

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

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|------------------------------|---|------------------------------------------|
| UNITED STATES OF AMERICA |) | Criminal No. 23cr10135 |
| |) | |
| v. |) | Violations: |
| |) | |
| MAXWELL HERNANDEZ, |) | <u>Count One:</u> |
| also known as “MaxEquation,” |) | Conspiracy To Commit Wire Fraud and To |
| also known as “MaxSaitama,” |) | Conduct an Unlicensed Money Transmitting |
| |) | Business |
| Defendant |) | (18 U.S.C. § 371) |
| |) | |
| |) | <u>Count Two:</u> |
| |) | Market Manipulation |
| |) | (15 U.S.C. §§ 78i(a)(2) and 78ff(a)) |
| |) | |
| |) | <u>Forfeiture Allegation:</u> |
| |) | (18 U.S.C. § 981(a)(1)(C) and |
| |) | 28 U.S.C. § 2461) |
| |) | |
| |) | Unlicensed Money Transmitting |
| |) | <u>Forfeiture Allegation:</u> |
| |) | (18 U.S.C. § 982(a)(1)) |
| |) | |

INFORMATION

At all times relevant to this Information:

General Allegations

1. The defendant, MAXWELL HERNANDEZ (“HERNANDEZ”), also known as “MaxEquation” and “MaxSaitama,” was a resident of Massachusetts.
2. Co-conspirator 1 (“CC 1”) was a resident of Texas.
3. Co-conspirator 2 (“CC 2”) was a resident of Washington.
4. Co-conspirator 3 (“CC 3”) was a resident of Texas.
5. Co-conspirator 4 (“CC 4”) was a resident of the United Kingdom.

6. Saitama LLC (“Saitama”) was a cryptocurrency company that was incorporated in Massachusetts on or about August 24, 2021.

7. Saitama promoted a cryptocurrency token that operated on the Ethereum blockchain (the “Saitama Token”). Saitama purported to create multiple products that could be used with the Saitama Token, including the SaitaMask cryptocurrency exchange, the SaitaMaker non-fungible token (“NFT”) platform, the SaitaRealty real estate investment platform, and SaitaMarket, among others. The Saitama Token was a security.

8. Saitama’s leadership, as depicted on the company’s website, included HERNANDEZ, CC 1, CC 2, CC 3, and CC 4.

Background

9. Virtual currency is a digital asset or digital representation of value that can be electronically traded and exchanged online. Virtual currency is not backed or insured by a central bank and its value may or may not be tied to or secured by a fixed asset. Cryptocurrency is a subset of virtual currency that utilizes blockchain technology.

10. Title 31, United States Code, Section 5330, provides that “[a]ny person who owns or controls a money transmitting business shall register the business” with “the Secretary of the Treasury.” In certain instances, a cryptocurrency exchange—which is an electronic forum that facilitates the purchase, sale, and exchange of cryptocurrencies—constitutes a “money transmitting business.”

Overview of the Conspiracy and Scheme to Defraud

11. Beginning in or around June 2021 and continuing through at least in or around July 2022, HERNANDEZ conspired with CC 1, CC 2, CC 3, and CC 4, and others known and unknown to the U.S. Attorney, to artificially inflate the price of Saitama Tokens through manipulative

trading, false and misleading statements, and the operation of an unlicensed cryptocurrency exchange, and to profit by selling Saitama Tokens.

Objects and Purpose of the Conspiracy and Scheme to Defraud

12. The objects of the conspiracy and the scheme to defraud were (1) to commit wire fraud, (2) to commit market manipulation, and (3) to conduct an unlicensed money transmitting business. The principal purpose of the conspiracy and the scheme to defraud was for the conspirators to enrich themselves.

Manner and Means of the Conspiracy and Scheme to Defraud

13. Among the manner and means by which HERNANDEZ, CC 1, CC 2, CC 3, CC 4, and others known and unknown to the U.S. Attorney carried out the conspiracy and scheme to defraud were the following:

- a. Engaging in manipulative trading of Saitama Tokens to raise the price of the cryptocurrency, and to create actual or apparent trading volume, for the purpose of inducing others to buy Saitama Tokens;
- b. Soliciting investors to buy Saitama Tokens through the Saitama website as well as through online marketing and messaging applications such as Telegram, Twitter, Instagram, and YouTube;
- c. Making and causing to be made false and misleading statements about Saitama, its products, and its financing;
- d. Creating and operating an unlicensed money transmitting business that allowed users to buy and sell Saitama Tokens and other cryptocurrencies;
- e. Selling Saitama Tokens for a profit; and

- f. Moving activities offshore to avoid disruption of the scheme by U.S. regulators and law enforcement authorities.

Acts in Furtherance of the Conspiracy and Scheme to Defraud

14. On or about various dates between in or about June 2021 and in or about July 2022, HERNANDEZ, CC 1, CC 2, CC 3, CC 4, and others known and unknown to the U.S. Attorney committed and caused to be committed the following acts, among others, in furtherance of the conspiracy and the scheme to defraud.

