THE NEW BARONS OF CYBERSPACE: ICO CREATORS AND RANSOMWARE AUTHORS

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Poll

- Who knows what blockchain is?
- Cryptocurrency?
**Baron n.**

Definition: a person who held lands or property from the sovereign or a powerful overlord.
Some familiar barons

John D. Rockefeller

Andrew Carnegie

Cornelius Vanderbilt
In 2009, was born the world’s most accessible financial asset
These barons used to be darknet market vendors
Darknet market’s share of Bitcoin transaction values has declined, even while the absolute value has increased.
Then their property and domain was seized
144,000 Bitcoin seized from Silk Road
THIS HIDDEN SITE HAS BEEN SEIZED
by the Federal Bureau of Investigation,
in conjunction with the IRS Criminal Investigation Division,
ICE Homeland Security Investigations, and the Drug Enforcement Administration,
in accordance with a seizure warrant obtained by the
United States Attorney’s Office for the Southern District of New York
and issued pursuant to 18 U.S.C. § 983(j) by the
United States District Court for the Southern District of New York
21,000 BTC more was found later....
### Liquidation of Silk Road Theft Proceeds

#### Silk Road
- **January 25, 2013**: 20,073 bitcoins are stolen from Silk Road and Silk Road vendors and deposited into bitcoins address 127B3qwrPya670q83L6R652zwhFzc974A.
- **January 26, 2013**: 1,475 bitcoins are sent from 127B3qwrPya670q83L6R652zwhFzc974A into MtGox bitcoin address 1Bhnq218dclHhgQc96bnshm6GzjrT8.
- **January 26, 2013**: another 955 btc are sent from 127B3qwrPya670q83L6R652zwhFzc974A into MtGox bitcoin address 1Bhnq218dclHhgQc96bnshm6GzjrT8.

#### As of January 26, 2013, MtGox account 1Bhnq218dclHhgQc96bnshm6GzjrT8 controls at least 2,430 stolen bitcoins.

#### Federal Task Force

#### Between March and May of 2013, MtGox account 1Bhnq218dclHhgQc96bnshm6GzjrT8 makes 9 wires to Quantum International LLC, into Shaun Bridges’ Fidelity Account.

#### May 9, 2013
- BRIDGES served as the affiant on a multi-million dollar seizure warrant for Mt. Gox and its owner’s bank accounts.

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
<th>Approx. BTC Price</th>
<th>Approx. Number of Bitcoins Sold*</th>
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<tr>
<td>3/6/2013</td>
<td>$98,511.08</td>
<td>$42.00</td>
<td>2345.50</td>
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<td>3/8/2013</td>
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<td>5/7/2013</td>
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<td>234.49</td>
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</table>

*If sold on the day it was wired out

**Note:** The amount sold reflects the market price at the time of sale.
Years later, the governments took at a stab at the business
Notice

THIS HIDDEN SITE HAS BEEN SEIZED
and controlled since June 20

by the Dutch National Police in conjunction with the Bundeskriminalamt, Lithuanian Police, Federal Bureau of Investigation and Europol, under the authority of the Dutch National Prosecutor’s Office and the Attorney General’s office of the Federal State of Hesse (Germany).

The Dutch National Police have located Hansa Market and taken over control of this marketplace since June 20, 2017. We have modified the source code, which allowed us to capture passwords, PGP-encrypted order information, IP addresses, Blockchain data, and other relevant information that may help law enforcement agencies worldwide to identify users of this marketplace. For more information about this operation please consult our hidden service at policeshopdetection.com.

