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9 **THE UNITED STATES DISTRICT COURT**
10 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**
11 **WESTERN DIVISION**

12 **COMMODITY FUTURES**
13 **TRADING COMMISSION,**

14 Plaintiff,

15 v.

16 **DAVID CARMONA (a/k/a/ David**
17 **Segundo Carmona a/k/a Wuilver**
18 **Segundo), JUAN ARELLANO**
19 **PARRA, MOSES VALDEZ,**
20 **DAVID BREND, and MARCO A.**
21 **RUIZ OCHOA, jointly d/b/a**
22 **ICOMTECH,**

23 Defendants.

Case No. 2:23-cv-04015

COMPLAINT FOR INJUNCTIVE
RELIEF, CIVIL MONETARY
PENALITIES, RESTITUTION,
AND OTHER EQUITABLE
RELIEF UNDER THE
COMMODITY EXCHANGE ACT
AND COMMISSION
REGULATIONS

24 Plaintiff, Commodity Futures Trading Commission (“CFTC” or
25 “Commission”), an independent federal agency, by its attorneys, alleges as follows:
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I. SUMMARY

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2 1. This case involves a fraudulent solicitation scheme targeting Spanish-
3 speaking communities in the United States and other countries. From at least August
4 2018 through at least December 2019 (the “Relevant Period”), Defendants David
5 Carmona (a/k/a/ David Segundo Carmona a/k/a Wuilver Segundo) (“Carmona”), Juan
6 Arellano Parra (“Arellano”), Moses Valdez (“Valdez”), David Brend (“Brend”), and
7 Marco A. Ruiz Ochoa (“Ruiz”), individually and jointly doing business as
8 “Icomtech”, and each aiding and abetting each other, (collectively, “Defendants”),
9 engaged in a multi-level marketing scheme involving the fraudulent solicitation of
10 customer funds through false representations.
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14 2. To induce actual and prospective customers to give them money,
15 Defendants and other Icomtech agents falsely represented: (1) that they would use
16 customer money to trade Bitcoin and other digital asset commodities on the
17 customers’ behalves; (2) that Icomtech would provide “daily returns” on the
18 customers’ money from the trading of Bitcoin or other digital asset commodities of
19 between 0.9% to 2.8%; (3) that Icomtech would double the customers’ money in
20 approximately four to eight months from the trading; and (4) in exchange for a
21 customer’s upfront payment of money to Icomtech (typically in cash), that Icomtech
22 would create an online account for the customer where the customer purportedly
23 could watch their money grow.
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1 3. In actuality, Defendants did not trade Bitcoin or other digital asset
2 commodities on the customers' behalves as they represented, and did not earn daily
3 returns nor double the customers' investments based on trading. Instead, Defendants
4 misappropriated customer funds to further promote the scheme, and, on information
5 and belief, to pay for personal expenditures and to pay themselves commissions and
6 bonuses. In fact, some Icomtech customers lost all of their funds.
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8 4. As further inducement for customers to give them money, Defendants
9 falsely promised existing customers that they would receive commissions and/or
10 bonuses for referring family and friends to Icomtech. Based upon those
11 representations, some customers accepted money from family and friends on behalf
12 of Icomtech and then gave the money to Defendants or other Icomtech agents for
13 Icomtech purportedly to trade Bitcoin and other digital asset commodities on the
14 customers' behalves. In actuality, despite referring family and friends to Icomtech,
15 one or more Icomtech customers did not receive commissions and/or bonuses for
16 those referrals as Defendants had promised.
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18 5. Finally, the Icomtech written promotional materials that Defendants and
19 other Icomtech agents provided to customers did not disclose, or did not fully
20 disclose, that customer money would be used to, at least in part, pay for Icomtech
21 expenses or Defendants' and other Icomtech agents' commissions and bonuses.
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23 6. As a result of Defendants' fraudulent scheme, more than 170 individuals
24 located in the United States and other countries transferred at least hundreds of
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1 thousands of dollars to Defendants and other Icomtech agents. During and after the
2 Relevant Period, numerous customers unsuccessfully attempted to withdraw money
3 from their Icomtech accounts. Rather than return money to customers, certain
4 Defendants made excuses and reassured customers that their money was safe.
5 Despite the assurances, some customers lost all of their money.
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7 7. By this conduct and the conduct further described herein, Defendants
8 have engaged, are engaging, or are about to engage in fraudulent acts and practices in
9 violation of Section 6(c)(1) of the Commodity Exchange Act (the “Act”), 7 U.S.C.
10 § 9(1), and Commission Regulation (“Regulations”) 180.1(a)(1)-(3), 17 C.F.R.
11 § 180.1(a)(1)-(3) (2022).
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13 8. Further, during the Relevant Period, each of the Defendants willfully
14 aided and abetted each of the other Defendants’ fraudulent acts and practices and,
15 therefore, are liable for that fraud pursuant to Section 13(a) of the Act, 7 U.S.C.
16 § 13c(a).
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18 9. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, the
19 Commission brings this action to enjoin Defendants’ unlawful acts and practices and
20 to compel their compliance with the Act and Regulations, and to further enjoin
21 Defendants from engaging in any commodity interest or digital asset-related activity.
22 Additionally, the Commission seeks civil monetary penalties, restitution,
23 disgorgement of Defendants’ ill-gotten gains, and ancillary remedial relief, including,
24 but not limited to, permanent trading and registration bans, rescission, fees and costs,
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1 pre-judgment and post-judgment interest, and such equitable relief as this Court may
2 deem necessary or appropriate.

