

The 'Crypto Punks' Behind Trump's Murky New Business Venture

The serial entrepreneurs behind Donald J. Trump's new cryptocurrency project have left a trail of lawsuits, unpaid debt and tax liens.



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Chase Herro is an online salesman who proudly calls himself a “dirtbag of the internet,” able to sell anything to anyone. Zachary Folkman ran a company called Date Hotter Girls, offering advice under a pseudonym on how to pick up women at bars.

For the past decade or so, the two men have been serial entrepreneurs, leaving behind a trail of lawsuits and unpaid debt and taxes.

Now they are former President Donald J. Trump's business partners.

Mr. Herro and Mr. Folkman are the forces behind World Liberty Financial, a cryptocurrency venture that Mr. Trump and his three sons announced on a livestream last month. The Republican presidential candidate declared his new enterprise would help turn the United States into “the crypto capital of the world.”

His eldest son, Donald Trump Jr., said Mr. Herro and Mr. Folkman would help engineer a financial revolution based on digital dollars. “You could put them in a boardroom at Goldman Sachs, and they’re going to smoke the people in the room,” he said.

Other crypto experts have expressed doubt, even alarm, about the business, the former president’s involvement and his partners. Eswar Prasad, an economics professor at Cornell University, said Mr. Herro and Mr. Folkman did not appear to have the technical or financial savvy to make the venture work.

The concept behind it, which was pitched as groundbreaking, seemed similar to other existing crypto ventures, said John Reed Stark, a former senior official with the Securities and Exchange Commission.

“It’s a bunch of nonsense, and a terrible opportunity for investors,” he said.

For Mr. Trump, the project is part of an extraordinary effort to mix his personal finances with his bid to return to political power. Mr. Trump campaigns daily on a social platform owned by the Trump Media & Technology Group. Since he announced his new election effort, he has sold silver coins, Bibles, gold hightop sneakers, digital trading cards and, as of last week, diamond-encrusted watches, all branded with his name, image or campaign themes.

Like his social media company, his new crypto business stands out for its potential conflicts of interest. If Mr. Trump is elected, he would be in a position to influence the regulations that could determine whether World Liberty Financial succeeds or fails. Mr. Trump has already said he opposes strict federal intervention in the industry, which now operates in a legal gray area.

Even the project’s leaders sounded a little incredulous that the presidential candidate was jumping into a partnership with two little-known 39-year-olds in a high-risk industry just before Election Day.

“If you would have thought six months ago that Donald Trump is dropping a decentralized finance project, would anyone have believed it?” Mr. Folkman asked on the livestream announcing the project. Especially, the event’s moderator added,

“with two crypto punks.”

A Trump campaign spokesman did not respond to a request for comment. Asked about the company's plans, Jim Redner, who was hired in September as World Liberty Financial's spokesman, said he had just quit. Mr. Herro, Mr. Folkman and World Liberty Financial did not respond to requests for comment.

Trump's Evolution

As recently as 2021, Mr. Trump himself said crypto “seems like a scam.” The F.B.I. has said it is riddled with pervasive fraud that cost Americans billions of dollars last year alone.

But Mr. Trump's views started to change, he said last month, after he discussed the technology with his sons, who were enthusiastic about its potential.

World Liberty Financial first took shape about nine months ago, when Mr. Herro and Mr. Folkman were connected to the Trump family through Steve Witkoff, a real estate developer, and his son, Zachary, an investor in crypto projects.



Steve Witkoff listening to Mr. Trump's speech at the Economic Club of New York last month. Mr. Witkoff and his son, Zachary, connected the Trump family to Chase Herro and Zachary Folkman earlier this year. Doug Mills/The New York Times

Mr. Witkoff is a close friend of Mr. Trump's and a donor to a pro-Trump political action committee. He testified for Mr. Trump in the former president's civil fraud trial in New York this year, and was playing golf with Mr. Trump during the latest attempt on the former president's life.

Mr. Witkoff is no crypto expert — he mispronounces the word “memecoin,” a type of digital currency, as “me me coin,” according to a person who requested anonymity to describe a private conversation. But he believed the project would be good for the youngest Trump son, Barron, an 18-year-old college freshman, giving him business experience and steering him away from more scam-ridden segments of the crypto industry, the person said.

The company's promotional materials, reviewed by The New York Times, called Barron a crypto “visionary.”

