

TIME

How Logan Paul's Crypto Empire Fell Apart



Logan Paul in Las Vegas, Nevada in October 2022.

Christian Petersen—Getty Images

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In late 2021, 20-year-old Rueben Tauk asked his father for £50,000 (\$67,000 at the time) to invest in YouTuber Logan Paul's crypto project, CryptoZoo.

Paul, one of the most famous influencers in the world, described CryptoZoo as a game in which you could hatch and breed hybrid NFT animals that would gain in value over time. Speaking in August 2021 to his massive audience of the podcast [Impulsive](#), which has 4 million subscribers on YouTube, Paul had called it “a really fun [game](#) that makes you money.” In October that year, he called it “probably even more relatable and universal than Pokemon” in [Forbes](#).

Tauk, who is from Newcastle, U.K., enjoyed Paul’s podcast and videos. He had already put £30,000 of his own money into the project, which he had earned from some savvy crypto investments. But he was convinced that this project was going to explode in popularity and gain in value enormously. So he asked his father for a loan. “I was brainwashed. I was like, ‘Logan Paul is a trustworthy guy. He makes good content and kind of leads the space,’” Tauk says. “So I invested a lot more, sourced from my family.”

More than a year later, Tauk and his father have lost almost all of that investment. CryptoZoo still does not exist as a game, and as of the day of publication, the value of its tokens has plummeted to less than a hundredth of its August 2021 peak. Paul, who told TIME in April 2022 that his involvement with the project was “super minimal,” now faces a mass arbitration action from CryptoZoo buyers who find themselves down thousands of dollars, just like Tauk.

Tom Kherkher, an attorney spearheading the effort, alleges that Paul committed fraud, express breach of contract and negligence among other claims, and is gearing up for months of legal action against Paul and CryptoZoo’s founders as he seeks damages for the some of the people who lost thousands on CryptoZoo. The NFT project’s terms of service prevent

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users from filing a class action lawsuit, so Kherkher must file arbitration demands on behalf of individual clients, one by one. “We’re committed to the long haul. if we have to go arbitrate 500 cases, case after case after case after case, that’s something that we’ll do,” he says.

On January 13th, Paul [pledged](#) to relinquish his stake in the game, refund holders at least \$1.3 million, and finish the game. “To say I am disappointed in how this was handled internally is an understatement,” he said at the time.

A representative for Logan Paul said they were “unaware of any arbitration claims that have been filed” and declined to comment on all other questions.

But CryptoZoo is not the only crypto project spearheaded by Logan Paul that has gone awry. Over the past two years, Paul has dedicated a huge chunk of time building a vast crypto empire: serving as a founder of multiple projects and rallying his millions of fans to invest in the next big thing in cryptocurrency. But a pattern has emerged, in which he touts a project’s success, only to abandon it when things go south. And in the instance of the meme coin Dink Doink, blockchain evidence suggests that Paul profited enormously off a token he promoted to his fans after failing to disclose his own role in creating the project.

Here’s a history of Paul’s crypto dealings.

Read More: [*Influencers Are Scamming Their Fans Through Crypto. Here’s How Their Tactics Have Evolved.*](#)

CryptoZoo

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As cryptocurrency has risen in popularity over the last few decades, thousands of new crypto tokens, games and NFTs have been created out of thin air by entrepreneurs. Some projects, like CryptoPunks and the Bored Ape Yacht Club, have proved valuable for buyers: their prices rose dramatically in 2021, giving their buyers perks and allowing them access into exclusive social clubs. Other tokens, like Sam Bankman-Fried's FTT, rose before [crashing to](#) near zero.

Before venturing into crypto, Paul had risen to fame as a video blogger. While he earned notoriety for posting footage of himself with a dead body in a Japanese forest, his enormous popularity persisted, with Insider naming him the [most famous influencer in the world](#) in 2021. Paul became a WWE wrestler in 2022 and recently [appeared on the Royal Rumble stage](#).

Paul told TIME last April that he had been introduced to crypto by the entrepreneur Gary Vaynerchuk. "The technology felt very inevitable. Verification on digital assets: I don't know why that just made so much sense to me," he said.

The influencer began his crypto journey as an NFT collector, [buying over 100 NFTs](#) for more than \$2 million over the course of 2021. In the summer of that year, Paul went one step further and created his own NFT project: CryptoZoo. The idea was partially inspired by Pokémon. People could use a new crypto token created by the project's founders, called Zoo, to buy a virtual NFT egg. The egg could then hatch into a hybrid animal, like an elephant-panda. If you bred one animal with another, it could produce an even more rare and valuable animal, that you could turn back into crypto, and then into cash.

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Paul said that he had put a million dollars of his own money into making the game, and had hired top-notch artists and engineers. In October 2021, he told Forbes that the project “could be one of the biggest things I do.”

On its launch day on Sept. 3, 2021, the project’s initial 10,000 “Base Eggs” sold out within [minutes](#). One buyer, Dan, who goes by cptdandan online, bought several thousand dollars worth of Zoo from his home in Sydney, Australia. Like Tauk, he also heard about CryptoZoo from Paul’s podcast.