Market Manipulation

15. The conspirators coordinated a series of manipulative trades to increase the value of Saitama Tokens, including through messages exchanged in a private Telegram chatroom named “Detective Saitama”. The conspirators used Saitama’s marketing budget to conduct some of the manipulative trading.

16. For example, on or about July 3, 2021, conspirators exchanged the following messages, among others:

- a. At approximately 1:48 p.m., CC 1 messaged, “We will create an illusion of massive buys and new holders” and “It’ll incite ppl to buy more. If that guy sells then we will buy the dip and he will be gone”, to which CC 3 replied, “Yep”.
- b. At approximately 1:49 p.m., CC 1 messaged, “Basically creating our own pump through illusion and getting a few wallets out in the process”.
- c. At approximately 2:08 p.m., CC 4 messaged, “I’m ready”, and CC 2 messaged, “Ready”, to which CC 3 responded by sending the following image:



- d. At approximately 2:13 p.m., CC 3 messaged, “I’m buying” and CC 1 messaged, “2-3T per transaction not big chunks. W[e] want list of small buys to look like it’s mor[e] buyers. That’s the idea”.
- e. At approximately 2:27 p.m., CC 1 messaged, “Is like fishing with dynamite”, to which CC 2 responded, “Lol”, “Yea”, and “It’s actually fun”.
- f. At approximately 2:29 p.m., CC 2 messaged, “Round 2 start now!”, to which HERNANDEZ responded, “bought a few times”, and CC 4 responded, “Done second” and “Buying”.
- g. At approximately 3:01 p.m., CC 1 messaged, “Keep small buys coming have done 4 – 5 I think so far” and “Just small steady buys”, to which HERNANDEZ responded, “ah ok” and “same here”.
- h. At approximately 4:24 p.m., CC 1 messaged, “We’ve already bled out most of the big wallets there’s only a couple that remain”, “Holders are increasing nicely and distribution is looking much better”, and “We will just have to coordinate our buys closely”.

17. On or about July 4, 2021, CC 1 instructed the group to keep making “Small-medium buys” and that they “need to keep the pump going so ppl don’t sell”, and CC 2 later sent the following image:



False and Misleading Statements

18. The conspirators also made false and misleading statements to induce investors to purchase Saitama Tokens, thereby increasing their value.

19. For example, on or about September 7, 2021, Saitama’s website published the Saitama “whitepaper”, an informational document describing Saitama’s mission and business plan, and falsely advertised that the “whitepaper” had “been reviewed by regulators.” In fact, the whitepaper had not been reviewed by regulators.

20. On or about September 7, 2021, Saitama’s website also falsely advertised that the Saitama Token was “coded in a way that prevents big wallet holders (whales) from trying to manipulate the price in their favour or from dumping the token by selling out.” In fact, there was no coding that prevented manipulation or large-scale sales of the Saitama Token.

21. Between in or about September 2021 and in or about October 2021, CC 2 posted on Twitter encouraging investors to hold and purchase Saitama Tokens, including by telling his followers, “I am buying more”, “I said HOLD!”, and “HODL and you will never regret!”.

22. On or about October 31, 2021, CC 1 posted on Twitter falsely claiming, “FYI zero [] saitama sold just to be clear”.

23. On or about November 2, 2021, CC 1 falsely claimed in an interview on YouTube that he did not use the sale of Saitama Tokens as a “revenue stream” or for “personal gain” and further claimed that the Saitama Token’s market capitalization would soon be “10 billion easy”.

24. On or about November 17, 2021, CC 2 posted on Twitter, “Raise your hand if you are holding!!!”.

25. In fact, between approximately September 2021 and November 2021, both CC 1 and CC 2 sold a substantial number of Saitama Tokens that they controlled, generating millions of dollars in proceeds.

26. Similarly, between approximately September 2021 and November 2021, HERNANDEZ sold approximately 141,000,000,000,000 Saitama Tokens that he controlled, generating approximately \$7,000,000.

27. On or about April 5, 2022, CC 1 again falsely claimed in an interview on YouTube that CC 1 had not profited from the sale of Saitama Tokens.

Creation and Operation of an Unlicensed Currency Exchange

28. The conspirators also promoted the SaitaMask cryptocurrency exchange on the Saitama website as well as on various social media platforms, including Twitter and YouTube, and conducted the exchange as a money transmitting business without complying with the

registration requirements of Title 31, United States Code, Section 5330, and regulations prescribed thereunder.

29. Starting in or about August 2021, Saitama advertised on its website that SaitaMask would be “a one stop shop where you can connect your payment system of choice and be able to buy, sell, swap, transfer and do whatever you need with any coin”.

30. On or about January 18, 2022, Saitama advertised on its website that SaitaMask was available to the public, and beginning on or about that same date, SaitaMask allowed users to exchange the Saitama Token with other cryptocurrencies.

Efforts to Avoid U.S. Regulators and Law Enforcement

31. HERNANDEZ and others known and unknown to the U.S. Attorney took steps to avoid the legal consequences of their actions by relocating their operations overseas.