3 10. Unless permanently restrained and enjoined by this Court, Defendants
4 are likely to continue to engage in the acts and practices alleged in this Complaint, or
5 in similar acts and practices.
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7 **II. JURISDICTION AND VENUE**

8 11. This Court has jurisdiction pursuant to 28 U.S.C. § 1331(codifying
9 federal question jurisdiction) and 28 U.S.C. § 1345 (providing that district courts
10 have original jurisdiction over civil actions commenced by the United States or by
11 any agency expressly authorized to sue by Act of Congress). In addition, Section
12 6c(a) of the Act, 7 U.S.C. § 13a-1, provides that United States district courts possess
13 jurisdiction to hear actions brought by the CFTC for injunctive relief or to enforce
14 compliance with the Act whenever it shall appear to the CFTC that such person has
15 engaged, is engaging, or is about to engage in any act or practice constituting a
16 violation of any provision of the Act or any rule, regulation, or order thereunder.
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18 12. Venue properly lies with this Court pursuant to Section 6c(e) of the Act,
19 7 U.S.C. § 13a-1(e), because Defendants reside in this District, transact or transacted
20 business in this District, and certain transactions, acts, practices and courses of
21 business alleged in this Complaint occurred within this District, among other places.
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III. THE PARTIES

13. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency charged by Congress with the administration and enforcement of the Act and the Regulations promulgated thereunder. The CFTC maintains its principal office at Three Lafayette Centre, 1155 21st Street NW, Washington, D.C. 20581.

14. Defendant **David Carmona** is an individual currently believed to be in federal custody (see Paragraph 27 below) who maintains a residence in Elmhurst, New York. Carmona is also known by the names David Segundo Carmona and Wuilver Segundo. Carmona has never been registered with the Commission.

15. Defendant **Juan Arellano Parra** is an individual currently believed to be in federal custody (see Paragraph 27 below) who maintains a residence in Chino, California. Arellano has never been registered with the Commission.

16. Defendant **Moses Valdez** is an individual believed to be residing in Hesperia, California. Valdez has never been registered with the Commission.

17. Defendant **David Brend** is an individual believed to be residing in Tampa, Florida. Brend has never been registered with the Commission.

18. Defendant **Marco A. Ruiz Ochoa** is an individual believed to be residing in Nashua, New Hampshire. Ruiz has never been registered with the Commission.

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IV. FACTS

A. Background.

19. “Icomtech” was created by Carmona, Ruiz and other Icomtech “founders.”

20. Icomtech is not and was not during the Relevant Period registered as a business entity in the United States.

21. Throughout the Relevant Period, Defendants did business and operated and marketed Bitcoin and other digital asset commodity trading, among other things, to U.S. persons under the name Icomtech.

22. Certain digital assets, including Bitcoin, Ether and USDC, are “commodities” in interstate commerce.

23. Carmona, Valdez, Arellano, and Ruiz, among others, were Icomtech’s “Main Leaders”, and the website www.icomtech.org identified Valdez and Brend, along with their picture, as part of the Icomtech “TEAM”.

24. Icomtech promotional material posted to the internet in 2019 claimed Icomtech was a company “with the mission to create the largest exchange in the world” for the purposes of buying and selling cryptocurrency, including Bitcoin. The promotional material claimed Icomtech’s goal was to become like other major cryptocurrency exchanges, including Coinbase, Binance and Bitmex, and touted Carmona as someone who had made a fortune trading cryptocurrency, including Bitcoin.

