

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

REAL PROPERTY LOCATED AT 75  
ABINGTON COURT, NW, ATLANTA,  
GEORGIA, 30327, AND ALL  
BUILDINGS, APPURTENANCES,  
IMPROVEMENTS AND  
ATTACHMENTS THEREON; AND,

ONE 2017 CHEVROLET TAHOE,  
VEHICLE IDENTIFICATION NUMBER  
1GNSCBK3HR401432

Defendants.

Civil Action No.

**VERIFIED COMPLAINT FOR FORFEITURE**

COMES NOW plaintiff United States of America, by Byung J. Pak, United States Attorney, and Sekret T. Sneed, Assistant United States Attorney, for the Northern District of Georgia, and shows the Court the following in support of its Verified Complaint for Forfeiture:

**NATURE OF THE ACTION**

1. This is a civil forfeiture action against one parcel of real property and one vehicle (collectively, "Defendant Property") that are subject to forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(A) and (C) and 28 U.S.C. § 2461.

**THE DEFENDANTS IN REM**

Defendant Real Property

2. The defendant real property consists of one parcel of real property more commonly known as 75 Abington Court, NW, Atlanta Georgia 30327, with all buildings, appurtenances, improvements and attachments thereon, and is more fully described in Attachment A (hereinafter, "Defendant Real Property").
3. The record owners of the Defendant Real Property are RYAN S. FELTON ("FELTON") and Jennifer L. Felton as joint tenants with rights of survivorship.
4. The Defendant Real Property has not been seized but is located within this district and within the jurisdiction of this Court. The United States does not request authority from the Court to seize the Defendant Real Property at this time.
5. As required by 18 U.S.C. §§ 985(b)(1) and (c)(1), the United States shall:
  - a. post notice of this action and a copy of this Complaint on the Defendant Real Property;
  - b. serve notice of this action, along with a copy of this Complaint, on the owners and/or occupants of the Defendant Real Property, and

any other person or entity who may claim an interest in the real property; and,

- c. file a Lis Pendens against the Defendant Real Property.

Defendant Vehicle

6. The defendant vehicle is one black 2017 Chevrolet Tahoe, Vehicle Identification Number 1GN5CBKC3HR401432 (hereinafter, "Defendant Vehicle"), that the Federal Bureau of Investigation seized on March 15, 2019, pursuant to Federal search and seizure warrants, on the premises of the Defendant Real Property.
7. The Defendant Vehicle is presently in the custody of the Federal Bureau of Investigation-Atlanta Division.

JURISDICTION AND VENUE

8. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. §§ 1345 and 1355.
9. This Court has *in rem* jurisdiction over the Defendant Property pursuant to 28 U.S.C. § 1355(b)(1)(A) because acts or omissions giving rise to the forfeiture occurred in this district.
10. Venue is proper in this district pursuant to 28 U.S.C. § 1355(b)(1)(A) because the acts or omissions giving rise to the forfeiture occurred in this district and pursuant to 28 U.S.C. § 1395 because the property is located in this district.

**BASIS FOR FORFEITURE**

11. The Defendant Property is subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(C) because the property is derived from proceeds traceable to violations of 18 U.S.C. §§ 1343, 1344 and 1348 and 15 U.S.C. § 78ff, or a conspiracy to commit such offenses. The Defendant Property also is subject to forfeiture pursuant to 18 U.S.C. § 981(a)(1)(A), because it constitutes property involved in a transaction or an attempted transaction in violation of 18 U.S.C. §§ 1956 and 1957, or is property traceable to such property.

**FACTUAL BACKGROUND**

*Introduction*

12. Beginning in or around August 2017, FELTON promoted an ICO to the public to raise funds to develop a web distribution platform named FLiK that supposedly would fund, film and distribute entertainment film projects, among other things. According to representations made by FELTON, by purchasing FLiK tokens available beginning on the date of the ICO, the public would be able to help fund innovative entertainment projects and creators would be able to sell or rent their projects outside of traditional entertainment funding.
13. From at least on or about August 17, 2017, to at least November 2017, members of the public purchased FLiK tokens by transferring cryptocurrency, such as BTC and ETH, to a cryptocurrency address that FELTON had designated for the FLiK ICO.

