

Overview of Juicy Fields: The Setup and The Fraud

In July 2022, an “e-growing” and “cannabis investment” platform called Juicy Fields went belly up after being in operations for just over two years. However, no matter how quickly the company exploded, first onto the cannabis scene and then the dramatic disappearance of investor money, this was not a fly-by-night startup that appeared overnight, nor was the “Exit Scam” accidental.

This entire operation, from concept to implosion is also far from a bunch of IT programmers gone amok. This is, from beginning to end, a sophisticated and well-planned international fraud.

The following overview is a summary of Juicy Field's origin and background, as well as a description of the conditions in which it was developed.

Background of The Scam

Juicy Fields was conceived by four people who have previously worked together on other criminal projects over a period that has lasted at least a decade in both Russia and the Baltics.

After a year and a half of planning the Juicy Fields concept, they then recruited six young IT professionals to build the web platform.

It was during this time that the team also decided on how capital would be managed, and how to market the entire scheme both offline- and digitally.

When the concept and the team were in place, the ringleaders approached the mafia in St. Petersburg, Russia. At this time, they discussed what percentage the mafia “investors” would receive for their backing of the project and obtained some help in putting together a team with the international experience to pull something like this off.

Like all startups, the company had a negative cash flow during the beginning of its operations. Beyond mafia financing, they also developed a strategy for company financing that is common in Ponzi schemes. Namely, the idea was to build a cadre of loyal investors by paying them “returns” that were received from newer investors. Earlier investors who received returns could also, as in this case, be

counted on to recruit new investors, including via social media and other digital telecommunications networks, like Telegram.

Operating this way, while illegal, it is fairly easy to show positive cash flow. Once that happens, the company is not dependent on the underlying financiers anymore – and can quickly pay back the investment capital and interest.

Establishing German Operations

The next challenge was to establish a legal entity outside of Russia. Germany was chosen because it is well known in this criminal network that authorities do not have sufficient resources to audit companies that work with investments. Indeed, for this reason, Germany is considered an ideal country for initiating money-laundering operations.

The people behind the concept worked for more than 18 months on technology development and building the organization. The funding the group obtained from the mafia went to this construction – just like any legitimate startup company.

They also recruited an organizer with German citizenship who had extensive contacts with both other criminals necessary to perpetuate the scheme as well as the ability to hire “legitimate” specialists to create not only a financial footprint, but also establish themselves in the cannabis industry.

Double Trouble

Criminal groups use entities like the one set up for Juicy Fields, for more than one type of criminal activity. In this case, as in other similar scams, investment fraud and money laundering are often two sides of the same coin.

A classic way to launder money is to invest black money into a new or existing entity, obtain a dividend that can be legally accounted for and channel such proceeds directly into the banking system, effectively laundering the black money and making it legit – especially when mixed with the funds of unsuspecting “investors” who were also essentially turned into money mules for the operation.

Indeed, the system was set up to create a large number of fake investor accounts – probably using stolen passport or other stolen identity documents and even bank account information and hooking this into specially created crypto wallets.

In total, about 125,000 real investors worldwide created accounts. Beyond that, however, there is a clear delta between that number, which has been estimated by looking at activity on established social media channels, and the number of people that Juicy Fields claimed “used” the platform, which they gave at 500,000.

This means that there are about 350,000 accounts that were fake, and it is these fake accounts that have been used to launder money.

According to the investigation so far, it also appears that the money that was laundered via the Juicy Fields operation came not only from the Russian mafia but Latin American drug cartels. The company tried to establish cultivation partnerships in this region of the world first, starting with Columbia. Representatives of Juicy Fields have also had frequent contacts with Mexico where drug cartels also operate.

Going Incognito

All the people involved in the scam have used false names. There is a pattern that is clearly established by both evidence and whistleblowers. They have used their first real name and then use a false last name.

Per informants, the reason for using a real first name was to make sure that these operators did not slip up. It is difficult to get used to a different first name.

All the key operators also have fake ID documents including passports and ID cards. These are not hard to come by in Russia, and it's a standard arrangement in these circles. The investigative team now has the real names of all involved, which will be published when the legal processes have started.

The Russian Connection

Any scam can be described as a startup company. The analogy between developing and conducting a fraud and starting a new business is apt for several reasons - starting with the fact that many criminals, including those behind Juicy Fields, cloak their illegitimate activities under the guise of a legal if new business endeavor.

In Russia, since the dissolution of the Soviet Union, a symbiosis between criminal organizations, the security police and political power has developed into the

“establishment.” Russia has increasingly moved towards a totalitarian state in which normal legal principles are not observed and the various groupings cooperate and exploit each other.

As a result, a cottage industry of criminal activity has been spawned domestically, targeting both Russians but mostly foreigners. While this situation is not news to international organizations tasked with the administration of justice and international relations, it is not a reality that the wider world was aware of – at least not before the attack on Ukraine.

Following Russia's invasion, however, there have now been widespread reports of the country's dysfunctional political system and judiciary.

St. Petersburg has long been the operational center of the Russian mafia. Branches from this center of crime have also now extended to all three Baltic countries

Starting in around 2010, the city has essentially operated much like a criminal Silicon Valley, with a focus on internet-based investment fraud.

Criminal startup concepts have been given an ideal environment and conditions to be incubated.

In our organization, we call these criminal concepts not Start-ups but Scam-ups.

The Russian mafia in St. Peterburg is largely led by people with backgrounds in Chechnya and Dagestan. Both of these states, tied to Russia, have an overarching, cross border organization that is completely controlled by criminal organizations. The Russian mafia is very similar to that operating in the United States – namely links to Italian immigrants stretching over generations.