

TJ/VJ Pool Audit

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Background

The following pools were run by Tomas Jaeger (TJ) and Vijay Sharma (VJ) on behalf of members of the TCD and CTH communities:

- TCD (Vladimir Putin pool) - 20.6 btc invested
- CTH (Jackie Chan pool) - 17.514 btc invested
- Solo pools (Vladimir Putin pool) - 11.42 btc invested

Note: pool names not to be confused with the Bitmex trading account names. There were more than 2 accounts used to trade the pool funds (see next section).

On January 16 2019, it became known that from a total of 49.035 btc funds invested that only 0.1588 btc remained in the trading accounts. As further information came to light, it was discovered that the limited reporting that had been provided to date was falsified to show a return on investment that simply did not exist.

With the validity of the information being provided to the community by the trading and management parties in question, this audit was undertaken to get a better representation of the current state.

Method

We went into each account and taken screenshots of the Activity Log (shows login times and IP addresses), Order History, Trade History, Wallet and Withdraw page.

Via a browser, Bitmex only shows a limited account history. In order to dig deeper we connected to each account via the API and that allowed us to get a longer look at the Wallet (not trade history unfortunately, but a very interesting extension to what we know from the web interface).

The Accounts

An audit team was put together to audit the Bitmex account, the contributor's lists, and the coinpayment data.

We were provided access to 7 bitmex accounts, by the naming conventions used we gather them to be 4 pools (1,2,3,4) and 3 (t1,t2,t3) that were given 1btc each to trade (pos associates, trading team, whatever).

The accounts were named; Jackie Chan, Donald Trump, Vladimir Putin, Angela Merkel, Logan Paul and Lonardo DI Caprio (yes, Lonardo).

There were 3 contributors' lists, the Solo Pool, the TCD Pool and the CTH Pool.
The Pools consisted of:

CTH Pool - 17.514 btc - 25 contributors

TCD Pool - 20.6 btc - approximately 78 contributors (there was a couple of people that had 2 contributions)

Solo Pools – 11.42 btc - 4 contributors

Below we have included some of the data which shows when deposits were made in November and October, as well as the major losses that were incurred on the Bitmex accounts. There was a lot of data there.

We have just complied the most relevant data to show happened to the accounts.

DEPOSITS FOR NOVEMBER TCD POOL AND LOSSES FOR 11TH OCTOBER, AND 14/15TH NOVEMBER						
VLADIMIR WALLET HISTORY	TYPE	SATOSHI	CONTRACT	BALANCE	BITCOIN AMOUNT LOST	DEPOSIT TOTALS
15/11/2018, 10:00:00 pm	RealisedPNL	-665,697,228	XBTUSD	625,605,202	6.6500	
15/11/2018, 10:00:00 pm	RealisedPNL	-422,985,870	TRXZ18	1,291,302,430	4.2200	
15/11/2018, 10:00:00 pm	RealisedPNL	-1,032,140,131	LTCZ18	1,714,288,300	10.3200	
14/11/2018, 10:00:00 pm	RealisedPNL	-3,076,008	XBTUSD	2,746,428,431		
02/11/2018, 8:14:33 am	Deposit	2,060,000,000		2,808,790,159		20.6000
11/10/2018, 10:00:00 pm	RealisedPNL	-250,263,092	XRPZ18	778,071,839	2.5000	
11/10/2018, 10:00:00 pm	RealisedPNL	1,999,980	XBTUSD	1,028,334,931		
11/10/2018, 10:00:00 pm	RealisedPNL	-421,386,154	ADAZ18	1,026,334,951	4.2100	
10/10/2018, 10:00:00 pm	RealisedPNL	-595,832	XBTUSD	1,447,721,105		
LOGAN PAUL WALLET HISTORY						
15/11/2018, 10:00:00 pm	RealisedPNL	-147,364,287	TRXZ18	25,384,864	1.4700	
15/11/2018, 10:00:00 pm	RealisedPNL	-553,001,058	LTCZ18	172,749,151	5.5300	
15/11/2018, 10:00:00 pm	RealisedPNL	-29,831,979	ETHUSD	725,750,209	0.2900	
02/11/2018, 8:42:36 am	Deposit	570,000,000		741,507,846		5.7000
DONALD TRUMP WALLET HISTORY						
20/11/2018, 10:00:00 pm	RealisedPNL	-30,508,176	XBTUSD	1,531,616	0.3000	
15/11/2018, 10:00:00 pm	RealisedPNL	-135,189,717	TRXZ18	31,671,924	1.3500	
14/11/2018, 10:00:00 pm	RealisedPNL	-44,209,249	LTCZ18	166,861,641	0.4400	
14/11/2018, 10:00:00 pm	RealisedPNL	-39,293,563	ETHUSD	211,070,890	0.3900	
02/11/2018, 11:30:48 pm	Deposit	73,082,261		215,958,960		0.7308
02/11/2018, 11:18:41 pm	Deposit	142,876,699		142,876,699		1.4287
JACKIE CHAN WALLET						
19/10/2018, 12:12:40 am	Withdrawal	-8,100,000	100,000	107,144,845	0.0081	
17/10/2018, 10:43:22 pm	Deposit	42,820,000	null	115,244,845		0.4282
17/10/2018, 10:41:05 pm	Withdrawal	-1,260,100,000	100,000	72,424,845	12.6000	
16/10/2018, 4:54:34 pm	Deposit	1,325,000,000	null	1,332,524,845		13.2500
3 ACCOUNT BELOW WERE THERE TRIAL TRADERS. INCLUDES START AND END BALANCE						
KIM JONG						
02/11/2018, 9:28:04 pm	Withdrawal	-73,182,261	100,000	-23,429	0.7318	
01/10/2018, 11:23:10 pm	Deposit	100,000,000	null	100,000,000		1.0000
ANGELA MURKEL						
02/11/2018, 9:25:25 pm	Withdrawal	-52,653,180	100,000	-964,664	0.5265	
01/10/2018, 11:46:37 pm	Deposit	100,000,000	null	100,000,000		1.0000
LONARDO DI CAPRIO						
02/11/2018, 9:23:39 pm	Withdrawal	-65,523,519	100,000	0	0.6452	
01/10/2018, 11:23:10 pm	Deposit	100,000,000	null	100,000,000		1.0000
				TOTAL	37.6700	28.4595