14. However, as this investigation has revealed, FELTON's representations were false. Once members of the public began purchasing FLiK tokens by depositing funds into the designated cryptocurrency address, FELTON did not use these funds to launch a web distribution platform for entertainment projects.
15. Instead, FELTON transferred virtually all of the proceeds from the FLiK token sales into other cryptocurrency accounts and eventually into a traditional account at Wells Fargo Bank held in his name.
16. Once FELTON had access to the proceeds from the FLiK token sales in his Wells Fargo Bank account, he used these proceeds to purchase in full the Defendant Real Property for approximately \$1.5 million and the Defendant Vehicle for approximately \$58,000, among other luxury goods, such as a Ferrari and jewelry.

*Technical Terms*

17. Cryptocurrencies are digital assets designed to work as a medium of exchange that uses strong cryptography to secure financial transactions, control the creation of additional units, and verify the transfer of assets. Cryptocurrencies are circulated over the Internet as a form of value. Cryptocurrencies use encryption to verify the transfer of funds and operates independently of a central bank. Cryptocurrencies are similar to paper currency in that the exchange of cryptocurrencies between individuals is not recorded by financial institutions. Cryptocurrencies are not issued by any government, bank, or company, but rather are generated

and controlled through computer software operating via a decentralized, peer-to-peer network. While cryptocurrencies exist primarily as internet-based forms of currency, it is possible to “print out” the necessary information and exchange cryptocurrency via physical medium. Bitcoin (abbreviated as BTC) and Ether (abbreviated as ETH) are just two of many varieties of cryptocurrencies.

18. Fiat Money is any money declared by a government to be legal tender. An example of Fiat Money is the US Dollar.
19. Blockchain is a transaction ledger containing a series of blocks chained together linearly. Each node within a cryptocurrency network is one instance of the node software, and each has a copy of the blockchain that is kept in sync. Since most blockchains are public and open source, all transactions that have ever occurred on the network are publically viewable at all times. Each block is made up of multiple transactions that have occurred since the last block was created and appended to the blockchain. Blocks are chained together in a strict order using cryptographic hashing, where each block contains a hash of the previous block. Block integrity is maintained by hashing together transactions and other metadata about the block. This creates a unique identifier for each block that can be seen and verified by anyone viewing the blockchain.
20. Cryptocurrencies are sent to and received from “addresses.” An address is somewhat analogous to a bank account number and is represented as a 26-to-35-character-long case-sensitive string of letters and numbers. Each

address is controlled through the use of a unique corresponding private key, a cryptographic equivalent of a password or PIN needed to access the address. Only the holder of an address's private key can authorize any transfers of cryptocurrencies from that address to other addresses.

21. To transfer a cryptocurrency to another address, the payor transmits a transaction announcement, cryptographically signed with the payor's private key, across the network. The address of the receiving party and the sender's private key are the only pieces of information needed to complete the transaction. These two keys by themselves rarely reflect any identifying information. As a result, little-to-no personally identifiable information about the payor or payee is transmitted in a transaction itself. Once the payor's transaction announcement is verified, the transaction is added to the blockchain. The blockchain logs every address that has ever received a cryptocurrency and maintains records of every transaction for each address.
22. Ethereum Platform is an open-source, public blockchain-based distributed computing platform and operating system that allows for smart contract functionality.
23. A smart contract is a computer protocol intended to digitally facilitate, verify, or enforce the negotiation or performance of a contract. Smart contracts allow the performance of credible transactions without third parties. These transactions are trackable and irreversible.

24. Ethereum Platform is also being used to launch other cryptocurrencies primarily through the ERC20 technical standard, which defines a common set of rules that an Ethereum token has to implement to function within the Ethereum ecosystem. Because of the ERC20 token standard defined by the Ethereum Foundation, other developers can issue their own versions of a token and raise funds with an initial coin offering.
25. Cryptocurrency exchanges are businesses that allow customers to trade cryptocurrencies for other assets, such as conventional fiat money or other digital currencies.
26. Initial Coin Offerings, or ICOs, are fundraising events during which the issuers of a unique "token" or "coin" set an amount they want to raise, offer it in a crowdsale, and receive cryptocurrency in exchange. ICOs are typically announced and promoted through the internet and e-mail. Issuers usually release a "whitepaper" describing the project and the terms of the ICO. After investors transfer funds to the issuer in the ICO, the issuer will distribute its unique "coin" or "token" to the participants. The tokens may entitle its holders to certain rights, such as rights to profits or rights to use services provided by the issuer, and may be listed on cryptocurrency exchanges and be tradable for virtual currencies.
27. Gemini Trust Company LLC ("Gemini") is a cryptocurrency exchange and custodian that allows customers to buy, sell, and store digital assets. Gemini is a New York trust company that is regulated by the New York State Department of Financial Services.