1 25. Other Icomtech promotional materials posted to the internet pitched
2 Icomtech as “a technological institution based on Bitcoin,” and/or encouraged
3 customers to “be part of this revolution of transactions in Bitcoin” through, at least in
4 part, trading Bitcoin through Icomtech.
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6 26. As described below, throughout the Relevant Period, Carmona,
7 Arellano, Valdez, Brend and Ruiz, individually as well as jointly doing business as
8 Icomtech, all fraudulently solicited customers and prospective customers, including
9 U.S. persons, to give them money for Icomtech to trade Bitcoin and other digital asset
10 commodities on the customers’ behalves.
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12 27. On October 13, 2022, Defendants Carmona, Arellano, Valdez, Brend
13 and Ruiz were indicted for wire fraud in connection with the Icomtech scheme.
14 Indictment, *United States v. Carmona*, 1:22-cr-00551-JLR (S.D.N.Y Oct. 13, 2022),
15 ECF No. 2.
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18 **B. Icomtech Websites.**

19 28. During the Relevant Period, Icomtech had two websites associated with
20 its business operations, “icomtech.io” and “icomtech.org.” The websites were
21 identified in Icomtech written promotional materials.
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23 29. Once the customer paid the Icomtech agent who had solicited them cash
24 or transferred money by other means, an Icomtech agent created an online account for
25 the customer through the Icomtech websites, issued the customer a user ID and
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1 temporary password, and emailed the customer a link with a user ID and temporary
2 password.

3 30. Thereafter, customers could access their account information by logging
4 in through the Icomtech websites. Through the websites, customers could, among
5 other things, access their account information, including account statements, and
6 could check the supposed value of their accounts, including purported earnings from
7 Defendants' supposed trading on their behalves.
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10 31. Once logged into the "icomtech.io" website, the "my.icomtech.io"
11 "Dashboard" page showed the customer his or her purported "Total Earning[s]" and
12 provided the customer a link to his or her individual account(s) statement. During the
13 Relevant Period, customers routinely accessed and used the account statements to
14 track their purported earnings from Defendants' supposed trading on their behalves.
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17 32. The "icomtech.org" website also allowed customers to log into their
18 account and perform multiple account-related functions through either the website or
19 a Smartphone app. Under a section titled "Smartphone," the website stated:
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21 Imagine the possibility of being able to generate earnings from
22 your smartphone wherever you are, whenever you want. Our
23 application will allow you to: •Edit your profile •Register new
24 members •Review your earnings •Request withdrawal of your
25 cryptocurrencies.

26 33. Customers generally were told that they could withdraw their funds
27 through the website or a Smartphone app beginning six months after deposit or after a
28 minimum amount of \$150 in earnings had accumulated.

1 **C. Defendants’ Misrepresentations and Omissions Regarding Bitcoin**
2 **and Other Digital Asset Commodity Trading.**

3 34. During the Relevant Period, Carmona, Valdez, Arellano, Brend and
4 Ruiz, individually as well as jointly doing business as Icomtech, fraudulently
5 solicited actual and prospective customers, including U.S. persons, to give them
6 money for Icomtech to trade Bitcoin and other digital asset commodities through
7 Icomtech on customers’ behalves via one or more of the following: at in-person
8 meetings – including in customers’ homes, at Icomtech promotional events, in
9 Icomtech PowerPoint and other presentations and documents circulated at Icomtech
10 promotional events, via YouTube and other presentations posted to the internet,
11 Zoom meetings, and through word-of mouth.

12 35. Defendants and other Icomtech agents represented in these in-person
13 meetings, at Icomtech promotional events and/or in Icomtech promotional material,
14 among other things, that Icomtech would: (1) trade bitcoin and other digital asset
15 commodities on the customer’s behalf; (2) provide daily returns from the trading of
16 between 0.9% to 2.8%; (3) double the customer’s money in approximately four to
17 eight months; and (4) customers could use one of Icomtech’s websites to create an
18 online account where the customer could watch their money grow.

19 36. Defendants and other Icomtech agents predominately directed their
20 solicitations to Spanish-speaking individuals and targeted those communities.
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1 Icomtech written promotional presentations and pitches were in both Spanish and
2 English, although predominately in Spanish.

3 **i. Icomtech Promotional Events**

4 37. Icomtech flyers and/or advertisements listed the following dates and
5 locations for Icomtech promotional events: January 6, 2019 at a restaurant called
6 Luminarias in Monterey Park, California; February 5, 2019 at the DoubleTree Hotel
7 in Commerce, California; March, 2019 at Planet Hollywood, Las Vegas; May 6, 2019
8 at Luminarias Restaurant, Monterey Park, California; May 15, 2019 at the GrillSmith
9 restaurant in Tampa, Florida; July 28, 2019 at the DoubleTree Hotel in Rosemead,
10 California; September 17, 2019 at the DoubleTree Hotel, Rosemead California;
11 September 18 and 19, 2019 at the Mariscos Puerto Escondido restaurant in Los
12 Angeles, California; and September 18, 2019 at the Quiet Cannon conference center in
13 Montebello, California.

