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Alabama Man Arrested After Causing Bitcoin Price to Surge, Then Plummet After Fake SEC Tweet

"The defendant allegedly deceived the public by impersonating the victim and making fraudulent statements on behalf of the SEC," Chad Yarbrough, the assistant director of the FBI criminal investigative division, said in a statement.

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Cryptocurrency

By Michael Adam Mora 

What You Need to Know

- The U.S. Department of Justice announced the indictment of Eric Council Jr.
- Council is facing a one-count indictment for a conspiracy to commit aggravated identity theft and access device fraud.
- Council's actions led to a fake U.S. Securities and Exchange Commission social media post that is believed to have sharply impacted bitcoin's price.

The U.S. Department of Justice announced an indictment Thursday in the Washington, D.C., federal district court of a man whose actions led to a fake U.S. Securities and Exchange Commission social media post. The post is believed to have caused a surge in bitcoin's price, only for the value to decrease sharply on the publicization of the security breach.

The defendant, Eric Council Jr., is facing a one-count indictment from the DOJ for conspiracy to commit aggravated identity theft and access device fraud.

Evan Foster, a partner with [Saul Ewing](#), who is the Am Law 200 firm's cybersecurity and privacy practice co-chair that is not involved in the matter, said the indictment is a welcome step in combating two pressing cybersecurity issues: the rise of SIM-swapping attacks to compromise a victim's social media or other accounts and market manipulation based on social media postings.

"Although this particular attack was particularly brazen since it targeted Chairman Gary Gensler's X account with 430k followers, similar attacks and false or misleading social media posts are a regular occurrence," Foster said. "Given the wide reach of social media and speed at which information travels, even small accounts spreading false or misleading information can move markets to the benefit of bad actors."

The indictment dates back to actions in late 2023 and early 2024, when the SEC was deliberating over the approval or denial of bitcoin exchange traded funds.

The SEC's impending decision had been anticipated by market participants for months and had the potential to impact the price of bitcoin, according to the indictment. Council and his unnamed co-conspirators executed a SIM swap of the phone account associated with a person who had authorized access over the telephone linked to an X account, @SECGov.

Council is accused of then traveling to an AT&T store in Huntsville, Alabama, where he claimed to be an FBI employee who broke his phone and needed a new SIM card and thereby obtained a new SIM card tied to the person's account. He then entered an Apple store and purchased a new iPhone to execute the SIM swap. He inserted the SIM card into the iPhone and bypassed the two-factor security reset codes associated with the X account.

On Jan. 9, an authorized person took control of the X account and transmitted the post in SEC Chair Gary Gensler's name, falsely announcing, "Today the SEC grants approval for #Bitcoin ETFs for listings on all registered national securities exchanges," according to the indictment.

Immediately following the dissemination of the social media post, the price of one bitcoin increased by more than \$1,000, according to the indictment. Soon after, the SEC

regained control over its X account and confirmed that the announcement was unauthorized and resulted from a security breach. Following the corrective disclosure, the value of one bitcoin plummeted by more than \$2,000.

Council faces a maximum penalty of five years in prison.

"The defendant allegedly deceived the public by impersonating the victim and making fraudulent statements on behalf of the SEC," Chad Yarbrough, the assistant director of the FBI criminal investigative division, said in a statement. "The FBI and our partners will continue to investigate and hold accountable those who attempt to manipulate financial markets for their own gain."