

1 GARY M. RESTAINO
2 United States Attorney
3 District of Arizona

3 RAYMOND K. WOO
4 Arizona State Bar No. 023050
5 SETH T. GOERTZ
6 Arizona State Bar No. 031645
7 Assistant U.S. Attorneys
8 Two Renaissance Square
9 40 N. Central Ave., Suite 1800
10 Phoenix, Arizona 85004
11 Telephone: 602-514-7500
12 Email: raymond.woo@usdoj.gov
13 seth.goertz@usdoj.gov
14 Attorneys for Plaintiff

10 IN THE UNITED STATES DISTRICT COURT
11 FOR THE DISTRICT OF ARIZONA

12 United States of America,
13
14 Plaintiff,

15 vs.

16 Jose Teran,
17
18 Defendant.

No. CR-21-00955-PHX-DLR

**GOVERNMENT'S SENTENCING
MEMORANDUM**

19 The government recommends a sentence of 70 months. Defendant, Jose Teran,
20 engaged in a concerted effort—over nearly five years—to steal royalty proceeds from
21 approximately 50,000 song titles, causing a loss of more than \$23,000,000.00. Teran
22 personally obtained more than \$6 million in personal profit, which he used to sustain a
23 lavish lifestyle. In addition to the harm Mr. Teran caused and the exorbitant profits that he
24 reaped; a significant sentence is warranted to deter future conduct. Even after his
25 indictment, Mr. Teran fraudulently obtained an additional \$190,000 in royalty proceeds to
26 which he was not entitled. The government is also troubled by Mr. Teran's plans to remain
27 in the music business, where he will again have access and connections to the same
28 mechanisms that allowed him to perpetrate this fraud. A 70-month sentence is undoubtedly

1 substantial but given Mr. Teran’s conduct and the need to deter future fraud, it is entirely
2 warranted.

3 **I. Factual Background**

4 On January 17, 2023, Teran pleaded guilty to conspiracy (18 U.S.C. § 371), wire
5 fraud (18 U.S.C. § 1343), and transactional money laundering (18 U.S.C. § 1957). (Doc.
6 65.) In particular, Teran admitted to conspiring with co-defendant, Webster Batista
7 Fernandez (“Batista”), to steal royalty payments for approximately 50,000 song titles.
8 (Doc. 65 at 10.) Teran and Batista did so by searching the online music platform, Y.T., for
9 recorded songs that were not actively monetized. Despite having no ownership rights to
10 these songs—because the rights lawfully belonged to other individuals—Batista and Teran
11 claimed ownership over those songs through an entity called “MediaMuv.” (Doc. 65 at
12 10.)

13 In order to amass a catalog of approximately 50,000 songs that they purported to
14 own, Batista and Teran hired several “employees” to search for non-monetized songs on
15 the Y.T. platform. (Doc. 65 at 10.) At one point, Batista and Teran had 5-8 individuals
16 working for them. These individuals used a specific browser application to identify non-
17 monetized songs, which they would then falsely claim to own under the MediaMuv entity.
18 (Doc. 65 at 10.) Batista and Teran also hired a third party, A.R., to help police and monetize
19 their song library on Y.T. To do so, Batista and Teran represented that, through MediaMuv,
20 they had the lawful rights to a 50,000-song library. (Doc. 65 at 10.)

21 When disputes would arise, Teran refused to back down or acknowledge that
22 MediaMuv wasn’t the rightful owner. In response to a claim that he was stealing royalties
23 that weren’t his—exactly what he and Batista *were* doing—Teran aggressively defended
24 MediaMuv’s fraudulent library: “Any issue that D.H. has with our content, he can email
25 me directly, we will not issue any revenue share to him or anyone just because he says he
26 has the right to, we have contracts, and if he has doubts, we can keep discussing this in
27 front of a federal judge, thanks.”¹ (PSR at ¶ 15.)

