PRESS RELEASE

# Colorado Man Admits Securities and Tax Offenses Related to $722 Million Fraud Scheme

Thursday, November 5, 2020

**For Immediate Release**

U.S. Attorney's Office, District of New Jersey

NEWARK, N.J. – A Colorado man today admitted his role in a conspiracy to offer and sell unregistered securities and tax evasion in connection with a $722 million cryptocurrency mining scheme, U.S. Attorney Craig Carpenito announced.

Jobadiah Sinclair Weeks, 39, of Arvada, Colorado, pleaded guilty by videoconference before U.S. District Judge Claire C. Cecchi to Count Two of an indictment, charging him with conspiracy to offer and sell unregistered securities. Weeks also pleaded guilty to a separate information charging him with tax evasion for the tax years 2015 through 2018.

Weeks and four co-defendants – Matthew Brent Goettsche, Russ Albert Medlin, Catalin Balaci, and Joseph Frank Abel – were charged by indictment in December 2019 in connection with the scheme.

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. Weeks operated as a large-scale promoter of the BitClub Network, and sold shares despite knowing that the BitClub Network and its operators did not file a registration statement with the U.S. Securities and Exchange Commission.

Weeks admitted taking money from investors in exchange for shares of the BitClub Network's purported mining pools. He admitted that in order to promote shares, he created and posted videos to the internet and gave presentations and speeches about the BitClub Network throughout the United States and in numerous countries throughout the world. Weeks 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.

Weeks also admitted not filing tax returns and failing to report at least $10 million in income, including cryptocurrency income earned from his association with the BitClub Network, for the tax years 2015 through 2018.

The conspiracy charge to which Weeks 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 Weeks pleaded guilty carries a maximum penalty of five years in prison and a fine of $100,000.  Sentencing is scheduled for March 17, 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 Assistant Director in Charge Kristi K. Johnson; special agents of IRS - Criminal Investigation, under the direction of Special Agent in Charge Michael Montanez in Newark and special agents of the IRS Los Angeles Field Office, under the direction of Special Agent in Charge Ryan L. Korner, who conducted this investigation under the initiative of the Joint Chiefs of Global Tax Enforcement; 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 may visit www.justice.gov/usao-nj/bitclub or the Department of Justice's large case website www.justice.gov/largecases. Victims can find more information about the case, including a questionnaire for victims to fill out and submit.

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.

*Updated November 5, 2020*

**Topic**

**SECURITIES, COMMODITIES, & INVESTMENT FRAUD**

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USAO - New Jersey

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