 2. Drop mining earnings significantly starting now
>
> . . . .
>
> 8. We retire RAF!!! (rich as fuck)

MEDLIN responded to this plan: "I like it. Call me when you can."

All in violation of Title 18, United States Code, Section 1349.

COUNT TWO

(Conspiracy to Offer and Sell Unregistered Securities – 18 U.S.C. § 371)

1. Paragraphs 1 and 4 of Count One of this Indictment are re-alleged and incorporated herein.

2. At times relevant to Count Two of this Indictment:

a. Defendant JOSEPH FRANK ABEL promoted BCN.

BCN

b. BCN held itself out as a profit-seeking business venture. Investors paid a $99 membership fee to be a part of BCN and then were provided the option to pay additional money for shares in what BCN purported were three mining pools. According to BCN's website, investors could "earn passive income" through investment in the pools. Specifically, BCN represented:

> You can purchase a share in 3 different mining pools and all Bitcoin mined from each pool will be paid and shared with all members eligible for the pool. You pay either $500, $1,000, or $2,000 worth of Bitcoin for a share of the mining pool.
>
> With your purchase you will receive Bitcoin for 600 days! A percentage of all Bitcoin mined and paid to you will be used to pay for mining costs and to purchase new mining equipment.
>
> *No Sponsoring Required to Earn Mining Pool Payouts

c. BCN further described the different investment options:

> Mining Pool #1 -- -- Each share cost $500 USD that will be used to purchase new Bitcoin mining servers. All Bitcoin earned will be split among all members of this pool and paid out daily. Each share earns 50% profit with the other 50% being used to fund the mining operation and to purchase additional mining shares.
>
> Mining Pool #2 -- Each share cost $1,000 USD and just like Pool #1 the total Bitcoin earned will be split among all members in the pool and paid out. Each share earns 60% profit with the other 40% being used to fund the mining operation and to purchase additional mining shares.
>
> Mining Pool #3 -- Each share cost $2,000 USD and the total Bitcoin earned will be split among all members in the pool and paid out. Each share earns 70% profit with the other 30% being used to fund the mining operation and to purchase additional mining shares.

d. BCN represented to investors that BCN would pool investor money together to sustain, among other things, bitcoin mining pools, including by purchasing mining equipment and computer power and by engaging in cryptocurrency mining. On its website, BCN further stated that BCN "use[s] our leverage and massive purchasing power to strategically buy mining hardware at the lowest prices and share in all the profits produced."

e. BCN represented to investors that investors' mining returns would be calculated based on the mining success of the collective operations for each of the pools. BCN represented that purchases of shares in the mining

pools would determine a BCN member's allocation of mining pool profits, with more shares leading to a greater allocation of the mining pool profits. BCN's website displayed the following illustration of how BCN investors would earn profit from their investments in shares of the purported bitcoin mining pools:

> Example: Using Mine #1, if the total Bitcoin mined for the day = 1 BTC and there are 100 shares outstanding then each share would earn .01 BTC. From this total 50% of it would be paid directly to member as profit (.005 BTC) and the other 50% (.005 BTC) would be used to fund the mining operation costs and to purchase additional shares.
>
> So if the value of 1 Bitcoin = $500 USD and you have 1 share then you would earn $5 USD (.01 BTC) of which $2.50 is paid to you and $2.50 is used to purchase an additional share on your behalf. In this case you would purchase an additional .005 shares with your $2.50 and you would have a total of 1.005 shares going into the next day that you are now earning on.

f. BCN represented that its "team" would control, manage, and operate the bitcoin mining, while investors would share in the pro-rata distribution of profits derived from the bitcoin mining pools. On its website, BCN claimed that it was not owned by any one person, but instead was

> a team of experts, entrepreneurs, professionals, network markers, and programming geeks who have all come together to launch a very simple business around a very complex industry. Anyone can join BitClub and begin earning a passive income by taking advantage of our expertise in Bitcoin mining and other Bitcoin related services.

g. Shares in BCN were "securities" as that term is defined by Title 15, United States Code, Section 77b(a)(1).

h. BCN did not file a registration statement to register shares of BCN with the U.S. Securities and Exchange Commission (the "SEC").

i. BCN promoted and sold shares of its mining pools both in the United States, including in New Jersey, and abroad.

j. In or around August 2017, BCN admitted in an investor update that "Bitcoin might be a security regulated by the SEC, [and] Bitcoin mining could potentially be a security[,]" yet did not register with the SEC.