28 ¹ In an October 31, 2019, interview with law enforcement, Teran admitted to using

1 Overall, Teran and Batista stole more than \$23,000,000.00 in royalties to which they
2 were not entitled. The scope of their fraud was so large that the music publication Billboard
3 described it as “one of the largest – if not the largest – known YouTube music royalty
4 scams in history.” Kristin Robinson, *How Did Two Unknown Latin Music Operators Make*
5 *\$23 Million From YouTube? The IRS Says They Stole It*, BILLBOARD, (last accessed June
6 16, 2023) [https://www.billboard.com/pro/youtube-fraud-royalties-scam-irs-latin-chenel-](https://www.billboard.com/pro/youtube-fraud-royalties-scam-irs-latin-chenel-yenddi-mediapuv-adrev/)
7 [yenddi-mediapuv-adrev/](https://www.billboard.com/pro/youtube-fraud-royalties-scam-irs-latin-chenel-yenddi-mediapuv-adrev/). For his part, Teran received \$6,273,772.33 in proceeds over the
8 course of the scheme, which he used to promote a lavish lifestyle, including luxury
9 vehicles, jewelry, and real estate (including a 6,000 square foot estate in the Troon
10 development of North Scottsdale, which he paid \$11,000 per month to rent).

11 Even after Teran was indicted, he continued to claim stolen royalty payments, and
12 he did so by attempting to hide that conduct from the government. For a short time after
13 his indictment (November 16, 2021), Y.T. was still paying royalty fees to MediaMuv.
14 Before Y.T. was able to stop further payments, Teran created a new bank account with
15 National Bank of Arizona, which he used to transfer royalty payments to himself.

16 Indeed, on November 30, 2021, twelve days after receiving a summons regarding
17 this indictment, \$285,344.43 in Y.T. royalty proceeds were deposited into a Chase Bank
18 account in the name of MuveMusic, LLC, which was in Teran’s sole control. *See* Govt.
19 Discovery BATISTA_037654; 037616. These proceeds were solely derived from Batista
20 and Teran’s fraud. On the same day, Teran opened a bank account at National Bank of
21 Arizona in the name of MuveMusic, LLC. Teran then transferred \$191,449.63 to his newly
22 created bank account. *See* Govt. Discovery BATISTA_037764–69. After doing so, Teran
23 moved the funds out of the government’s reach, further reaping the benefits of his
24 fraudulent enterprise.²

25
26
27 _____
the jmedina@mediapuv.com email. Govt. Discovery BATISTA_00043-44.

28 ² Teran was arraigned the following day, and Y.T. subsequently withheld any further
royalty payments.

1 **II. The PSR’s Sentencing Calculation.**

2 The PSR calculated Teran’s total offense level at 30, which combined with a
3 criminal history category of I, provides for a guidelines range of 97 to 121 months. (PSR
4 at 22.) To arrive at this number, U.S.S.G. § 2B1.1(b)(1)(K) provided a base offense level
5 of 27, due to an actual loss amount of approximately \$23,000,000.00. (PSR at ¶ 39.) The
6 PSR then added two levels because the offense involved ten or more victims (U.S.S.G.
7 §2B1.1(b)(2)(A)(i)), as well as a four-level upward adjustment because Teran was the
8 leader of an organization with five or more participants (U.S.S.G. §3B1.1(b)). (PSR at ¶¶
9 40, 42.) Finally, Teran received a three-level downward adjustment for acceptance of
10 responsibility, resulting in a total offense level of 30. (PSR at ¶ 48.) The government
11 agrees with nearly all of the PSR’s calculations, except that the applicable loss should be
12 Teran’s gain (\$6,300,000), as stipulated to by the parties, and that a three-level upward
13 adjustment under U.S.S.G. §3B1.1(b) more appropriately captures Teran’s role as a
14 manager and supervisor of the organization. (Doc. 87.) Accordingly, the government’s
15 recommended offense level is a 27, which paired with criminal history category I, results
16 in a guideline range of 70-87 months imprisonment.