We were certain that the losses were due to shit trading, however there seemed to be more to this as lots of the deposits and withdraws, as well as numbers being reported to the pool (even prior to liquidation, and for the first pools) didn't seem to add up.

We requested a video call with TJ & VJ to answer some of our questions.

Post Audit Chat with TJ & VJ

We had a chat to TJ and VJ on Friday (Jan 25th) night. After months of misrepresentations, they have come out and told us what has happened.

Basically, they were using new pool money to pay profits to the past pool. This has huge ramifications for all involved.

There are elements of what would be classed as fraud, such as falsifying reports, misleading investors and paying out past pools with funds, that were not made by the trades in that fund.

Both Tj and Vj have acknowledged this. And are now aware of the circumstances to this. It was one bad decision on top of another bad decision, on top of many more.

From what the audit team has found, the pool funds were depleted by bad trading practices, there was no evidence the audit team has found as yet that would suggest larceny/embezzlement/ or of funds being stolen for personal use.

Whilst we do not believe there was intention to steal from the off, it is evident there was deceit, negligence, and stupidity of more than you can imagine.

When we asked why they did it, Tj said they were working so hard on building a reputation as traders and wanted to get results for the community. This started the rot. Once they did that, it just went downhill. The next pool started from behind, and the race to make up it up in the next round would have started. They then had losses that compounded it around the 11th October, and then the big liquidations on 15th November that absolutely smashed the account.

Conclusion

1. Shit trading led to liquidations of the majority of accounts, the losses are evident in the logs. We are fairly certain that all BTC has been totally lost.
2. New money for pools was used to pay older pools to cover losses.
3. All reports from the initial pools onwards were falsified in order to encourage more investment.

Next Steps

Tj and Vj have put together an action plan that they will both have to adhere to, so that the full amount can be paid back to the community.

Once it was revealed that the pool payouts were being funded by new pool money that was from different investors, the full extent of the situation was obvious to those on the call.

Both Tj and Vj seemed to be oblivious to the consequences of what they were doing. It was then explained what they were partaking in. This is why the audit team are holding them to account for the full amounts.

We have been lucky enough to have someone join the audit team that has experience with legal matters related to Cryptocurrencies. We are using their guidance on the matter to assist with the process going forward. It has been mentioned that we should not rush this, as mistakes will happen, and that is the last thing we want.

One avenue would be to have a lawyer draft a binding contract so that both parties are held to account for missing payments. This would be enforceable in court and failure to pay would mean the debt being collected in full / bankruptcy.

Another option could be full criminal proceedings against TJ & VJ.