

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF LA.
AT

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CAROL L. MICHEL
CLERK

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

FELONY

**SUPERSEDING INDICTMENT FOR CONSPIRACY
TO COMMIT WIRE FRAUD, CONSPIRACY TO ENGAGE IN
INTERSTATE COMMUNICATION WITH INTENT TO EXTORT AND
TO COMMIT COMPUTER FRAUD AND ABUSE,
WIRE FRAUD, AND AGGRAVATED IDENTITY THEFT**

UNITED STATES OF AMERICA

* CRIMINAL NO. 20-52

v.

* SECTION: "T"

RICHARD YUAN LI

* VIOLATIONS: 18 U.S.C. § 2
18 U.S.C. § 371
18 U.S.C. § 875(d)
18 U.S.C. § 1028A
18 U.S.C. § 1030(a)(7)
18 U.S.C. § 1343
18 U.S.C. § 1349

* * *

The Grand Jury charges that:

COUNT 1

(18 U.S.C. § 1349 – Conspiracy to Commit Wire Fraud)

A. **AT ALL TIMES MATERIAL HEREIN:**

Background

1. A Subscriber Identity Module or Subscriber Identification Module ("SIM card") was a technology used to identify and authenticate subscribers on mobile phone devices.
2. A SIM Swap scam was a cellular phone account takeover fraud that resulted in the routing of a victim's incoming calls and text messages to a different phone. Once a perpetrator was

X Fee WA _____
Process _____
X Dkt'd _____
Offense _____
Other _____

able to swap the SIM card, it was likely he was able to obtain access to a victim's various personal accounts, including email accounts, financial accounts, and any other accounts that used two-factor authentication.

3. "Cryptocurrency" was a type of currency that uses digital files as money. Usually, the files were created using the same methods as cryptography (the science of hiding information). Digital signatures could be used to keep the transactions secure, and let other people check that the transactions are real. Cryptocurrencies used decentralized control as opposed to centralized digitalcurrency and central banking systems. The decentralized control of each cryptocurrency worked through distributed ledger technology, typically a blockchain that served as a public financial transaction database enforced by a disparate network of computers. Cryptocurrencies allowed for the secure payments online which are denominated in terms of virtual "tokens," which were represented by ledger entries internal to the system. Thousands of distinct types of cryptocurrencies existed. A cryptocurrency "wallet" stored the public and private "keys," or "addresses," which could be used to receive or spend the cryptocurrency. With the private key, it was possible to write in the public ledger, effectively spending the associated cryptocurrency. With the public key, it was possible for others to send currency to the wallet. Consequently, whomever had the key controlled, and could spend, move, and divert, the corresponding cryptocurrency.

The Parties

4. The defendant, **RICHARD YUAN LI ("LI")**, attended high school in Buffalo, New York. Beginning in Fall 2018, **LI** was a student at University of California – San Diego ("UCSD") and resided in Argo Hall on the campus of UCSD.

5. From on or about January 10, 2018, until on or about March 5, 2019, **LI** possessed an Apple iPhone 8 cellular phone with International Mobile Equipment Identity (IMEI) number [REDACTED] (hereinafter “the Apple iPhone 8”).

6. On or about January 23, 2018, the Apple iPhone 8 was registered under the name of L.Z., a close relative of **LI**, and with email address [REDACTED]

7. B.P. was a high school classmate and friend of **LI**.

8. Victim A was a resident of New Orleans, Louisiana, within the Eastern District of Louisiana.

9. Victim A subscribed to cellular phone service with cellular phone number [REDACTED]

[REDACTED] Victim A used multiple email accounts, including [REDACTED] and [REDACTED] (collectively, “Victim A’s email accounts”).

10. Victim A held and owned cryptocurrency accounts.

11. Victim B was a resident of the State of Arizona.

12. Victim B subscribed to cellular phone service with cellular phone number [REDACTED]

[REDACTED] Victim B used multiple email accounts, including [REDACTED] and [REDACTED] (collectively, “Victim B’s email accounts”).

13. Victim B held and owned cryptocurrency accounts.

14. Between on or about July 19, 2018, and on or about December 6, 2018, at least forty (40) different phone numbers that were assigned to people other than **LI** were activated on the Apple iPhone 8.