The Conspiracy

3. From in or about 2014 through in or about December 2019, in Passaic County, in the District of New Jersey, and elsewhere, defendants

MATTHEW BRENT GOETTSCHE,
RUSS ALBERT MEDLIN,
JOSEPH FRANK ABEL,
JOBADIAH SINCLAIR WEEKS, and
SILVIU CATALIN BALACI,

knowingly and intentionally conspired and agreed with each other and others to directly and indirectly willfully offer and sell unregistered securities, contrary to Title 15, United States Code, Sections 77e and 77x.

Goal of the Conspiracy

4. The goal of the conspiracy was for GOETTSCHE, MEDLIN, ABEL, WEEKS, BALACI, and others (the "Promotion Co-Conspirators") to, directly and

indirectly, willfully offer and sell securities in BCN without filing a registration statement with the U.S. Securities and Exchange Commission, and use the means and instruments of transportation and communication in interstate commerce and the mails in connection with the offer and sale, for the purpose of enriching themselves and others.

Manner and Means of the Conspiracy

5. It was part of the conspiracy that:

a. GOETTSCHE, MEDLIN, WEEKS, ABEL, and others directly and indirectly took money from investors in exchange for membership in BCN and as investment for shares of mining pools that BCN purported to own and operate.

b. GOETTSCHE, MEDLIN, BALACI, and others created and displayed, and caused to be created and displayed, content on BCN's websites to promote the sale of shares in BCN's purported mining pools.

c. MEDLIN, ABEL, WEEKS, and others promoted the sale of shares in BCN through discussions with potential investors via the Internet and by creating and posting videos on the Internet.

d. MEDLIN, ABEL, WEEKS, and others promoted the sale of BCN shares by giving speeches and making presentations in the United States, including in New Jersey, and around the world.

e. GOETTSCHE, MEDLIN, WEEKS, ABEL, and others induced

investors to pay for membership in BCN and to pay for shares in the purported profits of cryptocurrency mined from pools which BCN purported to manage on behalf of its members.

f. GOETTSCHE, MEDLIN, WEEKS, ABEL, and others represented to investors that buying shares of BCN's mining pools would allow investors to profit from mining cryptocurrency without the expense and expertise that would be required to purchase and maintain their own cryptocurrency mining equipment.

g. ABEL, WEEKS, and others encouraged U.S. investors to utilize a VPN to obscure their true, U.S.-based IP addresses so that BCN and the Defendants could avoid detection and regulation by U.S. law enforcement.

Overt Acts

6. In furtherance of the conspiracy and to effect the object of the conspiracy, the Promotion Co-Conspirators committed and caused to be committed the following overt acts, among others, in the District of New Jersey and elsewhere.

a. In or around September 2014, MEDLIN exchanged emails with an individual about BCN, including whether BCN was required to register its shares with the SEC.

b. In or around January 2015, BALACI informed GOETTSCHE that the artificially high mining payouts that BCN was purportedly making to

its early investors, which was done to promote further investment in BCN, were not sustainable:

> [W]e started paying a shitload of money, totally unsustainable amount! That was because you wanted to attract people initially. We are still paying unsustainable amounts each single day, they are still high! Amounts have constantly dropped every day with minor jumps up. But as it stands now, we still pay a lot more than what should be paid if we were to do it in a sustainable manner. Keep in mind that only 40% is generating mining commissions (well, 40% is allocated to mining the rest being commissions for binary and levelup).
>
> So, as a conclusion, based on the mining allocation % and time frame of the share validity I think the payments are still unsustainable and too high.

