

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF NORTH CAROLINA
STATESVILLE DIVISION

CIVIL NO. 5:22cv15

United States of America)
)
 v.)
)
 ALL CRYPTOCURRENCY, VIRTUAL)
 CURRENCY, FUNDS, MONIES, AND OTHER)
 THINGS OF VALUE STORED IN OR)
 ACCESSIBLE AT BINANCE ASSOCIATED)
 WITH USER ID # 185161610, SUCH USER ID)
 ASSOCIATED WITH THE NAME, HAN BING,)
 AND ETH DEPOSIT ADDRESS,)
 0x838ac013dd98290cbb48de40d210a56a8bab3842.)

**COMPLAINT FOR
FORFEITURE *IN REM***

NOW COMES the United States of America, Plaintiff herein, by and through Dena J. King, United States Attorney for the Western District of North Carolina, in a civil cause of forfeiture, and respectfully states the following:

INTRODUCTION

1. This is a civil action *in rem* pursuant to 18 U.S.C. § 981(a)(1)(A) and (C). Procedures for this action are mandated by Rule G of the Supplemental Rules for Admiralty or Maritime Claims and Asset Forfeiture Actions and, to the extent applicable, 18 U.S.C. §§ 981, 983, and 984, and the Federal Rules of Civil Procedure.

2. This action seeks the forfeiture of all right, title, and interest in the above-captioned property because the property constitutes or is derived from proceeds of wire fraud and wire fraud conspiracy in violation of 18 U.S.C. §§ 1343 and 1349, and property involved in monetary transactions and money laundering conspiracy in violation of 18 U.S.C. §§ 1957 and 1956(h). As set forth more fully below, one or more of the conspirators identified herein, through fraud

misrepresented themselves as a successful investor and convinced a victim (identified herein as “Victim”) based in Denver, Lincoln County, North Carolina to invest in Ethereum (“ETH) via cryptocurrency exchange, Coinbase. Victim shared her Coinbase password with the suspects, resulting in the suspects transferring Victim’s ETH from her Coinbase wallet to a wallet controlled by the suspects. A portion of the assets originally derived from Victim’s Coinbase wallet and later transferred to another Coinbase wallet controlled by the suspects were ultimately traced to the account at “Binance,” described more fully below and identified herein as the “TARGET ACCOUNT.”

3. This Court has jurisdiction over this action commenced by the United States under 28 U.S.C. § 1345 and over this action for forfeiture under 28 U.S.C. § 1355(a). The Court has *in rem* jurisdiction over the defendant property under 28 U.S.C. § 1355(b).

4. This Court has venue pursuant to 28 U.S.C. §§ 1355 and 1395. Venue is proper because the acts or omissions giving rise to the forfeiture occurred in this district and the claim accrued in this district.

5. The defendant is all present and future interest in the following property: cryptocurrency, virtual currency, funds, monies, and other things of value (hereafter, “Cryptocurrency,” “Ether,” and “Tether”) seized by the United States Secret Service (hereafter, “USSS”) from a Binance Holdings Ltd d.b.a. “Binance” (which owns and operates the Binance cryptocurrency exchange) account associated with USER ID # 185161610 and ETH Deposit address 0x838ac013dd98290cbb48de40d210a56a8bab3842 (“TARGET ACCOUNT”).

6. The Cryptocurrency was seized in the Western District of North Carolina pursuant to a federal Seizure Warrant for forfeiture that was executed by the USSS on Binance in and around December, 2021.

7. Pursuant to Supplemental Rule G(2)(f), facts in support of a reasonable belief that the Government will be able to meet its burden of proof at trial are as follows and have been verified by the attached Verification of United States Secret Service Special Agent Mark A. Dumbauld.

THE WIRE FRAUD SCHEME AND MONETARY TRANSACTIONS

8. Beginning in or about September and October 2021, an individual who identified himself as “Jason Shen” and Victim—a resident of Denver, North Carolina—were engaged in an online romantic relationship.

9. Shen defrauded Victim, a US citizen, of 92.60287026 Ether (ETH), which were collectively worth \$324,635.04 at the time of the transactions. As set forth more fully herein, Shen convinced Victim that Victim was engaged in an online relationship with Shen and that Shen was a successful investor. Shen also convinced Victim to use the cryptocurrency exchange, “Coinbase.” Thereafter, at the direction of Shen, Victim, who sold Victim’s residence and thus had sale proceeds, **invested \$329,000.00 of U.S. Currency into a cryptocurrency known as Ether (ETH) via the Coinbase cryptocurrency exchange.** Victim also inadvertently gave her recovery password to her Coinbase cryptocurrency wallet to Shen. On October 3, 2021, after Victim had disclosed her password, **92.602 Ether was transferred out of Victim’s Coinbase wallet to multiple decentralized service cryptocurrency wallets under the control of Shen and/or one or more conspirators.** Ultimately, law enforcement and Binance cryptocurrency exchange representatives **traced at least 54.149 Ether of HL’s total of 92.602 Ether to the TARGET ACCOUNT at the Binance cryptocurrency exchange.** Binance froze the TARGET ACCOUNT, which then contained Ether and Tether, pending investigation. Then, Secret Service obtained a federal Seizure Warrant for and seized the contents of the TARGET ACCOUNT.

