

Landmark Federal Court Decision in Favor of Sheppard Mullin Client Advances Crime Victims' Rights to Restitution

02.02.2026

In a groundbreaking case that strengthens the rights of federal crime victims, the U.S. District Court for the Northern District of California issued an order granting the firm's client's petitions to amend, post-sentencing, restitution orders entered against three federal criminal defendants. The amended restitution orders restore to Sheppard Mullin's client, a victim of the defendants' fraud scheme, the value of his stolen cryptocurrency as of the time of the sentencings, not the significantly lower value at the time of theft, as initially ordered at the defendants' sentencings.

This case involved cryptocurrency (Ethereum) stolen in 2016 that had appreciated dramatically by the time the defendants were sentenced in 2023. After more than two years of litigation, including a successful mandamus petition to the U.S. Court of Appeals for the Ninth Circuit, Sheppard Mullin secured a ruling amending the restitution orders of the three defendants to require that restitution be paid to our client based on the value of the stolen cryptocurrency at the time of sentencing, not the significantly lower value at the time of theft.

The initial restitution orders issued by the Court had drastically undervalued the client's losses due to government errors. Despite facing procedural hurdles and sophisticated defense arguments, the firm persisted in its representation to obtain amended restitution orders, pursuing a writ of mandamus in the Ninth Circuit following an initial adverse decision by the district court and seeing the case through remand proceedings.

The Ninth Circuit's decision clarified that victims who rely on the government to properly calculate their losses may seek amended restitution orders under the Mandatory Victims Restitution Act when they later discovered significant omissions—even omissions due to government error. The district court's order on remand affirmed that good cause existed for the amendments and that restitution should reflect the "day high" value of the stolen property on each sentencing date.

The ruling establishes important precedent for how courts calculate restitution for stolen cryptocurrency and other appreciating assets, and it reinforces that victims shouldn't suffer additional harm due to government mistakes in the restitution process.

The cases are *United States v. Hared, et al.*, 3:19-cr-00040-WHO (N.D. Cal.) and *United States v. Faulk*, 3:19-cr-00676-WHO (N.D. Cal.). The Ninth Circuit's decision is reported at 146 F.4th 710 (9th Cir. 2025)

Elisha Kobre and Stephen Moulton represented the client.

Read the order here.

Attorneys

Elisha J. Kobre

Stephen K. Moulton

Practice Areas

Governmental

Industries

Blockchain

Blockchain and Fintech