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10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE DISTRICT OF ARIZONA

12 United States of America,
13
14 Plaintiff,
15
16 vs.
17 Jeremie Sowerby,
18 Defendant.

No. CR-23-01321-002-PHX-SMB (DMF)

**UNITED STATES’ MOTION FOR
DETENTION PENDING TRIAL**

18 **I. INTRODUCTION**

19 The Court should detain defendant pending trial because he is both an extreme flight
20 risk and a serial economic danger to the community.

21 Jeremie Sowerby has been charged already with defrauding hundreds of victims out
22 of millions of dollars through multiple cryptocurrency fraud schemes. He faces—as he
23 knows—additional imminent indictments for other fraud schemes, each also involving vast
24 sums of money. He is believed to have several cryptocurrency accounts and is understood
25 to have access to vast reserves of cryptocurrency from his fraudulent schemes. In one
26 recorded phone call from custody, while discussing a list of passwords that the government
27 understands to correspond to cryptocurrency accounts, he informed his long-term girlfriend
28 who lives in Indiana that “unless [he’s] dead, that information doesn’t get shared.” He has

1 also arranged from custody to dispose of properties purchased with stolen money. Sowerby
2 also has no legal authority to be in this country. He is not a “legal permanent resident of
3 the United States”, as he falsely told Pretrial Services originally. He overstayed his visa in
4 2017 and has had no lawful ability to be in this country since that time. And he now knows
5 that more indictments are coming, and that his arrest and pending indictment are becoming
6 publicly known to the much broader spectrum of fraud victims and other schemes he’s
7 done more recently in this country. The Court should detain Sowerby pending trial because
8 he is a flight risk and an economic danger to the community.

9 **II. FACTUAL BACKGROUND**

10 Sowerby and co-defendant Luis Ortega defrauded hundreds of victims out of at least
11 \$7.5 million—and likely much more—in a series of cryptocurrency fraud schemes between
12 May 2017 through December 2018. Sowerby was a primary leader and salesperson for
13 each of the three entities at issue in the indicted scheme. He personally interfaced with
14 victim-investors and convinced them to part with money based on lies. For example, in
15 connection with the second phase of the charged scheme, dubbed “VIP Mining,” Sowerby
16 convinced victims to invest in approximately 1,200 Bitcoin mining machines through
17 showy presentations, tours of the facility, promises of lavish prizes, and other multi-level
18 marketing tactics. In reality, most of those machines were never hooked up to power,
19 rendering them effectively worthless and unable to “mine” any Bitcoin. Nonetheless,
20 Sowerby and Ortega’s “investors” were made to believe that their investments were
21 continually growing and able to be withdrawn at any time. Instead, these purported
22 investments were not close to being used to the degree promised, which left victims able
23 to withdraw only de minimis amounts from accounts that were rarely accessible.

24 Following the charged schemes, while the government lacks information about any
25 additional fraud schemes by Ortega, it is clear that Sowerby continued to defraud investors
26 via additional schemes in the intervening years up to the present. Sowerby targeted
27 investors through sham entities known as Dunamis Global Technologies, Block Mint,
28 Block X, Digital Mint, 888 Management, Kannabiz Koin, Kannabiz Monkeez, My

1 Blockchain Life, My Block X, We Sell Miners, Justice Capital, FTX Primary, and Phoenix
2 Ultra, among others. A search warrant of Sowerby's leased warehouse property following
3 the indictment at issue revealed pure smoke and mirrors. Thousands of containers, believed
4 to have been printed by 3-D printers on site, were marketed to victims as containing their
5 individual mining machines. The containers were mostly empty, except for a very few
6 with circuit boards put into plastic casings. These few were used to deceive victims into
7 believing the warehouse was full of functioning mining machines when the power to the
8 warehouse was also entirely shut off and had been for months, rendering any actual mining
9 impossible (although victims were led to believe that their "investments" were still
10 accumulating). This deceit was recently confirmed by many of employees who worked at
11 the warehouse. Sowerby has been personally notified that he faces additional indictments
12 in the coming weeks for his later fraud schemes.