14 38. In some instances, hundreds of people attended the Icomtech
15 promotional events.

16 39. Carmona, Valdez and Arellano, among other Icomtech agents, were
17 specifically identified by name and/or pictured in advertisements for certain of these
18 Icomtech promotional events. For example:

- 19 a. Carmona was pictured using the name Wuilver Segundo and identified
20 with the title “Co-Fundador Icomtech” (i.e., co-founder Icomtech) in an
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1 advertisement for an Icomtech promotional event dated March 16 (no
2 year specified) at the DoubleTree Hotel in Commerce, California;

3 b. Valdez was pictured and identified by name in an advertisement for an
4 Icomtech promotional event dated April 29, 2019 at the DoubleTree
5 Hotel in Norwalk, California;

6 c. Valdez was pictured and identified by name in an advertisement for an
7 Icomtech promotional event dated May 6, 2019 at the Luminarias
8 restaurant in Monterey Park, California;

9 d. Carmona was pictured and identified by name with the title “Co-
10 Fundador” (i.e., co-founder) in an advertisement for an Icomtech
11 promotional event dated May 19, 2019 at the DoubleTree Hotel in
12 Rosemead, California;

13 e. Valdez and Arellano were pictured and identified by name in an
14 advertisement for an Icomtech event dated July 28, 2019 at the
15 DoubleTree Hotel in Rosemead, California; and

16 f. Valdez was pictured and identified by name, and Arellano was identified
17 by name, in an advertisement for an Icomtech promotional event dated
18 November 10, 2019 at the DoubleTree Hotel in Rosemead, California.

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25 40. Upon information and belief, at each of these promotional events, one or
26 more of the Defendants made fraudulent misrepresentations to customers and
27 prospective customers as described in Paragraph 35 above.
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1 41. Valdez, Arellano, and Ruiz as well as other Icomtech agents organized
2 the conference rooms, hotel rooms, and/or catering or other hotel services for the
3 Icomtech promotional events. This included, among other things: (i) Ruiz signing a
4 sales contract and service agreement on behalf of Icomtech with Planet Hollywood in
5 Las Vegas for a March 2019 Icomtech promotional event; (ii) Valdez ordering and
6 paying a deposit for a conference room and other services on behalf of Icomtech at
7 the Quiet Cannon Montebello conference center in Montebello, California for a May
8 2019 Icomtech promotional event; (iii) Arellano acting as Icomtech’s contact person
9 in connection with an August 24, 2019 Icomtech event at the Quiet Cannon
10 Montebello conference center in Montebello, California; and (iv) Arellano paying a
11 deposit for a conference room at the Quite Cannon Montebello conference center in
12 connection with a September 28, 2019 Icomtech event.

13 **ii. Icomtech Solicitations and Promotional Materials**

14 42. Carmona and Ruiz drafted or assisted in drafting Icomtech promotional
15 material containing fraudulent misrepresentations that were posted on the Internet
16 and/or circulated at Icomtech promotional events.

17 43. Valdez hosted a WhatsApp group chat titled “Bitlionaires LA.” The
18 group chat contained links to Icomtech advertisements, meeting notices, presentations
19 and videos. Some of those advertisements, presentations and videos contained
20 fraudulent misrepresentations.
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1 44. A flyer posted in a Bitlionaires LA WhatsApp chat (Valdez was the
2 administrator for the chatroom) advertising an Icomtech sponsored event to be held
3 on April 2, 2019 at the Double Tree Hotel in Commerce, California, stated:

4 Icomtech offers you the opportunity to have your own
5 cryptocurrency business. You can generate thousands of dollars
6 in digital gold, called Bitcoin, through e-commerce, trading, and
7 mining, and thus grow your financial freedom.

8 45. At least one Icomtech presentation posted to the Bitlionaires LA
9 WhatsApp group chat on June 15, 2019 also included the claim “Double by Trading”
10 and that the money could be doubled in 140 days approximate.

11 46. Another Icomtech advertisement posted to the Bitlionaires LA
12 WhatsApp group chat also included the phrase “Double by Trading” and lists “140
13 DAYS APPROXIMATE” next to the word “DOUBLE.”

