IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
COLUMBIA DIVISION

UNITED STATES OF AMERICA	)	CRIMINAL NO. 3:22-739
	)	18 U.S.C. § 1343
	)	18 U.S.C. § 641
	)	18 U.S.C. § 981(a)(1)(C)
vs.	)	18 U.S.C. § 982(a)(2)
	)	28 U.S.C. § 2461(c)
	)	
	)	
JAMES PAUL SEIDEL	)	**INDICTMENT**

THE GRAND JURY CHARGES:

At times relevant to this Indictment:

1. The Defendant, **JAMES PAUL SEIDEL**, was a citizen of the United States and a resident of South Carolina.

2. Grayson & Mae, LLC, a seafood distributorship, was associated with **JAMES PAUL SEIDEL**. Grayson & Mae operated as Carolina Meat & Fish Company and Carolina Boat to Carolina Table, in the vicinity of Ft. Mill, South Carolina.

3. South State Bank, N.A. (SSB), is a financial institution, as defined by Title 18, United States Code, Section 20, with deposits insured by the Federal Deposit Insurance Corporation (FDIC).

The CARES Act and EIDL

4. Beginning on or about March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as administered through the Small Business Administration (SBA), provided emergency assistance to small businesses owners, including agricultural businesses, and nonprofit organizations in all the U.S. states, Washington D.C., and territories affected by the

Coronavirus (COVID-19) pandemic. The two sources of funding for small businesses were the Paycheck Protection Program (PPP) and the Economic Injury Disaster Loans program (EIDL).

5. The SBA EIDL program was intended to provide small businesses with working capital for fixed debts, payroll, accounts payable, and other bills resulting from the pandemic. The loan agreements signed to secure EIDL funding state, among other provisions, that the loan proceeds will be used for working capital and further provides limits on distribution of assets including loans, gifts, bonuses, or otherwise to any owner, partner, employee, or affiliated company.

6. Small businesses could receive an advance of funds up to $10,000 and loans of up to $2 million. Individuals could apply via SBA's online website for both the EIDL advances and funding. The EIDL advance did not require any business documentation and could be approved within one to three days. The EIDL program requested minimal documentation and information from small businesses to process the loan for approval.

CRYPTOCURRENCY

7. "Virtual currency," also referred to as "digital currency," is a digital representation of value that can be digitally traded and functions as a medium of exchange, a unit of account and a store of value. Unlike fiat currency, virtual currency is neither issued nor guaranteed by any jurisdiction and fulfills these functions only by agreement within the community of users of the virtual currency. "Cryptocurrency" is a form of virtual currency that relies on cryptography to create a secure record of transactions. Cryptocurrencies are typically distributed, open-source, peer-to-peer currencies with no central administrating authority that rely on a shared computer networking protocol. "Digital asset" is a term referring to currency or cryptocurrency held in digital form.

8. When a user acquires cryptocurrency, ownership of the cryptocurrency is transferred to the user's "public address" on the "blockchain" for that cryptocurrency. The "public address" is somewhat analogous to a bank account number and is comprised of a string of letters and numbers that is often dozens of characters in length (depending on the cryptocurrency). All transactions for said cryptocurrency are recorded on what is known as a "blockchain." This is essentially a distributed public ledger that keeps track of all transactions for a given cryptocurrency, incoming and outgoing, and updates regularly (multiple times per hour). The blockchain records every address that has ever received a unit of that cryptocurrency and maintains records of every transaction for each public address. The integrity of the historical record on a blockchain is secured using cryptography.

9. Little personally identifiable information about the payor or payee is transmitted in a transaction on blockchains. These transactions occur using a public key and a private key. A public key (reflected in the public address) is used to receive the units of the cryptocurrency, and a private key is used to allow withdrawals from a public address. This is done by using the private key in a cryptographic "digital signature" that provides for verification and non-repudiation, in that only a person or entity holding the private key corresponding to a given public address (public key) can provide a verifiable digital signature, and anyone in the cryptocurrency network can use that digital signature to authenticate the transaction. Only the public address of the receiving party and the sender's private key are needed to complete the transaction, which by themselves rarely reflect any identifying information.