BACKGROUND OF CRYPTOCURRENCY

10. The following terms have the following meanings as set forth herein:

11. **Cryptocurrency and Blockchain Generally:** Cryptocurrency, a type of virtual currency, is a decentralized, peer-to-peer, network-based medium of value or exchange that may be used as a substitute for fiat currency to buy goods or services or exchanged for fiat currency or other cryptocurrencies.¹ Examples of cryptocurrency are Bitcoin, Litecoin, and Ether. Cryptocurrency can exist digitally on the Internet, in an electronic storage device, or in cloud-based servers. Users of cryptocurrency use public and private keys to transfer cryptocurrency from one person or place to another. A public key is typically a set of numbers and/or letters that a cryptocurrency user shares with other users to engage in a transaction in cryptocurrency, whereas a private key is typically a set of numbers and/or letters that the user of an account maintains privately to access his or her cryptocurrency. Cryptocurrency can be exchanged directly person to person, through a cryptocurrency exchange, or through other intermediaries. Generally, cryptocurrency is not issued by any government, bank, or company; it is instead generated and controlled through computer software operating on a decentralized peer-to-peer network. As such, most cryptocurrencies have a “blockchain,” which is a distributed public ledger, run by the decentralized network, containing an immutable and historical record of every transaction.² Although many cryptocurrencies are or purport to be pseudonymous, often law enforcement and currency exchangers can use the blockchain to analyze transactions in cryptocurrency, identify individuals who are using cryptocurrency platforms for illicit purposes, and trace fraud proceeds from victims to one or more exchanges or wallets, discussed more fully below.

¹ Fiat currency is currency issued and regulated by a government such as the U.S. Dollar, Euro, or Japanese Yen.

² Some cryptocurrencies operate on blockchains that are not public and operate in such a way to obfuscate transactions, making it difficult to trace or attribute transactions.

12. **Ether:** Ether (“ETH”) is a pseudonymous cryptocurrency. In other words, although Ether transactions are visible on a public ledger, each transaction is referenced by a complex series of numbers and letters (as opposed to identifiable individuals) involved in the transaction. For this reason, although Ether has some legitimate uses, many criminal actors use Ether to defraud victims, engage in illicit transactions, and launder crime proceeds. Although Ether addresses are unique tokens, Ether is designed so that one person may easily operate many accounts, sending and receiving Ether through one Ether address or many different Ether addresses. For example, five addresses each holding five Ether can collectively send twenty-five Ether in a single transaction.

13. **Tether:** Tether, also known as “USDT,” is a cryptocurrency generally recognized as a stablecoin—that is, Tether is designed to maintain the value of \$1 USD per USDT coin.

14. **Wallets:** Cryptocurrency is often stored in a virtual account called a wallet, which can exist in, among other forms, an external computer device, a computer, on an application, or online. Wallets are software programs that interface with blockchains and generate and/or store public and private keys used to send and receive cryptocurrency. Access to a wallet and the cryptocurrency therein is typically protected by a password only known to the owner or user of the wallet.

15. **Exchangers, such as Binance and Coinbase:** Virtual currency “exchangers” and “exchanges” are individuals or companies that exchange virtual currency for other currencies, including U.S. dollars. Binance, which may be based in the Cayman Islands and/or elsewhere but also appears to maintain a subsidiary or affiliated company in the United States, and Coinbase are full-service cryptocurrency exchangers and offer services to account holders.

For example, Binance facilitates the purchase, sale, and transfer of a variety of digital currencies. Binance can identify accounts using a variety of target identifiers, including the identifiers provided herein for the TARGET ACCOUNT.

SUMMARY OF THE SCHEME INVOLVING TARGET ACCOUNT

16. On July 9, 2021, without prompting from Victim, a man claiming to be Jason Shen sent a text message through the WhatsApp messaging application to Victim. Shen convinced Victim to talk to him by messaging Victim that she was in his contact list. Because Shen claimed to be from China and Victim had previously worked in China, Victim formed an online relationship with Shen. During Victim's online relationship with Shen, Victim advised that Victim was considering selling her house and moving back to China, so Shen advised Victim to, with Shen's help, reinvest everything into Ether for, among other purposes, a purported medical business in which Shen was involved.