13 **III. DEFENDANT SHOULD BE DETAINED**

14 The Court can detain Defendant if it finds that he is either (a) a risk for
15 nonappearance at trial and no conditions can reasonably assure his appearance, or (b) a
16 danger to any other person or the community. 18 U.S.C. § 3142(e), (f)(2)(A)-(B). The
17 Court may find that defendant is a flight risk based upon a preponderance of the evidence,
18 but a finding that Defendant is a danger must be supported by clear and convincing
19 evidence. *United States v. Gebro*, 948 F.2d 1118, 1121 (9th Cir. 1991); *United States v.*
20 *Hir*, 517 F.3d 1081, 1086 (9th Cir. 2008). The factors the Court should consider in
21 evaluating pretrial detention are listed in 18 U.S.C. § 3142(g), all of which weigh in favor
22 of detention in this case because Defendant is an extreme flight risk and an economic
23 danger to the community.

24 **A. Defendant Poses a Serious Risk to Flee**

25 Sowerby is the epitome of a serious flight risk. He a Canadian citizen and has no
26 lawful ability to be present in the United States. While remaining in this country illegally
27 he has continued to defraud hundreds of victims out of countless millions. He still has
28 family ties in Canada and could easily return to Canada. And he has many connections in

1 Mexico and can escape in that direction as well. He has another girlfriend in Mexico (“MJ”)
2 as mentioned in his jail calls. He is known to travel across the United States in vehicles,
3 and by his own account, has traveled “back and forth” between Canada and the United
4 States. (PTSR at 2.) He knows that additional indictments against him are forthcoming. He
5 also discussed “contingency plans” prior to his arrest with a witness.

6 Sowerby was also, contrary to his statement to Pretrial Services, living out of a hotel
7 at the time of his arrest and driving a rental vehicle. He is known by law enforcement to
8 avoid placing his name on assets, including vehicles and properties. He has created dozens
9 of trusts to hold property; none of them are in his name (but the stated beneficiary often is
10 his nine-year-old son). His long-term partner now resides out of state. (PTSR at 2.) He is
11 believed to possess a substantial amount of cryptocurrency that would enable him to flee.
12 Based upon his own demonstrated skill and resources, and lack of legal status in this
13 country, Sowerby would be nearly impossible to relocate, and he has all the means
14 necessary to support himself should he choose to flee.

15 **i. Defendant has Motive to Flee**

16 The Court may consider potential punishment—and the corresponding incentive
17 that Defendant might have to flee—when assessing a defendant’s flight risk. *See United*
18 *States v. Townsend*, 897 F.2d 989, 995 (9th Cir. 1990). In this case, the government has
19 presently charged Sowerby with wire fraud. He faces a maximum potential sentence of up
20 to 20 years if convicted in this case. Sowerby has also been personally notified that more
21 indictments, for separate fraud schemes, are forthcoming in short order. He has a serious
22 motive to flee both in the present case and for the charges he will soon face.

23 The Ninth Circuit has long-held that the sort of exposure Defendant faces
24 creates a powerful incentive to flee—especially so here, where Defendant can easily
25 access funds and sophisticated technological tools that would enable him to flee and
26 continue his scheme. *Townsend*, 897 F.2d at 995 (defendants deemed to have a greater
27 incentive to consider flight when faced with the possibility of lengthy prison sentences).
28 Sowerby is believed by the government to possess a substantial amount of wealth in

1 cryptocurrency. His financial situation and ability to deceive would also make it virtually
2 impossible to find him should he choose to flee. Thus, Sowerby not only has a motive to
3 flee, but he also has the means to support himself comfortably should he chose to do so.

4 **ii. The Evidence is Strong Against Sowerby¹**

5 The speaking indictment in this case details the defendants' criminal scheme. (Doc.
6 3.) Sowerby and co-defendant Luis Ortega orchestrated a scheme to defraud more than
7 400 victim-investors through a series of cryptocurrency fraud schemes. The total known
8 loss amount in the charged case is at least \$7.5 million and may be orders of magnitudes
9 higher. The evidence against Sowerby is strong and includes financial records, testimony
10 of numerous victims, Sowerby's recorded statements, and confidential informants. The
11 strength of the government's case increases the likelihood that he may attempt to flee the
12 jurisdiction.

13 **iii. Sowerby's History and Characteristics**

14 Sowerby's history and characteristics are those of someone who has lied and cut
15 corners to get ahead for years. He told Pretrial Services that he is a legal permanent resident
16 of the United States (PTSR at 1); this was not true. He is a Canadian citizen who has
17 overstayed his visa for six years and has no lawful authority to be in the United States. It
18 also appears that Sowerby has not paid any taxes or earned an honest dollar in the last
19 decade. As referenced, following his schemes with Luis Ortega, Sowerby continued to
20 develop additional fraud schemes of his own in the following years, through which he
21 defrauded more victims out of millions.