10. A cryptocurrency "exchange," also referred to as an "exchanger," is a business that facilitates the conversion of cryptocurrency to cash or another type of cryptocurrency. An exchange typically accepts payments of fiat currency (currency which derives its value from

government regulation or law) or other convertible digital currencies to obtain the desired cryptocurrency. When a user wishes to purchase, for example, Bitcoins from an exchanger, the user will typically send payment in the form of fiat currency, often via bank wire or ACH, or other convertible digital currency to an exchanger, for the corresponding number of Bitcoins based on a fluctuating exchange rate. The exchanger will then typically attempt to broker the purchase with another user of the exchange that is trying to sell Bitcoins, or in some instances, will act as the seller itself. If the exchanger can place a buyer with a seller, then the transaction can be completed. The user can then conduct transactions with other users of the cryptocurrency, by transferring the Bitcoins to their Bitcoin addresses, via the Internet.

11. As described above, ownership of cryptocurrency is established through the record of transfers between public addresses on a blockchain, and private keys are used to control the transfer of assets from those addresses. A cryptocurrency wallet is a software program that interfaces with blockchains and generates and/or stores public and private keys used to send and receive cryptocurrency. The term "wallet" is also used to refer to an address or a collection of addresses that are controlled by the same person or entity. While cryptocurrency addresses themselves do not generally reveal the address's owner (unless the owner opts to make information about the owner's cryptocurrency address publicly available), the blockchain is an open, distributed ledger that records transactions between two addresses efficiently and in a verifiable and permanent way. Investigators can sometimes use the blockchain to identify the owner of a particular cryptocurrency address or identify addresses that likely all belong to the same owner. For example, because these blockchains serve as a searchable public ledger of every transaction, investigators can trace transactions to other cryptocurrency public addresses, including cryptocurrency exchanges and cryptocurrency payment processors.

CRYPTO.COM

12. CRYPTO.COM is a cryptocurrency exchange that provides a platform for trading various cryptocurrencies and exchanging cryptocurrencies for fiat currencies. CRYPTO.COM was founded in 2016 in Hong Kong. It offers 250 cryptocurrencies to over ten million customers worldwide. CRYPTO.COM serves users in ninety countries.

BLOCKFI TRADING

13. BLOCKFI TRADING is a complete cryptocurrency ecosystem for advanced crypto traders. It has over one million verified users and over $10 billion in assets. BLOCKFI TRADING was founded in 2017 in Jersey City, NJ. BLOCKFI TRADING offers thirteen digital assets available to trade.

14. Customers use exchanges like BLOCKFI TRADING and CRYPTO.COM to trade one form of digital currency for another such as exchanging bitcoin for XRP (another example of cryptocurrency), or to exchange digital currency into fiat money.

THE SCHEME TO DEFRAUD

Beginning in or about October 2021, and continuing through in or about March 2022, in the District of South Carolina and elsewhere, the Defendant, **JAMES PAUL SEIDEL**, owner and operator of Grayson & Mae, LLC, engaged in a scheme to defraud the Small Business Administration (SBA), a department or agency of the United States, by utilizing the funds obtained from his SBA Economic Injury Disaster Loan (EIDL) for unauthorized purchases, including investments in cryptocurrency through multiple platforms, such as CRYPTO.COM and BLOCKFI TRADING, instead of legitimate business purposes during the COVID-19 pandemic.

MANNER AND MEANS

15. It was part of the scheme that, in October 2021, **JAMES PAUL SEIDEL**, applied for a $200,000 Small Business Administration Loan (EIDL) through South State Bank, located in Fort Mill, South Carolina.

16. This application was approved, and on or about October 28, 2021, an ACH credit from the SBA for an EIDL in the amount of $199,900 was received into **JAMES PAUL SEIDEL**'s personal bank account at South State Bank ending in 4076. The loan funds were in the name of Grayson & Mae, LLC. The slightly lesser amount reflected the $100 processing fee.

17. After the loan disbursement was deposited on or about November 3, 2021, **JAMES PAUL SEIDEL** opened a small business checking account ending in 2726 and transferred the funds from his personal account (4076) to his business account.

18. **JAMES PAUL SEIDEL** established a relationship with South State Bank, N.A. on or about August 22, 2019. The account number ending in 4076 was opened on or about August 22, 2019, at the Fort Mill Tom Hall branch. The account number ending in 2726 was opened at the same branch on or about November 3, 2021. **JAMES PAUL SEIDEL** is the only authorized signatory listed on both accounts.

19. Following the transfer, **JAMES PAUL SEIDEL** began purchasing cryptocurrency. Between November 5, 2021, through November 18, 2021, **JAMES PAUL SEIDEL** purchased approximately $113,109.63 in cryptocurrency through Coinbase.com, Crypto.com, Voyager, and Blockfi Trading, in amounts ranging between approximately $10.05 and $20,000.00.

