

Mastermind of Multimillion-Dollar Penny-Stock Scam Indicted for Fraud and Obstruction

A federal grand jury in the District of Columbia returned an indictment yesterday charging a Michigan man with defrauding investors in Minerco Inc. (stock ticker MINE) — leading to millions of dollars in investor losses — as well as obstructing a Securities and Exchange Commission (SEC) proceeding by destroying evidence.

According to the indictment, Bobby Shumake Japhia (Shumake), 56, also known as Robert Samuel Shumake Jr., Robert Japhia, and Shaman Bobby Shu, of Michigan, allegedly ran Minerco's day-to-day operations and organized a scheme to defraud investors in the publicly traded securities of Minerco by, among other things, making or causing to be made materially false and misleading statements to the public, including in press releases, in an effort to artificially inflate the share price of, and demand for, Minerco stock. Beginning in or around January 2020, Minerco purported publicly to be in the business of developing, marketing, and distributing psilocybin mushrooms, also known as magic mushrooms or psychedelic mushrooms.

As alleged in the indictment, Shumake concealed his role with Minerco, even though he controlled all aspects of Minerco, by recruiting another individual, Julius Jenge, to serve as the nominal chief executive officer of Minerco because Shumake had a criminal history and negative news articles about Shumake were available on the internet. To further conceal the scheme, Shumake allegedly made materially false and misleading statements to investigators from the Financial Industry Regulatory Authority who were investigating Minerco.

Shumake allegedly used an alias to promote Minerco on an investor message board and provided the false and misleading impression that he was not affiliated with Minerco and was an independent investor. Shumake also allegedly recruited others to promote Minerco on internet message boards to further create the false and misleading impression that the public had a favorable view of Minerco.

Shumake allegedly sold nearly one billion shares of Minerco that he covertly acquired and then caused himself or entities under his control to receive at least \$2.5 million from the sale of the shares. Shumake's scheme to defraud allegedly caused the share price of, and demand for, Minerco's securities to artificially increase, ultimately resulting in Minerco investors' losing millions of dollars.

After learning of an SEC investigation into Minerco, Shumake allegedly obstructed the SEC proceedings by deleting the contents of at least one Minerco email account, which Shumake used to conduct Minerco business.

Shumake is charged with one count of securities fraud and one count of obstruction. If convicted, he faces a maximum penalty of 20 years in prison on each count.

The chief executive officer of Minerco, Julius Jenge, was arrested [earlier this year](#) on charges of securities fraud related to a scheme to defraud investors in Minerco.

Principal Deputy Assistant Attorney General Nicole M. Argentieri, head of the Justice Department's Criminal Division; SEC Inspector General Deborah Jeffrey; and Inspector in Charge Eric Shen of the U.S. Postal Inspection Service (USPIS) Criminal Investigations Group made the announcement.

The SEC Office of Inspector General and USPIS are investigating the case.

Trial Attorney Kyle Crawford of the Criminal Division's Fraud Section is prosecuting the case.

If you believe you are a victim in this case, please contact the Fraud Section's Victim Witness Unit toll-free at (888) 549-3945 or by email at victimassistance.fraud@usdoj.gov. You are also encouraged to visit the webpage for this case at www.justice.gov/criminal/case/united-states-v-bobby-shumake-japhia.

An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.