14 47. Brend used text messages and chats, and a YouTube video to solicit
15 customers. Some of these text messages, chats, and YouTube videos contained
16 fraudulent misrepresentations.
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18 48. Brend claimed in a YouTube video presentation entitled “Icomtech
19 English Presentation 2019” that Icomtech used trading “algorithms.” He claimed the
20 algorithms allowed Icomtech to “consistently” generate gains trading Bitcoin and
21 thus “create a standard revenue for us.”
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1 49. Brend also stated in his YouTube presentation entitled “Icomtech
2 English Presentation 2019” that customers’ money would “double in roughly between
3 six and eight months.”
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5 50. Carmona and Ruiz also claimed that Icomtech used “sophisticated
6 algorithms” to do the trading. For example, during an Icomtech promotional event
7 held in or about January 2019 at “Luminarias” restaurant in Monterey Park,
8 California, they claimed that:
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- 10 a. they were in the business of trading cryptocurrency, and had “robots
11 doing the trading with sophisticated algorithms....”
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- 13 b. a person’s initial investment would be doubled within a six-month
14 period;
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- 16 c. the customer would be paid a percentage between .9% to 3% of the
17 original investment on a daily basis;
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- 19 d. the customer’s money could be withdrawn in Bitcoin through a
20 bitcoin wallet on a weekly basis once a minimum amount of \$150 in
21 earnings was accumulated; and
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- 23 e. through the multi-level marketing referral program, a customer
24 would receive a 20% commission on the investment of anyone
25 referred.

26 51. Arellano and other Icomtech agents solicited one California customer in
27 the summer of 2019. The customer was told during the solicitation, among other
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1 things, that it was easy to make money through Icomtech via daily trading and that
2 the customer's money could be doubled in 120 days. From the solicitation, the
3 customer understood that Arellano would trade mostly in Bitcoin and other digital
4 asset commodities and generate big profits.
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6 52. Icomtech promotional presentations and materials also explained that
7 Icomtech offered as many as eight (8) "Packages" that customers could choose to
8 purchase for set amounts ranging from an upfront payment of \$300 up to \$20,000.
9 Customers purchased packages predominately through cash payments to one or more
10 Defendants or other Icomtech agents.
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12 53. The www.icomtech.org website contained a chart entitled "Packages"
13 with a listing, by a Package number, of graduated "points" and a "global pool bonus"
14 for higher dollar investment amounts and various percentage ranges associated with
15 profitability.
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17 54. Brend gave an example of how one "package" worked in his YouTube
18 video presentation entitled "Icomtech English Presentation 2019," and how a
19 customer could make even more money by referring friends and family:
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22 You can invest here in a package, you can buy a \$2,500 package --
23 I'll give you example, or a \$300 package, and ***that will double in***
24 ***roughly between six and eight months***. It depends on the package
25 and what algorithm that you're locked into. The company chooses
26 that when you sign up. But once you -- let's say you came in and
27 you bought a \$1,000 package. That'll make \$2,000, but then, you
28 know, a week later you, you had a little more money you got a tax
return back. You're like 'let me put in this \$2,500 I got for tax
return.' So once, ***as soon as you do that you make 20 percent***

1 *from your own money, because that is your first level.* And then
2 if you decide to *sign up your aunt or your mom or family*
3 *member*, and you do that, that person that you sign up below that
4 second package would be your second level *and that would give*
5 *you 3 percent, so you get a two-tier system but total you can*
6 *make on your own money up to 23% or by bringing people*
7 *in*

8 But all of this is based on trading mainly. We do have some mining
9 values that are coming in here, but most of this is involved in the trading
10 and *you make about 0.9 to 2.8 percent every single day*, Monday
11 through Friday, and then also on Fridays, you can see that *you'll actually*
12 *get an opportunity to withdraw every Friday* from between 3:00 to 9:00
13 p.m. Pacific Standard Time.” (Emphasis added).

14 **D. Defendants Communicated About Icomtech Operations and**
15 **Coordinated Their Fraudulent Solicitation Activities.**

16 55. Using instant messaging and voice-over-IP services and messenger
17 applications, like WhatsApp Messenger, Defendants communicated amongst
18 themselves, and with other Icomtech agents, about Icomtech’s operations, customers
19 and solicitations during the Relevant Period. For example, the Defendants
20 communicated about rates of return, solicitation materials, and how to handle
21 customer money.

22 56. Defendants doing business as Icomtech coordinated their solicitation
23 activities, i.e., they often attended and presented at the same Icomtech solicitation
24 events, used the same or similar fraudulent solicitation pitches and materials at those
25 events and in customer meetings, and used the same or similar fraudulent solicitation
26 materials.

1 **E. Defendants Did Not Trade Bitcoin or Other Digital Asset**
2 **Commodities as They Represented and Did Not Earn Daily Returns**
3 **nor Double the Money.**

4 57. Notwithstanding the representations set forth in Paragraphs 32-33, 35,
5 44-54 above, in actuality, Defendants: (i) did not trade Bitcoin or other digital asset
6 commodities on the customers' behalves as represented; (ii) did not earn daily returns
7 of between .09% and 2.8% based upon the trading; and (iii) did not double the
8 customers' money based on trading.