17. On August 10, 2021, Shen directed Victim to send seven Ether into a wallet named "GWT Pro Wallet" via a hyperlink that was provided by Shen to Victim. Victim did invest in GWT Pro Wallet as directed.

18. "GWT Pro Wallet," also known as "Gray Wallet," is regularly used by scammers for the sole purpose of defrauding victims of funds. Specifically, GWT Pro Wallet mimics the appearance of a cryptocurrency exchange website or wallet management service. However, once a victim places cryptocurrency into a GWT Pro Wallet, the victim is typically never able to withdraw cryptocurrency from the exchange because the wallet addresses the victim is provided are typically controlled by the scammer.

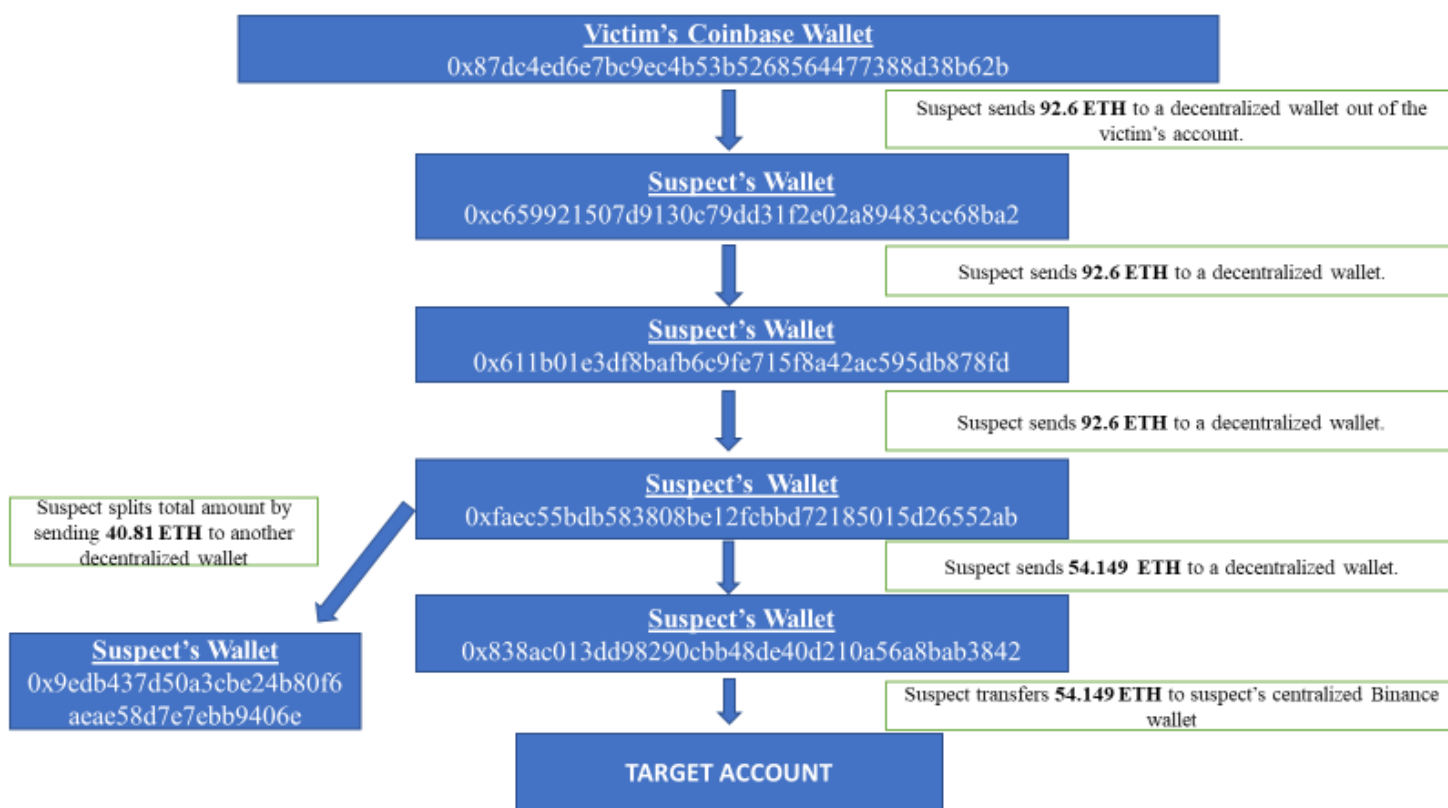
19. After Shen had convinced Victim to invest Ether into GWT Pro Wallet, he also encouraged her to invest Ether into the cryptocurrency exchange, Coinbase. Victim followed Shen's advice by selling her house and investing the proceeds in Ether through the cryptocurrency exchange, Coinbase.

