

CALIFORNIA

Crypto mogul known as ‘The Godfather’ used L.A. deputies for extortion, feds allege



The Federal Courthouse in downtown Los Angeles. (Jay L. Clendenin / Los Angeles Times)

By Keri Blakinger and Brittney Mejia

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Federal prosecutors call him “The Godfather,” and like the fictional mafia boss, he allegedly had cops on the payroll to do his criminal bidding.

Adam Iza, who ran a cryptocurrency trading platform known as Zort, allegedly paid several L.A. County sheriff's deputies — sometimes tens of thousands of dollars — to perform unlawful searches and arrests as part of an extortion scheme, according to a federal criminal complaint unsealed this week.

Iza hid millions of dollars from tax collectors by failing to report income and funneling money through shell companies with co-conspirators, according to the complaint. He allegedly spent the funds on numerous luxury vehicles, including a Lamborghini Aventador and a Rolls Royce Phantom, nearly a million in rent for a Bel Air mansion and around \$64,000 on cosmetic surgery to extend the length of his legs.

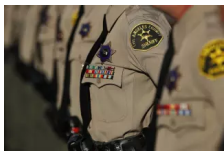
Iza stands accused of conspiracy against rights and evasion of tax assessments. Authorities arrested him on Sept. 23, according to federal court documents. Records show he is ordered to appear before a judge on Oct. 8.

“Things aren’t what they seem to be,” said Josef Sadat, an attorney representing Iza in the federal case. “The truth is going to come out, hopefully soon.”

Iza boasted about paying “active duty” law enforcement \$280,000 per month, according to the complaint.

The U.S. attorney’s office declined to comment on whether the deputies — who are not named in the complaint — will be charged.

Several deputies, including a detective on the department’s [notorious anti-gang unit](#), were recently [relieved of duty](#) in connection with a federal investigation, authorities said earlier this week. The Sheriff’s Department confirmed the move was linked to a probe “involving the U.S. Attorney’s Office.”



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Several L.A. County sheriff's deputies relieved of duty in connection with federal investigation

Sept. 25, 2024

“These egregious allegations contradict our Department’s values and mission,” the agency said in a statement Thursday. “Individuals who use their badge as a license to abuse their power to personally profit on illegal misconduct have no place in law enforcement and must be held accountable.”

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The department said it is fully cooperating with the investigation, adding, “Once we have all the details of this case, we will evaluate the actions internally to ensure that this behavior does not occur again.”

Tom Yu, an attorney representing one of the three current deputies mentioned in the complaint, told The Times that his client had not been arrested and stressed that he was only being investigated at the moment.

“I don’t think he did anything criminal,” Yu said.

A cryptocurrency battle

A few days before Thanksgiving 2021, the complaint alleges, Iza was involved in a kidnapping and robbery attempt in Riverside County that attracted the FBI's attention.

The intended target, federal investigators say, was a business associate of Iza's identified only as "E.Z."

The two men had known each other for about two years, the complaint says, and they'd recently talked about a business deal involving a medical service platform and cryptocurrency.

On Nov. 21, 2021, according to a Riverside County Sheriff Department report reviewed by the FBI, E.Z. was driving his car with Iza in the back seat when Iza asked to stop at a gas station for food.

Afterward, according to the complaint, as the two men stood near the back of the car with the trunk open, an SUV pulled up and two men, who authorities later identified as a former L.A. sheriff's deputy and a former custody assistant, hopped out. One of the men allegedly approached with a gun in hand and told E.Z. to "get in the car."

Instead, E.Z. turned and fled, then called 911. He later told investigators he thought Iza was trying to have him kidnapped in order to get access to digital assets stored on his phone.

A responding Riverside County sheriff's deputy interviewed Iza, who claimed he was the one who feared being kidnapped.

Iza told the deputy E.Z. had promised to give him \$300,000 for cryptocurrency, but that as they were driving, Iza grew worried about where they were really going and texted his bodyguards for help.



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When the Riverside County deputy talked to the men in the SUV, they offered a similar story. One — the former L.A. County deputy who wielded the gun during the incident — said he owned a security company and had worked for Iza for about two weeks. He told investigators he was supposed to pick up Iza from a restaurant after a business meeting when he got a text from Iza saying, “Follow me.”

When the former deputy got to the gas station, he drew his gun because he feared E.Z. might be armed, according to the complaint. Instead, E.Z. turned out to be carrying an electric screwdriver, according to the complaint.

Riverside County authorities decided the information wasn't complete enough to make an arrest, though the complaint says E.Z. continued to feel threatened in the following weeks.

On Dec. 2, 2021, E.Z. allegedly got some menacing texts from an unknown number showing pictures of his personal information in a law enforcement database. Next to it was part of a Los Angeles County Sheriff's Department business card.

About two weeks later, according to a letter to law enforcement from E.Z.'s lawyer that is referenced in the complaint, Iza and his bodyguards showed up looking for E.Z. at the home of one of his associates. That visit came soon after E.Z. got another threatening text — from a phone number Iza had used — demanding that he turn over his laptop with cryptocurrency.