20. A review of South State Bank accounts associated with **JAMES PAUL SEIDEL** and Grayson & Mae, LLC, revealed:

a. On or about November 5, 2021, **JAMES PAUL SEIDEL** transferred $10,000 from his business checking account (2726) to VOYAGER DB (cryptocurrency purchase).

b. On or about November 5, 2021, **JAMES PAUL SEIDEL** transferred $20,000 from his business checking account (2726) to COINBASE INC. (cryptocurrency purchase).

c. On or about November 8, 2021, **JAMES PAUL SEIDEL** transferred $20,000 from his business checking account (2726) to BLOCKFI TRADING (cryptocurrency purchase).

d. On or about November 8, 2021, **JAMES PAUL SEIDEL** transferred $10,000 from his business checking account (2726) to COINBASE INC. (cryptocurrency purchase).

e. On or about November 9, 2021, **JAMES PAUL SEIDEL** transferred $4,119.79 from his business checking account (2726) to CRYPTO.COM (cryptocurrency purchase).

f. On or about November 9, 2021, **JAMES PAUL SEIDEL** transferred $9,800 from his business checking account (2726) to VOYAGER DB (cryptocurrency purchase).

g. On or about November 9, 2021, **JAMES PAUL SEIDEL** transferred $8,000 from his business checking account (2726) to BLOCKFI TRADING (cryptocurrency purchase).

h. On or about November 10, 2021, **JAMES PAUL SEIDEL** transferred $10.05 from his business checking account (2726) to CRYPTO.COM (cryptocurrency purchase).

i. On or about November 10, 2021, **JAMES PAUL SEIDEL** transferred $24.25 from his business checking account (2726) to CRYPTO.COM (cryptocurrency purchase).

j. On or about November 10, 2021, **JAMES PAUL SEIDEL** transferred $10,000 from his business checking account (2726) to VOYAGER DB (cryptocurrency purchase).

k. On or about November 12, 2021, **JAMES PAUL SEIDEL** transferred $1,155.54 from his business checking account (2726) to CRYPTO.COM (cryptocurrency purchase).

l. On or about November 12, 2021, **JAMES PAUL SEIDEL** transferred $10,000 from his business checking account (2726) to COINBASE INC. (cryptocurrency purchase).

m. On or about November 18, 2021, **JAMES PAUL SEIDEL** transferred $10,000 from his business checking account (2726) to COINBASE INC. (cryptocurrency purchase).

n. On or about November 29, 2021, **JAMES PAUL SEIDEL** transferred $10,000 from his business checking account (2726) to COINBASE INC. (cryptocurrency purchase).

o. On or about January 14, 2022, **JAMES PAUL SEIDEL** transferred $25,000 from his business checking account (2726) to his personal checking account (4076) (home purchase).

p. On or about January 14, 2022, **JAMES PAUL SEIDEL** transferred $25,000 from his personal checking account (4076) to the C____ Law Firm, PLLC (home purchase).

q. On or about February 15, 2022, **JAMES PAUL SEIDEL** transferred $80,000 from his business checking account (2726) to his personal checking account (4076) (home purchase).

r. On or about February 15, 2022, **JAMES PAUL SEIDEL** transferred $80,000 from his personal checking account (4076) to the C____ Law Firm, PLLC (home purchase).

21. The funding from the SBA was intended to provide small businesses who were negatively impacted by the COVID-19 pandemic with a working capital to fund payroll costs, rent/mortgage payments, and any other eligible business expenses. Using the government funding to purchase cryptocurrency and a house was a misuse of EIDL funds.

<u>COUNTS ONE THROUGH SIXTEEN</u>
(Wire Fraud)

1. The allegations contained in paragraphs 1 through 21, including subparts, of this Indictment are incorporated herein by reference.