B. THE CONSPIRACY:

15. Beginning at a time unknown, but not later than January 3, 2018, and continuing through at least February 24, 2019, in the Eastern District of Louisiana and elsewhere, the

defendant, **RICHARD YUAN LI**, and others known and unknown to the Grand Jury, did willfully and knowingly combine, conspire, confederate, and agree together and with each other to execute, and attempt to execute, a scheme and artifice to defraud and to obtain money, funds, and property by means of false and fraudulent pretenses, representations and promises and did transmit and cause to be transmitted by means of wire communication in interstate and foreign commerce certain writings, signs, signals and sounds, in violation of Title 18, United States Code, Section 1343.

C. PURPOSE OF THE CONSPIRACY:

16. The purpose of the conspiracy was for **LI**, and others known and unknown to the Grand Jury, to enrich themselves unjustly by conducting SIM Swap scams on cellular phone service customers, including Victim A and Victim B, and thereafter obtain money and property belonging to the customers, including cryptocurrency, by means of materially false and fraudulent pretenses and representations.

D. MANNER AND MEANS:

17. The manner and means by which **RICHARD YUAN LI** and others known and unknown to the Grand Jury sought to accomplish the object and purpose of the conspiracy included, among other things, the following:

18. **LI** and B.P. implemented a scheme in which they defrauded Apple, Inc. into providing a second Apple iPhone without paying for it, the Apple iPhone 8, by convincing an Apple customer service representative that they had not received an Apple iPhone 8 they ordered.

19. **LI** registered or caused the registration of the Apple iPhone 8 in the name of his close relative, L.Z., without L.Z.'s knowledge or authorization.

20. **LI** and his co-conspirators obtained personal identifying information of potential victims.

21. **LI** and his co-conspirators then arranged for victims' telephone numbers to be swapped to SIM cards contained in cellular phones in their possession, including the Apple iPhone 8, using fraud, deception, and social engineering techniques to induce representatives of cellphone service providers to transfer or "port" cellphone numbers from SIM cards in the devices possessed by victims to SIM cards in devices possessed by the conspirators via interstate and foreign wire transmissions.

22. **LI** and his co-conspirators used the victims' cellphone numbers and deceptive techniques to gain access to email, electronic storage, and other accounts of victims.

23. **LI** and his co-conspirators reset the passwords for victims' accounts so that the conspirators could control the accounts.

24. **LI** and his co-conspirators used information from the victims' accounts to access victims' cryptocurrency accounts and transfer without authority cryptocurrencies owned by the victims to themselves.

25. **LI** and his co-conspirators transmitted threats to victims in interstate and foreign commerce to compromise further their accounts, to steal additional cryptocurrency belonging to victims, and to impair the confidentiality of information the conspirators obtained, and demanded victims pay a ransom to avoid the threatened conduct from occurring.

All in violation of Title 18, United States Code, Section 1349.

COUNT 2

(18 U.S.C. §§ 371, 875(d), 1030(a)(7) – Conspiracy to Engage in Interstate Communications with Intent to Extort and to Commit Computer Fraud and Abuse)

A. AT ALL TIMES MATERIAL HEREIN:

The allegations of Part A, C, and D of Count 1 are hereby realleged and incorporated herein in their entirety by reference.

B. THE CONSPIRACY:

Beginning at a time unknown, but not later than January 3, 2018, and continuing through at least February 24, 2019, in the Eastern District of Louisiana and elsewhere, the defendant, **RICHARD YUAN LI**, and others known and unknown to the Grand Jury, did willfully and knowingly combine, conspire, confederate, and agree together and with each other:

- a. With intent to extort from any person money and other things of value, to transmit in interstate and foreign commerce any communication containing any threat to injure the property or reputation of another, in violation of Title 18, United States Code, Section 875(d); and
- b. To commit computer fraud and abuse, that is, with intent to extort from any person money and other things of value, to transmit in interstate and foreign commerce a communication containing a threat to obtain information from a protected computer without authorization, and in excess of authorization, and to impair the confidentiality of information obtained from a protected computer without authorization and by exceeding authorized access, and demand and request for money and other things of value in relation to damage to a protected computer, where such damage was caused to facilitate the extortion, in violation of Title 18, United States Code, Section 1030(a)(7).