9 58. Instead, Defendants used customer funds to further promote the scheme,
10 and, on information and belief, to pay for personal expenditures and to pay
11 themselves and other Icomtech agents commissions and bonuses.

12 59. Each of the Defendants aided and abetted each of the other Defendants'
13 fraudulent acts and practices set forth in Paragraphs 19 to 58 above.

14 **F. Some Icomtech Customers Lost the Full Amount of the Funds They**
15 **Deposited with Defendants for Trading.**

16 60. During the Relevant Period, customers submitted their payments for an
17 Icomtech package to an Icomtech agent via cash, wire transfer, check, money transfer
18 services, and/or a digital asset commodity, specifically, Bitcoin. Some customers
19 were told that they could only pay in cash.

20 61. On information and belief, some of the cash payments by customers
21 were deposited in bank accounts owned by Defendants, or in bank accounts in the
22 name of companies associated with one or more of the Defendants, including True
23 Credit Repair LLC, a company owned by the Brend's wife.

1 62. During the Relevant Period, Carmona, Valdez, Arellano, and Brend
2 received customer funds, either directly from customers, from companies associated
3 with certain Defendants, or from other Defendants and Icomtech agents.
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5 63. For the purpose of Icomtech trading Bitcoin or other digital asset
6 commodities on the customers' behalves:

7 a. At least two Icomtech agents transferred customer funds to Carmona
8 during the Relevant Period via cash, bitcoin transfer, payment
9 processing services such as Zelle, and deposits into a bank account
10 in Carmona's name.
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12 b. At least two Icomtech customers gave funds to Arellano during the
13 Relevant Period, including via cash and bitcoin transfer.
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15 c. At least one customer, and at least one Icomtech agent on behalf of
16 numerous customers, transferred customer funds to Valdez during
17 the Relevant Period. On information and belief, Valdez transferred
18 some of those funds to Carmona.
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20 d. A number of Icomtech customers and, on information and belief, an
21 Icomtech agent on behalf of Icomtech customers, gave money to
22 Brend, by making payment to him through PayPal, and/or by writing
23 checks to his wife's company, True Credit Repair LLC, a Florida
24 limited liability company. Brend was a signatory on the True Credit
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1 Repair LLC's bank account into which some Icomtech customer
2 money was deposited.

3 64. Customers were generally told that, after six months or after a minimum
4 amount of \$150 in earnings accumulated, they could withdraw funds from their
5 accounts on Fridays. Beginning in the late summer of 2019, some Icomtech
6 customers attempted to withdraw their account balances in U.S. dollars and/or digital
7 asset commodities in accordance with the instructions but found they were unable to
8 do so, with limited exceptions.
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11 65. A number of customers confronted Carmona and Valdez, as well as
12 other Icomtech agents, about their inability to withdraw their funds, and demanded
13 the return of their money.
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15 66. Carmona and Valdez, as well as other Icomtech agents, provided
16 purported explanations as to why customers' money could not be immediately
17 withdrawn. One explanation was that Icomtech was in the process of migrating to a
18 new online system at a new web address. The transfer to the new website was in or
19 about September 2019. Customers were told that the migration was progressing
20 slowly and there were technical difficulties in the online transfer, but that the online
21 system was being fixed. Nonetheless, customers were assured that their money was
22 safe.
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26 67. Despite the assurances, Defendants misappropriated some, if not all of
27 customer funds sent to Icomtech.
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1 68. For example, when one customer accessed her account through the new
2 on-line system in September 2019, the account did not reflect her investment. In fact,
3 all of the earnings previously reflected in her account had disappeared, and her
4 account balance was listed as zero.

6 69. Each of the Defendants aided and abetted each of the other Defendants’
7 fraudulent acts and practices set forth in Paragraphs 60 to 68 above.

9 **G. Defendants’ Misrepresentations and Omissions Concerning
10 Commissions and Bonuses.**

11 70. Icomtech customers also were told they could earn commissions and
12 “bonus points” by recruiting others to invest in Icomtech. One Icomtech presentation
13 stated: (i) “YOU EARN 20% for each package you sell” and “YOU EARN 3% for
14 each package that your direct affiliate sells”; and (ii) “bonus points” earned for
15 recruiting others to invest could be used to obtain prizes, including iPhones, Rolex
16 watches, trips (to Las Vegas, Hawaii or Dubai), luxury cars (e.g., a Mercedes Benz),
17 or exchange for as much as \$20,000 in cash.