This seizure was part of Operation Bayonet, which includes the takeovers of Hansa Market by the National Police of the Netherlands and the takeovers of AlphaBay Market by the Federal Bureau of Investigation of the United States of America on July 4, 2017.
But barons have always been entrepreneurial
Civic “provide[s] trusted decentralized identity services that are compliant with laws and regulations around the world.”
Vinny Lingham

- Conducted a token sale in June 2017
- Hard cap at $33 million
- Sold as a “utility token” to accredited investors and individual users in the US and globally
Sound futuristic? Some barons sell picks and shovels
BTC-e

- Cryptocurrency exchange
- Started in 2011
Mt Gox heist
Alexander Vinnik

THE DOMAIN FOR BTC HAS BEEN SEIZED

Pursuant to a seizure warrant issued by the United States District Court for the District of New Jersey under the authority of 18 U.S.C., §§ 981, 1996 (a)(1)(A), and 1960 - as part of a joint law enforcement operation and action by:

- U.S. Department of Justice - Northern District of California and Computer Crime and Intellectual Property Section
- Internal Revenue Service – Criminal Investigation
- Homeland Security Investigations
- Federal Bureau of Investigation
- U.S. Secret Service
- Federal Deposit Insurance Corporation - Office of Inspector General

INDICTMENT
• FinCEN fines BTC-e $110 million civil penalty and Vinnik $12 million penalty

• 21-count indictment for
  • money laundering;
  • conspiracy to commit money laundering;
  • engaging in unlawful monetary transactions; and
  • the operation of an unlicensed money transmitting business.

Alexander Vinnik
Barons typically sell the future...
Our Team

Tyrone Fountain
Founder of multiple MedTech and IoT companies. Successful entrepreneur with a clear focus on business, media and cryptocurrency.

Perry Henderson
Successful entrepreneur, ICO and Blockchain enthusiast. CEO and Partner of multiple online companies.

Larry Smith
5+ years in web development and e-commerce marketing. Digital enthusiast and rap fan.

Thomas Yates
Experience-driven marketing specialist, 50+ years in communication and brand building.

Kevin Belanger
Experienced graphic designer with a clear focus on identities and illustration.

Jake Andrews
Associate at law firm with 9+ years of experience practicing business law. Ghent University graduate.

Robert Jackson
Professional with more than 10 years of experience in marketing — from B2B.

Donald Rivera
Highly experienced investment banker with a focus of interest on capital markets in the USA and Russia.
Kathleen & Arthur Breitman

- Born in New York
- Graduated from Cornell in 2012
- Former Management Associate at Bridgewater
- Former strategy consultant at De Dicto, Accenture and R3

- Born in France
- Received a Master's in Mathematics from NYU in 2007
- Former quantitative analyst at Goldman Sachs and Morgan Stanley
Kathleen & Arthur Breitman

- Began developing blockchain ecosystem in 2014
- The Tezos blockchain:
  - Is a self-amending cryptographic ledger
  - Creates governance rules for stakeholders to approve protocol upgrades
  - Based on Proof-of-Stake
  - "A new digital commonwealth"
- A US Entity, Dynamic Ledger Solutions (DLS), primarily developed the Tezos blockchain; a Swiss foundation, The Tezos Foundation, issued the tokens
- The Breitmans co-founded DLS and set up the foundation
Tezzies

600 million “Tezzies” = Equivalent of $232 million at the time
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Six causes of action including:
- Unregistered Office and Sale of Securities
- Fraud in the Offer or Sale of Securities
- False Advertising
- Unfair Competition
- Alter Ego Liability

Token described as:
- “A non-refundable donation” not a “speculative investment”
- Receiving a “tote bag” in return for contributing to a public TV station

Blockchain described as:
- “Ernst & Young, Deloitte, LexiFi, etc. have adopted Tezos in their development environments and labs.”
Barons can be born overnight
Changpeng Zhao

From Zero to One
Some of our new barons are philanthropic
The Pineapple Fund

Donating $86 million of bitcoins to charity

5,057 BTC
~$86 million USD
total committed

$54,671,242
donated so far

60
charities supported
so far
EPILOGUE

• Barons for 5 minutes or centuries?

John D. Rockefeller
Questions?

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