

Two Individuals Indicted for Operating \$25 Million Crypto-Fraud

Article By:

D. Jacques Smith

Mattie Bowden

Heather M. Zimmer

Headlines that Matter for Companies and Executives in Regulated Industries

Two Individuals Indicted for Operating \$25 Million Crypto-Fraud

On December 11, a federal court in California unsealed a superseding indictment, which charged two men with operating a \$25 million cryptocurrency fraud scheme.

The US Department of Justice (DOJ) alleged that David Gilbert Saffron and Vincent Anthony Mazzotta Jr. conspired to induce individuals to invest in trading programs by falsely promising that the programs used automated artificial intelligence to trade investments in cryptocurrency markets and return high-yield profits. The DOJ further alleged that Saffron and Mazzotta did not invest the funds in cryptocurrency, instead, they used the funds to pay for lavish personal expenses.

According to court documents, after inducing individuals to invest in these programs, Saffron and Mazzotta then fraudulently solicited them to pay a fictitious entity that they had created, called the “Federal Crypto Reserve,” to investigate and recover the individuals’ losses from the investments in these trading programs. Saffron and Mazzotta also allegedly concealed both the source and location of victims’ investments, including using services known as “mixers” designed to prevent cryptocurrency tracing.

The DOJ charged Saffron and Mazzotta with conspiracy to commit wire fraud, wire fraud, conspiracy to obstruct justice, conspiracy to commit money laundering, and money laundering.

The DOJ press release can be found [here](#).

California CEO Pleads Guilty to COVID-19 Fraud

On December 7, Keith Berman, the CEO of Decision Diagnostics Corp., a medical device company in

California, pleaded guilty for his participation in a scheme to defraud investors by making fraudulent statements about a new, blood-based COVID-19 test. The CEO pleaded guilty to securities fraud, wire fraud, and obstruction of an official proceeding.

According to court documents, DOJ alleged that Berman engaged in a scheme to defraud investments from February through December 2020 by knowingly and falsely stating that Decision had developed a new COVID-19 test that could be completed in only 15 seconds through a finger prick sample of blood.

DOJ also alleged that Berman told investors that the US Food and Drug Administration (FDA) would soon approve Decision's request for emergency use authorization of the COVID-19 test, but that Berman knew Decision was unable to complete the clinic testing required by the FDA.

Berman is scheduled for sentencing on April 12, 2024.

The DOJ press release can be found [here](#).

Owner of Company Sentenced for \$11.4 Million Medicare and Medicaid Fraud Scheme

On December 13, Craig Lovelace was sentenced to three years in prison for billing Medicare and Medicaid for medically unnecessary durable medical equipment (DME). Lovelace pleaded guilty to health care fraud on August 17.

The DOJ alleged that from January 2016 through June 2022, Lovelace billed Medicare and Medicaid approximately \$11.4 million through his DME supply company for supplies that were ineligible for Medicare reimbursement, not provided as represented, or not medically necessary, including ventilators, tracheostomy supplies, and feeding tubes. Lovelace's company was allegedly reimbursed for approximately \$7.96 million for the supplies. According to court documents, in responding to audits and requests for records, Lovelace instructed others in his company to falsify medical records, order forms, physician notes, and provider signatures to conceal the fraudulent billing. The government alleged that Lovelace received over \$3.4 million from the scheme, which he used to pay for personal vehicles, personal chefs, and entertainment.

The DOJ press release can be found [here](#).

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