32. For example, on or about February 14, 2022, HERNANDEZ, CC 1, CC 2, CC 3, and CC 4, discussed moving Saitama’s operations from the United States in a private Telegram chatroom named “Saitama Dev Team”. CC 4 stated that Saitama needed to “avoid US” because “people create problems and try to stop us” and “US is easiest to get in trouble lol”.

33. On or about April 8, 2022, CC 1 sent a WhatsApp message to HERNANDEZ stating that because of “potential lawsuits that will follow if this goes sideways” CC 1 “Will have to relocate to another country,” to which HERNANDEZ responded, “[t]hat is putting it lightly”.

34. On or about April 20, 2022, HERNANDEZ sent a WhatsApp message to CC 1 stating that he was considering removing himself from the Saitama leadership to avoid being part of Saitama “when the sec shows up”.

35. On or about June 24, 2022, Saitama filed a Notice of Cancellation of its incorporation with the Massachusetts Secretary of State.

36. On or about July 1, 2022, Saitama announced via Twitter that it would “migrate operations to Dubai, UAE.”

COUNT ONE

Conspiracy To Commit Wire Fraud and To Conduct an Unlicensed Money Transmission Business
(18 U.S.C. § 371)

The United States Attorney alleges:

37. The United States re-alleges and incorporates by reference paragraphs 1 through 36 of this Information.

38. Beginning in or around June 2021 and continuing through at least in or around July 2022, in the District of Massachusetts and elsewhere, the defendant,

MAXWELL HERNANDEZ,
a/k/a “MaxEquation” or “MaxSaitama,”

conspired with CC 1, CC 2, CC 3, CC 4, and others known and unknown to the United States to:

- a. commit wire fraud, that is, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations and promises, to transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, writings, signs, signals, pictures and sounds, for the purpose of executing the scheme to defraud, in violation of Title 18, United States Code, Section 1343.
- b. conduct an unlicensed money transmitting business, that is, knowingly to conduct, control, manage, supervise, direct, and own all or part of an unlicensed money transmitting business affecting interstate and foreign commerce that failed to comply the money transmitting business registration requirements under Title 31, United States Code, Section 5330 and regulations prescribed thereunder, in violation of Tile 18, United States Code, Section 1960(a) and (b)(1)(B).

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

COUNT TWO
Market Manipulation
(15 U.S.C. § 78i(a)(2) and 78ff(a))

The United States Attorney alleges:

39. The United States re-alleges and incorporates by reference paragraphs 1 through 36 of this Information.

40. Beginning in or around June 2021 and continuing through at least in or around July 2022, in the District of Massachusetts and elsewhere, the defendant,

MAXWELL HERNANDEZ,
a/k/a “MaxEquation” or “MaxSaitama,”

did knowingly and willfully, by the use of the mails and any means and instrumentality of interstate commerce, directly and indirectly effect a series of transactions in a security not registered on a national exchange, to wit, the Saitama Token, creating actual and apparent active trading in such security, and raising and depressing the price of such security, for the purpose of inducing the purchase and sale of such security by others.

All in violation of Title 15, United States Code, Sections 78i(a)(2) and 78ff(a).

FORFEITURE ALLEGATION
(18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c))

41. Upon conviction of one or more of the offenses in violation of Title 18, United States Code, Section 371, relating to conspiracy to commit wire fraud, and Title 15, United States Code, Sections 78i(a)(2) and 78ff(a), set forth in Counts One and Two, the defendant,

MAXWELL HERNANDEZ,
a/k/a “MaxEquation” or “MaxSaitama,”

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), any property, real or personal, which constitutes or is derived from proceeds traceable to the offenses.

42. If any of the property described in Paragraph 41, above, as being forfeitable pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), 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 party;
- 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 divided without difficulty;

it is the intention of the United States, pursuant to Title 28, United States Code, Section 2461(c), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described in Paragraph 41 above.

All pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c).

UNLICENSED MONEY TRANSMITTING BUSINESS FORFEITURE ALLEGATION
(18 U.S.C. § 982(a)(1))

43. Upon conviction of the offense in violation of Title 18, United States Code, Section 371, relating to conspiracy to conduct an unlicensed money transmitting business, set forth in Count One, the defendant,

MAXWELL HERNANDEZ,
a/k/a “MaxEquation” or “MaxSaitama,”

shall forfeit to the United States, pursuant to Title 18, United States Code, Section 982(a)(1), any property, real or personal, involved in such offenses, and any property traceable to such property.

44. If any of the property described in Paragraph 43, above, as being forfeitable pursuant to Title 18, United States Code, Section 982(a)(1), 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 party;
- 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 divided without difficulty;

it is the intention of the United States, pursuant to Title 18, United States Code, Section 982(b), incorporating Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described in Paragraph 43 above.

All pursuant to Title 18, United States Code, Section 982(a)(1).

RACHAEL S. ROLLINS
UNITED STATES ATTORNEY

By: /s/ Christopher J. Markham
CHRISTOPHER J. MARKHAM
ASSISTANT UNITED STATES ATTORNEY
DISTRICT OF MASSACHUSETTS