In response, GOETTSCHE instructed:

> [O]k well, lets just continue to back it down gradually... We need a big catalyst because we want people to be buying right now in droves while the price is low so once this email thing is ready we will come up with a good campaign. The key is to grow very fast over the next 90 days and then hope the price shoots up while keeping the mining relatively the same.

c. In or around February 2015, BALACI and GOETTSCHE discussed the need to provide its investors and potential investors purported "proof" that BCN was mining bitcoin to promote further investment in BCN:

GOETTSCHE	all we need is proof man
GOETTSCHE	dont need a rock solid plan
GOETTSCHE	just proof!
BALACI	ok
BALACI	will write a doooc today

BALACI	on how members can check proof RIGHT now!
BALACI	based on the address you sent me
BALACI	will write a step-by-step
BALACI	with screenshots
GOETTSCHE	think of it like this... for every 10k we spend in proving our mining we make 20k back
GOETTSCHE	cool
BALACI	😊
BALACI	I do have one request also
BALACI	past middle of Feb and nothing was paid from that 50k bonus... I promised some of it downline also to motivate people to meet the deadline! Please send like 28.5k (half of the nbonus + 3.5k from the last payment).
GOETTSCHE	wasnt that bonus for a working pool?
BALACI	you are shitting me, right?
BALACI	the pool was done like on 20th Jan
BALACI	you inspected it also, it was live
BALACI	working
BALACI	mining power was missing which still is
GOETTSCHE	I guess our definition of "working" differs
BALACI	not my fault for that
BALACI	what?
GOETTSCHE	can I get someone to use it?
BALACI	dude, I do software I do not make mining power appear out of thin air

d. In or around October 2015, ABEL sent MEDLIN an article titled "Onecoin Abandons US Operations," which stated, among other things:

> So what's the real reason OneCoin are abandoning the US?
>
> Well, the mention of the SEC is a pretty solid giveaway.
>
> OneCoin offer unregistered securities globally, with newly invested funds used to pay off existing investors.

e. In or around November 2015, WEEKS prepared a video that was uploaded to the Internet, in which WEEKS promoted the sale of shares in

BCN, explaining that "right now we're finding about ten thousand dollars a day in bitcoin," and that "whatever the mine finds each day is evenly disbursed in a daily dividend to our shareholders."

f. In or around March 2016, ABEL prepared a webinar video about BCN, which was posted onto the Internet. This webinar promoted investment in BCN and represented, among other things:

> [W]e've looked at all the people who joined about five hundred days ago and most of us are making almost two and a half times more than we did when [we] started. . . . When we mine, you get paid. All the time we make money, you get paid and all of our system is third party validated. It is, literally, like being in the public market.

g. In or around April 2016, GOETTSCHE and MEDLIN discussed the fact that U.S.-based individuals had invested in BCN.

h. In or around May 2016, ABEL told WEEKS that ABEL was traveling to California to promote investment in BCN.

i. In or around November 2016, MEDLIN posted a video promoting investment in BCN. MEDLIN represented, among other things:

> [A]nd, the beautiful thing about this is that, if no more new people join BitClub Network, it's okay because we've already bought the equipment, we're already mining bitcoin. If we don't get any more that join, we're still gonna be mining bitcoin, everybody is gonna keep getting paid over, and over, and over, and over, and over again. It is not going to stop.
>
> . . . . [E]verything is bitcoin that we're doing here, it's transparent. We can't hide this. You guys have access

to this. You can see that what we're saying is true, we can't fake this. So, I hope that makes sense to everybody. That we have the most transparent company in the history of the world that I've ever seen. Maybe something will be more transparent but this is pretty close to the top of transparent. . . .

. . . .

So if you invest in a gold mining operation, you're not gonna go start digging holes, the gold miners dig up the gold, they just give you your gold every single day. This is the same kind of thing. So, if you put that same 3,599 in to mining with us, I think three years from now, you could end up with between anywhere from 15, and I'm gonna be very conservative here, 15 to 25 bitcoin. I think it could be a lot higher than this but I'm just gonna call it 15 to 25 bitcoin. If we're right and you end up getting between 15 to 25 bitcoin over the next three years. You're talking about if the price is at 10,000, that's between 150 and 250,000 dollars for a 3,599 dollar investment.

. . . .