It's unclear from the complaint whether E.Z. turned over the laptop, but he allegedly “suffered other instances of harassment by Iza and his associates.” At one point, he

received text messages with pictures of his family members and the words: “Everyone you know.”

As the FBI dug into the case, the complaint says, authorities began interviewing people in Iza’s circle. That included a private investigator identified in the complaint as “K.C.,” whom The Times was able to identify from related civil litigation as Kenneth Childs.

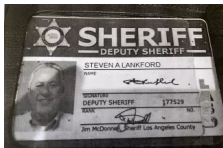
According to the criminal complaint, Iza hired Childs in November 2021 to find E.Z. and surveil him. E.Z. allegedly had a laptop that Iza claimed he’d stolen.

As Childs worked on the case, Iza allegedly texted him photos of sensitive law enforcement data, including images of a computer screen showing DMV license info and photos of a search warrant for E.Z.’s phone. At times, according to the criminal complaint, Iza boasted that he’d paid law enforcement officials to give him the information.

“How’s you guys find him Did this location come up on databases?” Childs wrote in a text, according to the complaint.

“We pinged his phone,” Iza replied.

A few texts later, he added: “The ping was done by law enforcement themselves ... It took a Warrant ... And had to get signed by judge.”



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In January 2022, federal prosecutors said, a current Los Angeles County sheriff’s deputy — identified as Deputy 1 in the complaint — got a warrant for GPS location information

on several telephones, including one used by E.Z.

The affidavit used to justify the warrant described a gun case that didn't involve or mention E.Z.

“It appears that LASD Deputy 1 added Victim E.Z.’s phone number to a list of phone numbers associated with the firearms investigation and falsely stated that Victim E.Z.’s phone number had been used by the firearms suspect,” FBI Special Agent Barbara Johnson wrote in the complaint. “This sworn affidavit resulted in a warrant for GPS tracking information that identified Victim E.Z.’s residence.”

After getting the warrant approved, prosecutors allege, Deputy 1 sent Iza screenshots to prove it.

“Damn my guy actually filed the warrant,” Iza wrote in a text. “That’s some serious shit to do for someone...risking 24 years career.”

Sometime in early 2022, prosecutors allege, Iza called a meeting to plan the heist of E.Z.’s laptop. Childs attended, as did Iza, another L.A. County deputy — identified in court filings as Deputy 2 — and the deputy’s brother.

Childs told federal investigators he stayed in his car as the robbery unfolded. He alleged that the deputy’s brother grabbed E.Z.’s associate.

The complaint says Iza made payments to Childs for the job, then fired him and took back the money. That same year, in 2022, Childs filed a civil lawsuit against Iza’s company related to the nonpayment. That case is still ongoing.

“I’ve been litigating this narrative for two years plus now,” said James Whitemyer, an attorney representing Childs and his company. “I was hoping to have the case settled.”

A party planner

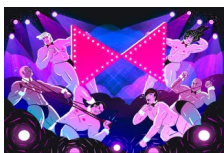
Even before the relationship between Iza and E.Z. turned sour, prosecutors say, the crypto mogul had spent several months harassing another target, an event planner identified as R.C.

In the summer of 2021, prosecutors say R.C. got an email from Zort asking for help planning a party for Iza's 21st birthday.

In exchange for \$50,000, R.C. organized an August 2021 bash at Iza's Bel Air home. But during the event, R.C. was escorted into Iza's office, where Iza told him he was unhappy with the party and that he wanted to be reimbursed for half the cost, according to the complaint.

He allegedly demanded R.C.'s phone, but R.C. refused until Iza's bodyguards pulled their guns. After Iza forced R.C. to reveal the passcode, Iza allegedly transferred \$25,000 back to himself.

Before letting R.C. leave, Iza took pictures of his license, passport and credit cards, according to the complaint. In the days that followed, Iza allegedly made multiple money transfers from RC's accounts.



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The following month, R.C. was driving in Lakewood with a woman he was seeing when a sheriff's deputy pulled him over to arrest him on a bench warrant. The deputy searched the car and found drugs that R.C. said he didn't know were there. At one point during

the arrest, R.C. saw Iza drive up to the scene in a black SUV, talk to the deputy, look at RC and drive away.

R.C. spent three days in jail and the charges were later dropped for lack of sufficient evidence, according to the complaint.

Afterward, R.C. allegedly received taunting texts from a number linked to Iza, showing photos of the arrest and telling him he'd "f—ed with the wrong people."

A few weeks later, deputies raided R.C.'s home, but didn't find any drugs.

Months later, when the FBI tracked down a copy of the paperwork used to justify the search, investigators discovered that Deputy 1 had based it on information from an unnamed confidential informant.

The complaint accuses Iza of other extortion schemes for cryptocurrency, including one where he allegedly impersonated an FBI agent and stole a laptop containing cryptocurrency. Altogether, investigators estimate, Iza and his then-girlfriend — identified only as "Co-conspirator 1" — pulled in more than \$30 million from 2020 to 2022.

The FBI said it learned that Iza planned to travel from Los Angeles to Zurich on Monday. They arrested him the same day.

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