“I basically thought that if it gets a good marketing push from this guy that’s so world-renowned, it will take off,” Dan says. (Dan works in financial services and requested TIME not print his last name out of professional concerns.) Dan also has two children, and thought the animal aspect had family appeal. “If the game is any good and it can make you money, it could be something that you can play on the side, and my kids can have a go,” he says.

Paul himself openly advocated that children get involved with CryptoZoo. “Kids are going to care about the blockchain because of my project. Imagine if your first experience on the blockchain is with CryptoZoo,” [Paul told Forbes](#).

But after CryptoZoo buyers dumped thousands of dollars into the project, its creative team started to announce one delay after the other. Dan says that when he tried asking questions about progress in the project’s Discord group chat, the creative team would give vague responses and deny anything was amiss. “There was always something wrong. No date was ever hit successfully. No questions were answered properly,” he says.

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Paul virtually disappeared from the project. In a [video](#) taken of him and the DJ Steve Aoki in March 2022, he dismisses CryptoZoo, instead telling Aoki that his next crypto project, 99 Originals, will be “the craziest sh-t I’ve ever done.”

When TIME asked Paul about CryptoZoo in April 2022, Paul said that his involvement in the project was “super minimal,” and that he received “the occasional, like, monthly check-in.” “It was a project that turned a little backwards because of some bad actors, which is a shame because I really liked the concept,” he said. “I’m like, okay, something didn’t turn out the way I expected it to. Let’s fix it. Let’s do the best we can. And let’s keep going, because like, I don’t have time to look back.” He then promised to put his “rocket fuel” behind the project.

But by the end of 2022, no rocket fuel had emerged. Several development teams had been hired and then dropped from the project. And in December, a YouTube journalist named Stephen Findeisen, who goes by CoffeeZilla, published a [three-part series](#) investigating CryptoZoo. He reported that the founders had lied to investors and each other, and that there was bitter infighting. He also told the stories of many investors who claimed they had lost thousands or hundreds of thousands in the project.

Findeisen’s videos brought widespread negative attention to the project. In January, Paul released a video threatening to sue Findeisen, before deleting and publishing a much more contrite video, promising to fix the CryptoZoo project once again.

But his fans had seen enough. On Jan. 15, Kherkher, the lawyer from Texas, filed his first arbitration demand against Paul and the other CryptoZoo founders. Because CryptoZoo’s terms of service ban its users from suing the

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company in a public court or creating class action lawsuits, Kherker and his clients must file arbitration actions in Delaware, one by one. Dan helped Kherker compile evidence from audio and text messages. Tauk is not involved in the arbitration.

Typically, the outcomes of arbitrations are skewed heavily towards companies as opposed to plaintiffs. Kherker acknowledges this, but says that CryptoZoo investors like Dan have been for months compiling evidence that he says supports claims of fraud, negligence and express breach of contract.

“We are going to file our first batch of cases in hopes that maybe Logan Paul’s legal team will reach out to us and say, ‘We understand that maybe we have a big problem here,’” Kherker says. “And maybe they can work to a quicker resolution to get these victims compensated in a reasonable time.” Kherker says he has filed three cases so far, and has not heard any response from Paul’s legal team. He says it’s possible that Paul’s team has yet to be served by the process servers he hired.

But CryptoZoo was not the first time Paul heavily promoted a crypto project before apparently abandoning it. In June 2021, just a couple months before CryptoZoo’s launch, Paul had told his followers to invest in a new meme coin called Dink Doink.

Dink Doink

Meme coins are crypto tokens that are worth as much as people are willing to pay for them. [Dogecoin](#) is a prime example: it was created based on a meme, and largely rides on social media hype and injections of [enthusiasm](#) from Elon Musk. Whereas all markets or investments rely on

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investor faith, meme coins have very little regulation to protect customers, and also are usually not tied to any sort of real-world value.

In June 2021, Paul threw his clout behind a newly-created meme coin called Dink Doink, which was marketed via a singing *South Park*-like cartoon character. On his podcast and Twitter, Paul encouraged his followers to buy into the coin, saying that he was [“all in”](#) on the coin and that it was “a sh-tcoin I believe in.” (“Sh-tcoin” is a derogatory term for a meme coin.)

But what Paul didn’t mention was that he helped create the project—and had received a large chunk of Dink Doink coins before it launched, something he later [admitted to the New York Times](#). The project’s leader was Paul’s roommate, Jake Broido. On the YouTube show [Steven Steele Live!](#), Broido claimed that he and Logan created the project together, and that Paul designed the character on his phone. “Logan and I are being very cautious about how we roll this out,” Broido said. Referring to the price chart of Dink Doink, he added: “That chart is our reputation.”

After the coin cratered to fractions of a cent, Paul distanced himself from Broido and the coin. He called it “the project from hell” in his interview with the [Times](#), and said that he never sold his tokens or profited from the project.