2. On or about the dates listed below, in the District of South Carolina and elsewhere, the Defendant, **JAMES PAUL SEIDEL**, knowingly devised a scheme and artifice to defraud and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and during such period, knowingly transmitted and caused to be transmitted in interstate commerce, by means of wire communications, certain electronic signals, for the purpose of executing the scheme and artifice to defraud, the funds below:

COUNT	DATE	FROM	TO	AMOUNT
1	11-5-21	SSB 2726	VOYAGER DB	$10,000
2	11-5-21	SSB 2726	COINBASE, INC.	$20,000
3	11-8-21	SSB 2726	BLOCKFI TRADING	$20,000
4	11-8-21	SSB 2726	COINBASE, INC.	$10,000
5	11-9-21	SSB 2726	CRYPTO.COM	$4,119.79
6	11-9-21	SSB 2726	VOYAGER DB	$9,800

7	11-9-21	SSB 2726	BLOCKFI TRADING	$8,000
8	11-10-21	SSB 2726	CRYPTO.COM	$10.05
9	11-10-21	SSB 2726	CRYPTO.COM	$24.25
10	11-10-21	SSB 2726	VOYAGER DB	$10,000
11	11-12-21	SSB 2726	CRYPTO.COM	$1,155.54
12	11-12-21	SSB 2726	COINBASE.COM	$10,000
13	11-18-21	SSB 2726	COINBASE.COM	$10,000
14	11-29-21	SSB 2726	COINBASE.COM	$10,000
15	1-14-22	SSB 4076	C____ LAW FIRM	$25,000
16	2-15-22	SSB 4076	C____ LAW FIRM	$80,000

All in violation of Title 18, United States Code, Section 1343.

COUNT 17
(Theft of Government Property)

THE GRAND JURY FURTHER CHARGES:

1. The allegations contained in paragraphs 1 through 21, including subparts, of this Indictment are incorporated herein by reference.

2. Beginning in or about October 2021, and continuing through in or about March 2022, in the District of South Carolina and elsewhere, the Defendant, **JAMES PAUL SEIDEL**, owner and operator of Grayson & Mae, LLC,, did knowingly and willfully embezzle, steal, purloin, and convert to his own use and the use of another, more than $1,000 of money and a thing of value of the United States and the U.S. Small Business Administration, with the intent to utilize the funds obtained from his SBA Economic Injury Disaster Loan (EIDL) for unauthorized purchases, including investments in cryptocurrency through multiple platforms, instead of legitimate business purposes during the COVID-19 pandemic;

In violation of Title 18, United States Code, Section 641.

FORFEITURE

WIRE FRAUD/THEFT OF GOVERNMENT PROPERTY:

Upon conviction for violations of Title 18, United States Code, Sections 641 and 1343 as charged in this Indictment, the Defendant, **JAMES PAUL SEIDEL**, shall forfeit to the United States any property, real or personal, constituting, derived from or traceable to proceeds the Defendant obtained directly or indirectly as a result of such offenses.

PROPERTY:

Pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), the property which is subject to forfeiture upon conviction of the Defendant for the offenses charged in this Indictment includes, but is not limited to, the following:

A. Cash Proceeds/Forfeiture Judgment

A sum of money equal to all property the Defendant obtained as a result of the offenses charged in this Indictment, approximately $199,000.00 and all interest and proceeds traceable thereto as a result for his violations of 18 U.S.C. §§ 641 and 1343.

B. Cryptocurrency

(1) $40,627.696653 in USDC Cryptocurrency
Valued at: $40,627.59 in United States Currency

(2) 57.8888862 of Solana Cryptocurrency
Valued at: $6,764.03 in United States Currency

(3) 0.04972272 Bitcoin
Valued at: $2,178.28 in United States Currency

C. Bank Accounts

(1) $18,592.99 in funds seized from South State Bank
Account Number: x4076
In the name of: James P. Seidel

(2) $3,026.56 in funds seized from South State Bank
Account Number: x2726
In the name of: James P. Seidel

D. Real Property

[redacted]
York, South Carolina 29745
Parcel Number: 489-05-01-038
Titled in the names of: James P. Seidel and Deborah J. Seidel

SUBSTITUTION OF ASSETS:

If any of the property described above as being subject to forfeiture, 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 person;
(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 subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by 18 U.S.C. § 982(b)(1) to seek forfeiture of any other property of Defendant up to an amount equivalent to the value of the above-described forfeitable property;

Pursuant to Title 18, United States Code, Sections 981(a)(1)(C) and 982(a)(2), and Title 28, United States Code, Section 2461(c).

A TRUE BILL

[redacted]
FOREPERSON

ADAIR F. BOROUGHS
UNITED STATES ATTORNEY

By: for WDH
Winston D. Holliday, Jr. (Fed ID 07597)
Assistant United States Attorney
1441 Main Street, Suite 500
Columbia, SC 29201
Tel. (803) 929-3079
Fax (803) 254-2912
Email: Winston.Holliday@usdoj.gov