*The FLiK Whitepaper and Initial Representations regarding the Purposes of FLiK*

28. On or about August 12, 2017, a website, [www.theflik.io](http://www.theflik.io), published a whitepaper to introduce FLiK as “an end-to-end entertainment ecosystem that [would] allow[] for creative projects to be funded, filmed, distributed, and paid for all within the FLiK framework.” In the whitepaper, FLiK was described as a young innovative company that aimed “to bring creative entertainment projects to life and give creatives from around the world the opportunity to earn a living in an inherently difficult industry.” The goals of FLiK were to “develop an online distribution platform that [would] allow creatives to sell/rent their work,” and to fund “unique and creative entertainment projects that might not otherwise receive funding.” The whitepaper identified FELTON as the founder and co-owner of FLiK, noting his “proven history of founding successful entertainment-related businesses.”
29. The whitepaper added that FLiK was catering to independent filmmakers and television creatives, and the FLiK platform would allow viewers to discover new and interesting projects that they might not otherwise have access to. It described traditional film and television funding as “an arduous, antiquated, and time-consuming process involving a host of bankers, lawyers, and investors. Funding a film or television show often takes years and sometimes decades. It doesn't have to be like this. FLiK works with qualified creatives and Producers to get projects funded quickly and efficiently.”

30. In the whitepaper, FLiK represented that 250,000,000 tokens, referred to as FLiK tokens, would be made available for purchase in an ICO or crowdsale over the Ethereum Platform. Each of the FLiK tokens would be ERC20-compliant, and each token would be sold for .001 ETH. FLiK represented that the funds raised through the sale of the FLiK tokens would be allocated in the following manner:
- a. 50% would be used to develop and deploy the FLiK platform.
  - b. 25% would be used to fund unique and creative film projects.
  - c. 15% would be used for marketing and promotion of the FLiK platform.
  - d. 10% would be used for implementation with additional viewing platforms.
31. The whitepaper also published a list of “Disclaimers & Risks,” including a statement that the information presented was not intended to form the basis for any investment decision, that the purchase of cryptographic tokens was speculative in nature, and that forward-looking statements “concerning the timing and success of strategies, plans or intentions” were based on current expectations about future events. There was no disclosure or statement prior to the crowdsale that proceeds of the ICO could be used for personal expenses.
32. On or about August 14, 2017, [www.theflik.io](http://www.theflik.io) posted a message from FELTON, as the founder of FLiK, that announced the FLiK token price had doubled to .002 ETH for the ICO scheduled for August 20, 2017, and stated

that there would be additional announcements regarding the “incredible team that FLiK is assembling . . . as we embark on our journey of revolutionizing the entertainment industry.”

33. Two days later, the FLiK website announced that the rapper, Clifford J. Harris, known professionally as “T.I.,” had joined the FLiK team as a co-owner. The following day, the FLiK website announced that Tony Gallippi, the co-founder of BitPay Inc., had joined FLiK’s Advisory Board.

*FELTON’s Promotion of the FLiK Crowdsale*

34. FLiK promoted the token launch on multiple social media accounts. On or about August 1, 2017, FLiK launched a Facebook page (with username theflikio) and announced that “FLiK is coming... #HelloWorld. First Tweet.”
35. This investigation has revealed that FELTON is the accountholder of the FLiK Facebook page.
36. On or about August 17, 2017, theflikio Facebook page announced that BitPay Co-Founder and Chairman, Tony Gallippi, had joined the FLiK Advisory Board.
37. On or about September 3, 2017, FLiK announced via Facebook that it had received a \$100,000 investment and that T.I. had joined the FLiK team as a co-owner.
38. On that same date, *i.e.*, on or about September 3, 2017, theflikio Facebook page announced a “major investment” via private placement and claimed that this investment would allow it to “adjust its ICO.” Specifically, the

Facebook post stated that the crowdsale would conclude either when 50 million FLiK tokens had been purchased or by September 20, 2017, whichever came first, and stated that investors would receive nine additional FLiK tokens for every FLiK token purchased.