TIME asked the analytics company MyChargeBack to conduct blockchain research about Paul’s ties to Dink Doink. Evan Spicer, the director of cryptocurrency investigations at MyChargeBack, examined a [crypto wallet](#) that had received more than 120 trillion DINK tokens in the days before the coin’s official launch in June 2021. In July, when the coin was being traded publicly and still held value, that wallet began cashing out large amounts of DINK for more stable cryptocurrencies like Binance Coin

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(BNB) and Tether, according to Spicer. Then, in August, the wallet sent 36.5 Ether—virtually all of the Ether in the account, worth more than [\\$100,000](#) at the time—straight to Logan Paul’s public account, Spicer’s research shows.

Spicer says there’s not yet enough evidence that Paul controlled the first wallet. But he described the connection between that wallet and Paul’s public wallet as a “cozy relationship” in which Paul “was getting fed a lot of the funds that went into that address.” Spicer also says that the first wallet’s general activity at the time, which consisted of coins constantly being swapped out for each other through various mixers and tumblers, “are indicators of nefarious activities.”

A representative for Paul did not immediately respond to these claims.

And in August 2021, well before CryptoZoo’s launch, the same wallet was [gifted 95 billion Zoo tokens](#), suggesting that whoever owned the wallet was involved in both Dink Doink and CryptoZoo at early stages of both projects.

Aaron Lazor, the CEO of MyChargeBack, says that some of the wallet’s activity, including the rapid movement of money, resembled that of the investment scams that his company typically investigates. However, he says other scams typically took more precautions. “What we’ll see very often is multiple hops: to go from one cold storage to another exchange to another cold storage: they’re trying to mix it up. Here, some of it was going through the swaps, but there were some straight shots. It was literally Dink Doink to Ethereum to his wallet.”

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In TIME's April interview, Paul declined to discuss Dink Doink, saying, "I'm not saying sh-t about that sh-tcoin." When asked a question about Dink Doink over email in January 2023, a representative for Paul declined to comment.

Liquid Marketplace

When TIME interviewed Paul in April, what Paul really wanted to talk about was his new crypto project, Liquid Marketplace. Co-founded by Paul, Liquid Marketplace allows investors to buy fractions of collectibles, like Pokemon cards, sports trading cards, and NFTs. While those items can be worth millions on their own, Liquid allows investors to own a stake in a card for as little as 10 cents.

"I want to see as many people own top-tier assets as possible," Paul told TIME. Alluding to the CryptoZoo in-fighting, Paul said, "There's a lot of dark people in this space that we kind of had to work around. But if you find the right people and the right teams, like when I found [CEO] Ryan [Bahadori] and the gang at Liquid, I was like, 'okay, these guys have a great head on their shoulders.' That's where I'm not focusing and prioritizing my energy. I'm always super enthusiastic to prove people wrong."

But this new exchange soon began to trace a similar pattern to its predecessors. Thanks to Paul's initial boost on social media, investors flooded into the platform, driving prices up. But the market quickly cooled, and Paul stopped promoting the project altogether. Last June, a frequent user of Marketplace with the username youssef complained about the lack of activity and Paul's absence in the project's Discord. "We are literally like 10 active users tops , allot [sic] of ppl aren't interested anymore so

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something needs to be done, not only social media marketing, I mean real logan paul type marketing,” they wrote.

In November, an avid member of Liquid who goes by cardboard_preacher, and who had posted over 1,300 times in the chat over the course of seven months, announced that they were leaving the platform. “So naive and trusted all of you that we were going to the moon together. But losing a ton of money or having money tied up that is not liquid (irony intended) takes a toll on people. To all my OGs, peace and love.”

Paul has not tweeted about Liquid Marketplace or posted in the Liquid Marketplace Discord since July. TIME understands that several employees at Liquid were laid off at around the same time last fall. Ryan Bahadori, Liquid Marketplace’s CEO, did not respond to a request for comment on the layoffs.

“Some users within the discord feel as Logan needs to be constantly talking about Liquid MarketPlace,” Bahadori wrote to TIME in an email in January. “However, we view things a little differently, we don’t want everything to be so artificial, we want our advertising to come across organically.”

Recovering Losses

Paul isn’t the only social media influencer to have used their platform to promote crypto schemes. In October, Kim Kardashian [paid \\$1.26 million in fines](#) after being charged by the Securities and Exchange Commission with unlawfully promoting a crypto scheme on Instagram. Fans have often put their trust in influencers touting crypto projects, but these can be volatile and involve technicalities that some investors are unaware of when they sign up.

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After months of holding out hope that Paul would put his “rocket fuel” behind CryptoZoo, most of its diehard investors have sold out of the project, taking heavy losses and moving on. Tauk hopes he will one day be able to repay the £50,000 to his father. “It was a serious amount of money to him: He’s a middle class person,” Tauk says. “But we’re not going to live in regret. It was actually quite relieving when I sold because I was like, ‘alright, let’s not try to kid myself anymore.’”

Dan says he’s in touch with many investors who are taking it way harder than Tauk is. “A lot of these guys, I know they’ve been hit mentally,” he says. Some of these guys are pretty young. They’ve got some not just financial problems now but they’re very depressed: Being taken for a ride, being promised things.”

As for Paul, he posted a [video](#) in January titled “Why 2022 Was the Best Year of My Life.” It made no mention of CryptoZoo or Liquid Marketplace.