So a portion of everybody's bitcoin that you're mining, has to go back in to help buying new equipment so uh pool one 50 percent minimum has to go back in, pool two, 40 percent, pool three, 30 percent. What does that mean? That means that you're gonna end up having more and more and more shares in all of the pools. So, even though you get started and you end up using your days, it doesn't matter 'cuz you're gonna end up having shares that still have a thousand days attached to them. So, this is pay one time, but get paid forever, and ever, and ever, and ever. You're never going to run out of shares. And, if you do refer other people every time that they make a repurchase, you're getting paid again, and again, and again, and again on all of those people. That's what's just beautiful about all of this.

j. In or around March 2017, ABEL traveled to New Jersey to promote the sale of shares in BCN.

k. In or around August 2017, ABEL prepared a video that was posted on the Internet in which ABEL promoted the sale of shares in BCN and represented, among other things:

> [W]hat we have done is create a very unique window of opportunity for our members um here in America and around the world um, we no longer service the United States, as she told you that, and she'll explain to you guys how to get around that whole process to keep yourself uh 100% legit.

l. In or around October 2017, WEEKS traveled to Florida to promote the sale of shares in BCN.

m. In or around January 2018, ABEL participated in a recorded Internet video session, in which ABEL instructed U.S.-based investors how to use a VPN to access BCN's websites.

n. In or around March 2018, ABEL prepared a video and caused it to be posted on the Internet, promoting BCN, in which ABEL stated, "we are, what they call in the bitcoin network, too big to fail. . . . It's important that you understand that. We're too big to fail."

o. In or around March 2018, MEDLIN emailed ABEL an article addressing U.S. securities regulation. The article stated, among other things:

> In my almost ten years of covering the industry, I've come to realize that if an MLM company tries to convince you they're not selling securities – then they

probably are.

That's because the securities law with respect to MLM investment opportunities is pretty clear-cut: MLM + passive ROI = security.

All in violation of Title 18, United States Code, Section 371.

FORFEITURE ALLEGATION AS TO COUNT ONE

1. As the result of committing the offense constituting specified unlawful activity as defined in 18 U.S.C. § 1956(c)(7), as alleged in Count One of this Indictment, defendants

MATTHEW BRENT GOETTSCHE,
RUSS ALBERT MEDLIN,
JOBADIAH SINCLAIR WEEKS, and
SILVIU CATALIN BALACI,

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the wire fraud conspiracy offense, and all property traceable thereto, including, but not limited to the Specific Property listed in Attachment A to this Indictment.

Substitute Assets Provision

2. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

(a) cannot be located upon the exercise of due diligence;

(b) has been transferred or sold to, or deposited with, a third person;

(c) has been placed beyond the jurisdiction of the Court;

(d) has been substantially diminished in value; or

(e) has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to 21 U.S.C. § 853(p), as incorporated by 28 U.S.C. § 2461(c), to seek forfeiture of any other property of the defendant up to the value of the above-described forfeitable property.

A True Bill.

CRAIG CARPENITO
United States Attorney

ATTACHMENT A

a. RBC Wealth Management account number [redacted]2600 in the name of Getch Holdings LLC;

b. RBC Wealth Management account number [redacted]4535 in the name of Getch Foundation;

c. RBC Wealth Management account number [redacted]0125 in the name of Getch Holdings LLC Construction Fund; and

d. Any and all ownership interest held in the name, on behalf or for the benefit of Matthew Goettsche, Gobit LLC and/or Getch 2021 LLC in the assets of any and all corporations, partnerships or other entities, and/or their subsidiaries, affiliates and joint ventures, including but not limited to:

i. Orbesehc Industrial LLC

ii. HIIT Health LLC

(collectively, the "Specific Property").

Case 2:19-cr-00877-CCC Document 1 Filed 12/05/19 Page 27 of 27 PageID: 27

CASE NUMBER: 19-cr-877-CCC

United States District Court
District of New Jersey

UNITED STATES OF AMERICA

v.

MATTHEW BRENT GOETTSCHE,
RUSS ALBERT MEDLIN,
JOBADIAH SINCLAIR WEEKS,
JOSEPH FRANK ABEL, and
SILVIU CATALIN BALACI

INDICTMENT FOR
18 U.S.C. § 371
18 U.S.C. § 1349

A True Bill

CRAIG CARPENITO
UNITED STATES ATTORNEY
NEWARK, NEW JERSEY

DAVID W. FEDER
ANTHONY P. TORNTORE
JAMIE L. HOXIE
ASSISTANT U.S. ATTORNEY
NEWARK, NEW JERSEY
(973) 645-2700

USA-48AD 8
(Ed. 1/97)