39. On or about September 16, 2017, FELTON's Facebook page (Facebook username ryansfelton) shared a Facebook post from comedian Kevin Hart stating, in part, "I'm Super Excited for T.I. and FLiK They're gonna crush it! #ICO #blockchain #crypto #bitcoin." In sharing the post, FELTON added the comment, "When Kevin Hart shares your business with 50,000,000 people on Facebook and Twitter!!! Who would've guessed I'd be business partners with T.I. in this awesome venture."
40. On or about October 26, 2017, FLiK announced via Facebook (theflikio) that it had made its first film investment and would produce a film called Summer Night.
41. Web forums established for FLiK on Telegram, a cloud-based mobile and computer messaging system, were used to exchange information about FLiK through both public and private channels. Telegram enabled members to post both text and images to the FLiK channels. A review of the FLiK channels on Telegram revealed numerous copies of tweets from Twitter handle @TheRyanFelton promoting FLiK. For example, Telegram forums included purported snapshots of the @TheRyanFelton Twitter account in or around October 2017 retweeting messages from official FLiK Twitter accounts, tweeting a link to a YouTube video of FELTON

discussing FLiK, and tweeting “Happy to be making our first @TheFlikIO related film investment this week. It’s an exciting project!”

*The FLiK Crowdsale*

42. FLiK’s website provided instructions for investors seeking to purchase FLiK tokens in the ICO. Based on the website, and consistent with the terms of the FLiK smart contract posted on the Ethereum blockchain, investors could purchase FLiK tokens by transferring ETH to a cryptocurrency address, beginning 0x7536, designated as the “owner” under the contract (the “Owner Address”).
43. On or about August 20, 2017, FLiK initiated the crowdsale of the FLiK token. Based on the exchange rate of approximately \$300 per 1 ETH as of August 20, 2017, and the announced initial FLiK token price of .002 ETH per token, initial investors could purchase one FLiK token for the equivalent of approximately \$0.60 U.S. currency. Investors purchased thousands of FLiK tokens on the first day of the ICO, and purchases of FLiK tokens continued over the next several weeks.
44. This investigation has revealed that several weeks after the initiation of the FLiK crowdsale, the Owner Address, and other cryptocurrency addresses found to be associated with FELTON, began transferring ETH received in proceeds from FLiK token sales to a Gemini account that FELTON owned and/or controlled, among other accounts owned and/or controlled by FELTON.

45. Specifically, from at least in or around September 2017, to on or about, October 11, 2017, FELTON's Gemini account had a total balance of more than 475 BTC, which was worth more than \$2.2 million in U.S. currency on October 11, 2017, the vast bulk of which represented proceeds of FLiK token sales. Accordingly, most, if not the entirety, of the FLiK token sale proceeds were deposited into FELTON's Gemini account.

*Transfers from FELTON's Gemini Account to FELTON's Wells Fargo Account*

46. FELTON amassed a large sum of cryptocurrency in his Gemini account from the proceeds of FLiK token sales in or around September and October 2017. FELTON then liquidated much of his Gemini BTC holdings and transferred nearly \$2.4 million in U.S. currency, *i.e.*, the vast bulk of the proceeds from the FLiK token sales, to a Wells Fargo checking account ending in 3037 held in his name ("Wells Fargo Account").
47. Specifically, on or about October 18 through 19, 2017, FELTON sold the vast majority of the BTC in his Gemini account, generating \$2,219,437.50 in U.S. currency from the sale of nearly 400 BTC.
48. On or about October 20, 2017, FELTON withdrew \$2.2 million in U.S. currency via wire transfer from his Gemini account and deposited the amount into his Wells Fargo Account. Prior to the wire transfer deposit into the Wells Fargo Account, the account balance was \$5,788.54 in U.S. currency.