17 **III. Sentencing Recommendation**

18 The United States recommends a 70-month sentence, which is at the low end of
19 Teran’s recommended guidelines range. A 70-month sentence is measured and
20 appropriately achieves the sentencing goals set forth in 18 U.S.C. § 3553(a). In this case,
21 the government is most concerned with fashioning a sentence that reflects the seriousness
22 of the offense and deters future conduct (both of Mr. Teran and the general public).³ As

23
24 ³ The government requests that the Court set a restitution hearing to determine an
25 appropriate restitution amount. The PSR set restitution in the amount of \$1,464,717.90.
26 (PSR at 24–25). The government is actively working to obtain information from other
27 victims, which is a substantial undertaking because the majority of victims reside outside
28 of the United States. The government has recently expanded its notification efforts to
include Spanish-language notifications and is further widening its public outreach. A
future restitution hearing would afford sufficient time for additional victims involved in
this case to come forward.

1 noted above, Teran perpetrated a multi-year fraud scheme that existed solely for the
2 purpose of stealing royalty payments from artists and representatives who were legally
3 entitled to receive the payments. Moreover, Teran did so through a concerted effort that
4 spanned several years and required 5-8 employees working long hours to amass a “library”
5 of 50,000 songs. Beyond the energy needed to create and sustain the fraud, Teran and
6 Batista cultivated a layered façade by creating a record label (MediaMuv), contracting with
7 a third-party administrator to manage the 50,000-plus song library on Y.T., and even used
8 fake names and stolen identities to give their entity a greater veneer of credibility. (PSR at
9 ¶¶ 7, 9–12, 14, 19, 24.)

10 Teran is also a high-risk to reoffend, both because he plans to remain in the music
11 industry and because the amount of money that he obtained through the scheme. Outside
12 of this scheme, Teran’s legitimate work in the music industry yielded only modest gains
13 and the temptation to find similar schemes, with exponentially greater income potential,
14 would appear to be strong. In particular, the government is alarmed that even news of his
15 indictment did not stop Teran from continuing to reap as many stolen royalty proceeds as
16 he could. Teran was so committed to this scheme, that he created a brand new bank account
17 to funnel Y.T. royalties so that he could avoid any efforts to seize or claw back the funds.

18 Finally, a significant sentence is warranted for purposes of general deterrence.
19 Because of its scope, the significant loss amount, and the extravagance with which Teran
20 and Batista lived off of the stolen proceeds, the music industry has taken a keen interest.
21 In particular, this case received significant attention from the music-related publication,
22 “Billboard.” Thus, a substantial sentence is also necessary to deter others from replicating
23 this scheme. Without it, potential fraudsters would be encouraged to attempt similar
24 efforts, believing any potential punishment is worth the payout.

25 **IV. Conclusion**

26 This case is about greed and the great lengths Batista and Teran went to steal more
27 than \$23 million in royalty proceeds. The loss amount is on its own substantial, but Teran’s
28 personal benefit—approximately \$6 million—was significant. A sentence of 70 months is

1 appropriate and properly achieves the aims of 18 U.S.C. § 3553(a).

2 Respectfully submitted this 21st day of June, 2023.

3
4 GARY M. RESTAINO
United States Attorney
District of Arizona

5
6 s/ Seth T. Goertz
7 RAYMOND K. WOO
8 SETH T. GOERTZ
Assistant U.S. Attorneys

9
10 **CERTIFICATE OF SERVICE**

11 I hereby certify that on the 21st day of June, 2023, I electronically transmitted the
12 attached document to the Clerk's Office using the CM/ECF System for filing a copy to the
13 following CM/ECF registrants:

14 Jason Silver
15 Andrew Pacheco
16 Attorneys for Defendant

17
18 s/ Seth T. Goertz
U.S. Attorney's Office