19 71. In furtherance of the Icomtech scheme, including through Icomtech
20 solicitation materials posted on YouTube and in the Bitlionaires LA WhatsApp chat,
21 Defendants and other Icomtech agents encouraged existing and prospective
22 customers, including several California customers, to refer family and friends with
23 promises of additional returns. Some of the existing customers accepted deposits
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1 from family and friends on behalf of Icomtech and then gave the money to another
2 Icomtech agent.

3 72. In actuality, one or more Icomtech customers did not receive referral
4 commissions and/or bonuses as promised in various verbal and/or written Icomtech
5 solicitations.
6

7 73. However, on information and belief, some of the Defendants received
8 commissions and/or bonuses for bringing new customers into the Icomtech scheme.
9 For example, Brend claimed in a solicitation posted to the internet that he received a
10 Mercedes Benz as an Icomtech bonus, but elected to exchange it for a \$25,000 cash
11 payment.
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14 74. The written promotional materials that Defendants and other Icomtech
15 agents provided to customers and prospective customers did not disclose, and/or did
16 not fully disclose, that customer money would be used to pay expenses for Icomtech
17 and/or commissions and bonuses to Defendants and other Icomtech agents.
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19 75. Each of the Defendants aided and abetted each of the other Defendants'
20 fraudulent acts and practices set forth in Paragraphs 70 to 74 above.
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**V. VIOLATIONS OF THE COMMODITY EXCHANGE ACT AND
COMMISSION REGULATIONS**

COUNT ONE

FRAUD BY DECEPTIVE DEVICE OR CONTRIVANCE

**Violation of Section 6(c)(1) of the Act, 7 U.S.C. § 9(1),
and Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(1)-(3) (2022)**

76. Paragraphs 1 through 75 of this Complaint are re-alleged and incorporated herein by reference.

77. 7 U.S.C. § 9(1), provides in relevant part:

It shall be unlawful for any person, directly or indirectly, to use or employ, or attempt to use or employ, in connection with any . . . contract of sale of any commodity in interstate commerce, or for future delivery on or subject to the rules of any registered entity, any manipulative or deceptive device or contrivance, in contravention of such rules and regulations as the Commission shall promulgate

78. 17 C.F.R. § 180.1(a), provides in relevant part:

It shall be unlawful for any person, directly or indirectly, in connection with any swap, or contract of sale of any commodity in interstate commerce, or contract for future delivery on or subject to the rules of any registered entity, to intentionally or recklessly:

(1) Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;

(2) Make, or attempt to make, any untrue or misleading statement of a material fact or to omit to state a material fact necessary in order to make the statements made not untrue or misleading; [or]

(3) Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any person

79. Digital assets such as Bitcoin are encompassed in the definition of “commodity” under Section 1a(9) of the Act, 7 U.S.C. § 1a(9).

80. During the Relevant Period, Defendants, individually and/or in concert with each other, intentionally or recklessly used or employed, or attempted to use and

1 employ, manipulative or deceptive devices or contrivances in connection with
2 contracts of sale of any commodity in interstate commerce, in violation of 7 U.S.C.
3 § 9(1), and 17 C.F.R. § 180.1(a)(1)-(3), including by:

- 4
- 5 a. Misappropriating customer funds by using customer funds: (i) further
6 promote the scheme; (ii) to pay for Icomtech expenses; and/or (iii) on
7 information and belief, to pay themselves and other Icomtech agents
8 commissions and bonuses, and/or
9
- 10 b. Misrepresenting in in-person meetings, Icomtech promotional events, in
11 Icomtech promotional materials posted to the internet, and in electronic
12 communications:
- 13
- 14 i. That Defendants and other Icomtech agents would use
15 customer money to trade Bitcoin or other digital assets on the
16 customers' behalves;
17
- 18 ii. That Icomtech customers could achieve specific daily earnings;
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- 20 iii. That Icomtech customers' money would be doubled in
21 approximately four to eight months; and
22
- 23 iv. That existing customers who referred a family member or
24 friend to give money to Icomtech for Icomtech to trade Bitcoin
25 or other digital assets on behalf of that family member or
26 friend would, in turn, receive commissions and/or bonuses for
27 the referrals; and/or
28