49. On the same day that FELTON wired \$2.2 million to the Wells Fargo Account, FELTON also transferred the remaining BTC in his Gemini account to another cryptocurrency address.
50. On or about December 4, 2017, this address returned approximately 17.27 BTC to FELTON's Gemini account, and FELTON immediately sold these BTC, generating \$199,760 in U.S. currency in proceeds. FELTON withdrew this currency via wire transfer from his Gemini account on the same day, effectively draining the remaining value of his Gemini account. FELTON then deposited that \$199,760 in U.S. currency into the Wells Fargo Account.
51. After several additional cryptocurrency transactions in FELTON's Gemini account in early 2018, the remaining funds in the account, approximately \$100,000 in U.S. currency, were wired into the Wells Fargo Account on or about June 16, 2018.
52. Gemini closed FELTON's account on or about November 5, 2018.  
*Purchase of Defendant Real Property with Proceeds from the FLiK Token Sales*
53. On or about October 24, 2017, FELTON wired \$500,000 from his Wells Fargo Account to a settlement agent in Alpharetta, Georgia for the purchase of the Defendant Real Property.
54. Approximately two weeks later, on or about November 3, 2017, FELTON wired an additional \$1,008,798.82 from his Wells Fargo Account to the same settlement agent.

55. Ultimately, FELTON and his wife, Jennifer L. Felton, who are listed as joint tenants with rights of survivorship on public records, purchased Defendant Real Property for a total purchase price of \$1,515,000, on or about November 3, 2017.
56. Accordingly, the purchase of the Defendant Real Property was funded almost entirely by the aforementioned wire transfers from FELTON's Wells Fargo Account following the deposit of proceeds of the FLiK token sales received from his Gemini account.

*Purchase of Defendant Vehicle and other Property with  
Proceeds from the FLiK Token Sales*

57. On or about October 31, 2017, FELTON purchased the Defendant Vehicle with a cashier's check for \$58,250 drawn from the Wells Fargo Account, made payable to Carl Black Kennesaw, a car dealership located in Kennesaw, Georgia.
58. A few weeks later, on or about November 24, 2017, FELTON purchased a red 2007 Ferrari 599 GTB Fioran Coupe, Vin # ZFFFC60A870155095, in the amount of \$180,000, drawn from his Wells Fargo Account as a cashier's check, made payable to a Ferrari dealership in Atlanta, with FELTON listed as the remitter.
59. In or around December 2017, FELTON wrote a check in the amount of \$16,585, to a Dunwoody, Georgia-based jewelry store, from his Wells Fargo Account.



60. Accordingly, the purchase of the Defendant Vehicle, and other personal property unrelated to the launch and operation of FLiK, was funded almost entirely by the aforementioned wire transfers from FELTON's Wells Fargo Account following the deposit of proceeds of the FLiK token sales received from his Gemini account.

WHEREFORE, the United States prays as follows:

1. That the Court forfeit and condemn the Defendant Property to the United States of America;
2. That the Court award the United States the costs of suit incurred in this action; and,
3. That the Court grant such other relief as the Court deems just and proper.

Dated: This 20th day of March 2019

BYUNG J. PAK  
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/s/SEKRET T. SNEED  
*Assistant United States Attorney*  
Georgia Bar No. 252939  
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**ATTACHMENT A**

All that tract or parcel of land lying and being in Land Lot 184 of the 17th District of Fulton County, Georgia, being Lot 20, Chatsworth, as per plat recorded in Plat Book 151, Page 76, Fulton County, Georgia Records, which plat is incorporated herein and made a part hereof this description.

Subject to all easements and restrictions of record,

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FOR THE NORTHERN DISTRICT OF GEORGIA  
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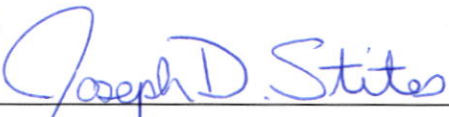
Civil Action No.

**VERIFICATION OF COMPLAINT FOR FORFEITURE**

I, Joseph D. Stites, have read the Complaint for Forfeiture in this action and state that its contents are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct.

Executed this 20th day of March 2019.

  
\_\_\_\_\_  
Joseph D. Stites  
Special Agent, Federal Bureau of  
Investigation

**CERTIFICATE OF COMPLIANCE**

I hereby certify, pursuant to Local Rules 5.1 and 7.1D, that the foregoing brief has been prepared using Book Antiqua, 13 point font.

/s/ Sekret T. Sneed  
*Assistant United States Attorney*