

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 22-60194-CR-SMITH

UNITED STATES OF AMERICA

vs.

**ETHAN TRAINOR,
Defendant.**

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STIPULATED FACTUAL PROFFER

The United States of America and the Defendant, Ethan Trainor (“TRAINOR”), through counsel, hereby stipulate and agree that had this case proceeded to trial, the following facts, among others, would have been proved beyond a reasonable doubt:

Ethan TRAINOR bought and sold hacked online account logins (usernames and passwords) for movie streaming websites such as Netflix, pornography websites, Spotify, Major Sports websites, learning websites, and Uber accounts through various dark net markets. TRAINOR illegally obtained these usernames and passwords using various methods, from hacking the accounts himself to buying the hacked usernames and passwords. These darknet markets that TRAINOR operated on are specifically designed to facilitate illegal commerce and provide anonymity through user concealment and by employing numerous financial obfuscation techniques. Agents were able to successfully trace the virtual flow of cryptocurrency proceeds from TRAINOR’s sales on various blockchains to numerous mixing and cash-out services.

TRAINOR proffered with the government on April 26, 2021. TRAINOR agreed to discuss his tax matters with those present. TRAINOR admitted he knew the proceeds from the sales of items on the TOR sites were income to him, but purposely did not file tax returns including this income. TRAINOR told the government that he created a virtual wallet and deposited the virtual

currency earnings he received from customers into the virtual wallet. He would then periodically exchange portions of the virtual currency for U.S. dollars in a manner that would conceal the source of his virtual income and avoid common financial records. TRAINOR admitted that he was aware that he had not reported this income, along with the associated capital gains/losses, on his tax returns and knew his returns understated his tax liability.

For tax years 2014 through 2017, TRAINOR did not report, or substantially underreported, his gross receipts and capital gains on his individual federal income tax returns. The amounts underreported are as follows:

Tax Year	2014	2015	2016	2017
Income Derived from Bitcoin Activity Reported on Form 1040	No Return Filed	0	No Return Filed	No Return Filed
Income Derived from Bitcoin Activity Identified by Investigation	\$77,546	\$181,993	\$220,297	\$81,323
Unreported Income	\$77,546	\$181,993	\$220,297	\$81,323
Unreported Capital Gains/Losses	(\$22,00)	(\$3,000)	\$92,990	\$555,817
TAX LOSS	\$10,200	\$40,846	\$72,712	\$115,136

The parties agree that the total tax loss in this case is \$238,894.

The elements of tax evasion, in violation of 26 U.S.C. 7201, are the following: (1) the taxpayer made an affirmative act constituting an attempt to evade or defeat a tax or the payment thereof; (2) an additional tax due and owing; and (3) willfulness.

As outlined in this stipulated factual proffer, TRAINOR did not report his income of virtual currency received for his sales of illegal goods on the darknet for tax year 2015. On April 24, 2016, IRS received TRAINOR's filed return for tax year 2015. The return was filed from the Southern District of Florida. The return contains a jurat stating that it is being signed under penalties of

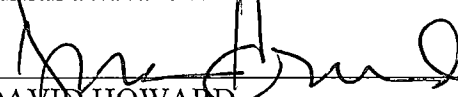
perjury. TRAINOR acted willfully in signing the false return knowing that the contents of the return understated income.

JUAN ANTONIO GONZALEZ
UNITED STATES ATTORNEY


Date: 9/23/2022

By: 
MONIQUE BOTERO
ASSISTANT UNITED STATES ATTORNEY

Date: 9/23/22

By: 
DAVID HOWARD
COUNSEL FOR DEFENDANT

Date: 9/23/22

By: 
ETHAN TRAINOR
THE DEFENDANT