1 c. Failing to disclose and/or failing to fully disclose in written
2 solicitations and promotional materials that Defendants and other
3 Icomtech agents provided to customers and prospective customers
4 that customer money would be used to pay expenses for Icomtech
5 and/or commissions and bonuses to Defendants and other Icomtech
6 agents.
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9 81. Each act in furtherance of: (1) using or employing, or attempting to use
10 or employ, a manipulative device, scheme, or artifice to defraud; (2) making, or
11 attempting to make, untrue or misleading statements of material fact, or omitting to
12 state material facts necessary to make the statements not untrue or misleading; or
13 (3) engaging, or attempting to engage, in any act, practice, or course of business,
14 which operated or would operate as a fraud or deceit upon any person, including but
15 not limited to those specifically alleged herein, is alleged as a separate and distinct
16 violation of Section 6(c)(1) and Regulation 180.1(a)(1)-(3).
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19 82. During the Relevant Period, each of the Defendants willfully aided and
20 abetted each of the other Defendants' fraudulent acts and practices described above
21 and, therefore, are liable for that fraud pursuant to Section 13(a) of the Act, 7 U.S.C.
22 § 13c(a).
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VI. RELIEF REQUESTED

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2 WHEREFORE, the CFTC respectfully requests that this Court, as authorized
3 by Section 6c of the Act, 7 U.S.C. § 13a-1, and pursuant to the Court’s inherent
4 equitable powers:

5
6 A. Find Defendants violated Sections 6(c)(1) of the Act, 7 U.S.C. §§ 9(1)
7 and Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(1)-(3) (2022);

8
9 B. Enter an order of permanent injunction restraining and enjoining
10 Defendants and their affiliates, agents, servants, employees, successors, assigns,
11 attorneys, and all persons or entities in active concert with any one of them, who
12 receive actual notice of such order by personal service or otherwise, from engaging in
13 conduct described above in violation of 7 U.S.C. §§ 9(1) and 17 C.F.R. § 180.1(a)(1)-
14 (3);

15
16 C. Enter an order of permanent injunction restraining and enjoining
17 Defendants, and any of their affiliates, agents, servants, employees, assigns,
18 attorneys, and persons in active concert with any one of them, from directly or
19 indirectly, in:

- 20
21
22 1. Trading on or subject to the rules of any registered entity (as that
23 term is defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40));
24
25 2. Entering into any transactions involving “commodity interests” (as
26 that term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2022)) or
27 digital asset commodities, for accounts held in the name of
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Defendants or for any account in which they have a direct or indirect interest;

3. Having any commodity interest or digital asset commodity traded on Defendants’ behalf;
4. Controlling or directing the trading for or on behalf of any other person or entity, whether by power of attorney or otherwise, in any account involving commodity interests or digital asset commodities;
5. Soliciting, receiving or accepting any funds from any person for the purpose of purchasing or selling any commodity interests or digital asset commodities;
6. Applying for registration or claiming exemption from registration with the CFTC in any capacity, and engaging in any activity requiring such registration or exemption from registration with the CFTC, except as provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2022); and
7. Acting as a “principal” (as that term is defined in Regulation 3.1(a), 17 C.F.R. § 3.1(a) (2022)), agent or any other officer or employee of any person registered, exempted from registration or required to be registered with the CFTC, except as provided for in 17 C.F.R. § 4.14(a)(9).

1 D. Enter an order requiring Defendants, as well as any third-party transferee
2 and/or successors, to disgorge, pursuant to such procedure as the Court may order, all
3 benefits received including, but not limited to, salaries, commissions, bonuses, loans,
4 fees, revenues and trading profits derived, directly or indirectly, from acts or practices
5 that constitute violations of the Act and Regulations as described herein, including
6 pre-judgment and post-judgment interest;
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9 E. Enter an order directing Defendants and any of their, to rescind, pursuant
10 to such procedures as the Court may order, all contracts and agreements, whether
11 implied or express, entered into between them and any of the customer whose funds
12 were received by them as a result of the acts and practices that constitute violations of
13 the Act and Regulations, as described herein;
14

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16 F. Enter an order requiring Defendants and any of their successors, to make
17 full restitution to every person or entity who has sustained losses proximately caused
18 by the violations described herein, including pre-judgment interest;
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21 G. Enter an order directing Defendants to pay a civil monetary penalty
22 assessed by the Court, in an amount not to exceed the penalty prescribed by Section
23 6c(d)(1) of the Act, 7 U.S.C. § 13a-1(d)(1), as adjusted for inflation pursuant to the
24 Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Pub. L.
25 No. 114-74, tit. VII, § 701, 129 Stat. 584, 599-600, *see* Regulation 143.8, 17 C.F.R.
26 § 143.8 (2022), for each violation of the Act and Regulations, as described herein;
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1 H. Enter an order requiring Defendants to pay costs and fees as permitted
2 by 28 U.S.C. §§ 1920 and 2412(a)(2); and

3 I. Enter an order providing such other and further relief as this Court may
4 deem necessary and appropriate under the circumstances.
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7 Dated: May 24, 2023

Respectfully Submitted,

8 COMMODITY FUTURES TRADING
9 COMMISSION

10 Attorney for Plaintiff

11
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