20. As a result, between August 10, 2021 and September 16, 2021, Victim deposited Ether from the sale of her house into a Coinbase wallet that Shen had guided Victim to create. Although Victim had declined Shen's request for access to Victim's Coinbase wallet, during the account creation for the Coinbase wallet, Shen had directed Victim to show him screenshots of her computer screen, so Victim had photographed and provided her password phrase to Shen. At the time of her password phrase screenshot, Victim did not know what the phrase meant in cryptocurrency terms. Specifically, this password phrase gave Shen the means to ultimately steal the wallet from Victim.

21. Victim ended the relationship with Shen on October 1, 2021. After Victim ended the relationship with Shen, the assets in her Coinbase wallet were transferred, without her authorization, as follows.

22. On or about October 3, 2021, one or more conspirators with unauthorized control of Victim's Coinbase wallet transferred all assets, including Ether, from the victim's deposit wallet address held at Coinbase exchange of 0x87dc4ed6e7bc9ec4b53b5268564477388d38b62b to the decentralized wallet address of 0xc659921507d9130c79dd31f2e02a89483cc68ba2, an address associated with Shen. One or more conspirators then transferred the Ether to another decentralized wallet address of 0x611b01e3df8bafb6c9fe715f8a42ac595db878fd. On October 5, 2021, one or more conspirators then transferred the same assets to a decentralized address of 0xfaec55bdb583808be12fcbbd72185015d26552ab. Following the October 5, 2021 transfer, one

or more suspects split up the Ether (ETH) that had been deposited into decentralized wallet address 0xfaec55bdb583808be12fcbbd72185015d26552ab, transferred 54.149 Ether to a centralized wallet address connected to Binance at 0x838ac013dd98290cbb48de40d210a56a8bab3842, and then withdrew the same 54.149 Ether to the TARGET ACCOUNT in the name of Han Bing at Binance. **The transactions are graphically summarized as follows:**



23. Ultimately, some of the Ether taken from Victim remained in Ether form and some was converted to Tether. As of November 12, 2021, 24.14900517 in Ether (ETH) and Tether (USDT) 2285.81695530 remained in the TARGET ACCOUNT.

24. On October 5, 2021, Victim contacted Binance via email. Binance notified Victim that the TARGET ACCOUNT was frozen based on her request as a victim of fraud while an

investigation was conducted. Binance requested that Victim inform law enforcement so that law enforcement would become involved in the investigation, at which point law enforcement and Binance began to communicate about the TARGET ACCOUNT.

25. On or about October 12, 2021, Detective Hager of Lincoln County Sheriff's Office—one of the entities involving the transactions herein—began receiving emails from the account holder of the suspect account, who represented him/herself by the name of Han Bing and email address, hanbing188166@gmail.com. Bing requested the funds be unfrozen by Detective Hager due to the rapid volatility of the cryptocurrency market.

26. On or about December 1, 2021, the USSS executed a properly authorized federal Seizure Warrant on the TARGET ACCOUNT and directed Binance to place the contents of the TARGET ACCOUNT in a USSS maintained virtual currency wallet.

CONCLUSION

27. By virtue of the foregoing and pursuant to 18 U.S.C. § 981(f), all right, title, and interest in the cryptocurrency, virtual currency, funds, monies, and other things of value vested in the United States at the time of the commission of the unlawful act giving rise to forfeiture and has become and is forfeitable to the United States.

WHEREFORE, the United States of America respectfully prays the Court that:

1. Due notice be given to all parties to appear and show cause why the forfeiture should not be decreed;
2. Judgment be entered declaring the cryptocurrency, virtual currency, funds, monies, and other things of value to be condemned and forfeited to the United States of America for disposition according to law; and
3. The United States be granted such other and further relief as this Court may deem

just and proper, together with the costs and disbursements of this action, including but not limited to the expenses of maintenance and protection of the cryptocurrency, virtual currency, funds, monies, and other things of value as required by 28 U.S.C. § 1921.

Respectfully submitted, this the 8th day of February, 2022.

DENA J. KING
UNITED STATES ATTORNEY

s/Benjamin Bain-Creed
FL Bar Number 21436
Assistant United States Attorney
Suite 1650, Carillon Building
227 West Trade Street
Charlotte, North Carolina 28202
Telephone: (704) 344-6222
Facsimile: (704) 344-6629
Email: benjamin.bain-creed@usdoj.gov

STATE OF NORTH CAROLINA
COUNTY OF LINCOLN

VERIFICATION

Mark A. Dumbauld deposes and says under penalty of perjury:

I am a Special Agent with the United States Secret Service and one of the agents assigned to this case.

I have read the foregoing Complaint and the factual information contained therein is true according to the best of my knowledge, information, and belief.

Mark Dumbauld
Special Agent Mark A. Dumbauld

2/8/22
Date