C. OVERT ACTS:

1. In furtherance of the conspiracy and to achieve the objects thereof, the conspirators committed and caused to be committed the following overt acts, among others, in the Eastern District of Louisiana and elsewhere:

2. On or about January 5, 2018, **LI**, impersonating a co-conspirator, contacted Apple customer service via telephone and stated that he had not received the Apple iPhone 8 that he had ordered previously and requested a replacement iPhone.

3. On or about January 23, 2018, **LI** registered the Apple iPhone 8 using his email address, [REDACTED] and the name of his close relative, L.Z.

4. On or about November 10, 2018, Victim A's telephone number was swapped to a SIM card contained in the Apple iPhone 8, which **LI** possessed. The SIM swap caused, among other things, the transmission of a series of writings, signs, signals, and sounds that traveled in interstate commerce, including between the States of Florida, Louisiana, and California.

5. On or about November 10, 2018, **LI** or his co-conspirators gained access to Victim A's email accounts and cryptocurrency accounts as a result of the SIM Swap.

6. On or about November 10, 2018, shortly after Victim A regained service to Victim A's cellular phone, **LI** or one of his co-conspirators called Victim A via telephone for the purpose of extortion. The caller told Victim A that he had viewed pictures stored in Victim A's Gmail account. The caller also identified the cryptocurrency accounts Victim A held along with the approximate account balances of each accounts. The caller told Victim A to pay him 100 Bitcoin to prevent the pictures from being released and the contents of Victim A's cryptocurrency accounts from being taken.

7. On or about November 10, 2018, **LI** or his co-conspirators converted to their benefit cryptocurrency belonging to Victim A by transferring cryptocurrency owned by Victim A to an address controlled by the conspirators.

All in violation of Title 18, United States Code, Section 371.

COUNT 3
(18 U.S.C. § 1343 – Wire Fraud)

A. AT ALL TIMES MATERIAL HEREIN:

The allegations of Parts A, C, and D of Count 1 and Part C of Count 2 are hereby realleged and incorporated herein in their entirety by reference.

B. THE SCHEME:

1. Beginning at a time unknown, but not later than January 3, 2018, and continuing through at least February 24, 2019, in the Eastern District of Louisiana and elsewhere, the defendant, **RICHARD YUAN LI**, did knowingly devise and intend to devise a scheme and artifice to defraud and obtain money and property, in the form of cryptocurrency and personal information, including private photographs, by means of false and fraudulent pretenses, representations, and promises.

2. On or about November 10, 2018, in the Eastern District of Louisiana and elsewhere, the defendant, **RICHARD YUAN LI**, for the purpose of executing and attempting to execute the aforesaid scheme and artifice to defraud and to obtain money, funds, and property by means of false and fraudulent pretenses, representations and promises, did knowingly transmit and cause to be transmitted in interstate and foreign commerce certain writings, signs, signals and sounds by means of wire communications, all in violation of Title 18, United States Code, Sections 1343 and 2.

COUNT 4

(18 U.S.C. § 1028A– Aggravated Identity Theft)

On or about November 10, 2018, in the Eastern District of Louisiana, and elsewhere, the defendant, **RICHARD YUAN LI**, did knowingly transfer, possess, and use, without lawful authority, a means of identification of another person during and in relation to a felony violation enumerated in 18 U.S.C. § 1028A(c), to wit: wire fraud, knowing that the means of identification belonged to another actual person, in violation of Title 18, United States Code, Section 1028A(a)(1) and 2.

NOTICE OF FORFEITURE

1. The allegations of Counts 1 through 3 of this Indictment are incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States.
2. As a result of the offenses alleged in Counts 1 through 3, defendant, **RICHARD YUAN LI**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), and Title 28, United States Code, Section 2461(c), any property real or personal which constitutes or is derived from proceeds traceable to said offenses.
3. If any of the above-described property, 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, 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;

the United States shall seek a money judgment and, pursuant to Title 21, United States Code, Section 853(p), forfeiture of any other property of the defendant up to the value of said property.

A TRUE BILL:

F [REDACTED]

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New Orleans, Louisiana
August 26, 2021