22 As noted above, his first indictment has become public knowledge, and the victim
23 pool and losses from his other fraud schemes are coming forth with detailed specifics about
24 his unending flow of deceptive schemes and lies over the last 6-7 years. In short, Defendant
25 has been defrauding victims for many years and living dishonestly in other ways. His
26

27 ¹ The weight of the evidence is generally considered the "least important" factor,
28 *United States v. Motamedi*, 767 F.2d 1403, 1408 (9th Cir. 1985), however, it's important
here to demonstrate Defendant's motive to flee to avoid prosecution.

1 untrustworthy nature is of great concern to the United States, particularly when paired with
2 the fact that he has received millions of dollars from victim-investors over the years. He
3 has purchased properties with those defrauded funds, at the expense of the victim-investors.
4 Given a lack of any legitimate accounting for the schemes at issue, it is a highly probable
5 that (1) the losses are greater than currently known and (2) Sowerby has significant
6 amounts of funds stashed away in the form of cryptocurrency and cash. Many victims paid
7 him with cash, one victim as much as \$150,000. He is known to hide cash in unusual
8 places (e.g., refrigerator). Where all the defrauded money is today is largely unknown or
9 inaccessible to seizure. These facts make him a serious economic danger and extreme flight
10 risk.

11 **B. Defendant is a Danger to the Community**

12 There is also clear and convincing evidence that Defendant is an economic danger
13 to the community.² The Ninth Circuit has recognized that danger may encompass pecuniary
14 or economic harm. *United States v. Reynolds*, 956 F.2d 192, 192-93 (9th Cir. 1992). In
15 making its finding, the *Reynolds* court relied on a Third Circuit opinion, *United States v.*
16 *Provenzano*, 695 F.2d 85 (3d Cir. 1979). The court found that if released, the defendant
17 would pose a danger because he would have opportunities to continue to harm the
18 community. *Id.*, 695 F.2d at 96. The same is true here.

19 Sowerby used extremely sophisticated means to effectuate this scheme to defraud
20 hundreds of victims (both domestic and foreign). He continued to defraud others—entirely
21 without the assistance of co-defendant Luis Ortega—in the years following the charged
22 conduct. He used the ill-gotten gains to purchase properties (and is now attempting to
23 dispose of various properties from jail). If released, Defendant has all the necessary
24 knowledge to harm more victims and to make more money. Whether he fled or not, he
25 realistically would only need access to an internet browser to support himself and to
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27 ² Defendant’s detention seemingly cannot be based solely upon his dangerousness
28 to the community, because he hasn’t been charged with a crime that’s defined as a “crime
of violence.” See *United States v. Twine*, 344 F.3d 987, 987 (9th Cir. 2003).

1 continue defrauding victims.

2 In addition to economic harm, there is also a concern that Defendant is a physical
3 danger based upon the fact that he was in possession of a loaded handgun at the time of his
4 arrest. (While agents continue to investigate, this possession is believed to have been
5 prohibited pursuant to 18 U.S.C. § 922(g)(5) as both someone illegally or unlawfully in the
6 United States *and* as admitted under a nonimmigrant visa.)

7 **IV. CONCLUSION**

8 Defendant Sowerby is a serious flight risk because he is a serial fraudster who
9 continually misrepresents facts about himself. He has no lawful authority to be present in
10 the United States, despite telling Pretrial Services otherwise. He has participated in
11 multiple fraud schemes in recent years and faces additional imminent charges. Sowerby is
12 believed to have vast reserves of cryptocurrency at his disposal and has arranged to dispose
13 of properties while in custody. He is also an economic danger in the form of defrauding
14 hundreds of victims out of millions of dollars through various fraud schemes, both acting
15 with others (including Ortega) and by himself. There are no conditions or combination of
16 conditions to reasonably assure either (a) the appearance of the Defendant as required or
17 (b) the safety of the community. Sowerby should be detained.

18 Respectfully submitted this 31st day of October, 2023.

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22 PETER SEXTON
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24 **CERTIFICATE OF SERVICE**

25 I hereby certify that on this same date, I electronically transmitted the attached
26 document to the Clerk's Office using the CM/ECF System for filing and transmittal of a
27 Notice of Electronic Filing to CM/ECF registrant: Alan Baskin, Caroline Saunders, Raynee
28 Clemente, *Attorney for Defendant Sowerby*.

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s/ Lindsay L. Short
U.S. Attorney's Office