Its business model remains murky. One person involved in the business, who spoke on the condition of anonymity to discuss the private planning, said the platform would facilitate borrowing and lending in cryptocurrencies. The promotional materials say the company isn't owned or managed by Mr. Trump, the Trump Organization or Trump family members, though they may receive compensation.

Serial Entrepreneurs

Mr. Herro and Mr. Folkman have a history of jumping from project to project. Together or separately, they have formed at least 17 companies, gravitating to the U.S. Virgin Islands and Puerto Rico, both tax havens.

Their ventures have largely involved social media marketing and selling advice on how to get rich quick through e-commerce or crypto. One 2021 podcast featuring Mr. Herro hit a typical theme: “From Broke to Millionaire in 14 Days.”

Both men were involved in Dough Finance, a crypto platform that was hacked in July, according to a person who spoke on the condition of anonymity because he was not authorized to discuss the situation. A vulnerability in the project's code led to the theft of \$2 million. "I lost a lot," one customer wrote on social media. "Hard to sleep at night."

Mr. Herro, who sometimes spells his last name as Hero, has made a rags-to-riches tale part of his pitch. As a teenager, he was convicted of theft and marijuana possession and spent nearly two weeks in a Wisconsin jail for probation violations. He has said he cut off his ankle bracelet and fled as a felon to California, although Wisconsin records show his offenses were misdemeanors.

His problems continued. Two cars were repossessed. His landlord sued to evict him. An investor in a medical marijuana dispensary he partly or wholly owned claimed fraud and won a \$207,000 court judgment.

His girlfriend left him after he demanded she get an abortion and told her she would look fat in a swimsuit, he has said.

"I was a bad human being," he said on a podcast in 2019.

In his telling, everything changed when he discovered social media marketing and made his first million within months. "All the bad things about me are from like, 10, 11 years ago," he has said.

But the turnaround wasn't complete: In 2015, he missed the birth of his second child, he later said, because he was tripping on LSD in Puerto Rico. He paid \$79,000 in federal back taxes in 2016, but only after the authorities filed a lien. California tax liens, filed in 2018 and 2019 for a total of \$281,000, remain on the books, according to state officials.

It's unclear when Mr. Herro met Mr. Folkman. A Skidmore College graduate, Mr. Folkman founded Date Hotter Girls in his 20s, offering dating advice under the pseudonym Zack Bauer. "You're going to be ripping their clothes off and throwing them up against the wall," he promised in a 2011 seminar.

Two years later, the two men started the Nexus Group, which sold advertising on social media websites. By 2016, they were living together in a \$12,000-a-month oceanside villa in the U.S. Virgin Islands. The property owners later claimed that they had skipped out on \$36,000 in rent and caused \$75,000 in damage. The lawsuit was settled in 2019.

The Nexus Group also ran into legal trouble. In 2017, a client sued, claiming the company had failed to provide the promised services, a complaint that was later withdrawn. A few years later, American Express sued the group and Mr. Folkman for \$77,000 in unpaid credit card bills. The credit card company lost the case after missing a filing deadline. Mr. Folkman also owes \$7,300 in taxes to California, according to state records.

Mr. Herro claimed in a 2019 interview that he had been wildly successful, generating more than \$700 million in e-commerce sales. In 2021, he bought a \$7 million home in Boca Raton, Fla.



Mr. Herro in 2014. He has said he turned his life around when he discovered social media marketing and made his first million within months.

Rochelle Brodin/Getty Images

In 2020, Mr. Herro and Mr. Folkman started a new business in Puerto Rico — Subify, a subscription-based platform meant to connect online creators with their fans. One client claimed the website Subify had created crashed on launch day and customers' account information had disappeared; Subify sued the client for nonpayment.

In a court filing last month, a lawyer for Subify said the firm was winding up its business. Like the Nexus Group, it has been officially dissolved, corporate records show.

A Shift to Crypto

Mr. Herro and Mr. Folkman began laying the groundwork for their turn to crypto years ago. Mr. Herro ran a crypto trading firm called Pacer Capital in the U.S. Virgin Islands, and over the years, he and Mr. Folkman have evangelized about the technology.

In April 2022, Mr. Herro led a seminar on crypto at the home of Jordan Belfort, who defrauded more than 1,500 financial clients and whose memoir inspired the 2013 movie “The Wolf of Wall Street.”

Mr. Herro told the group he was a fan of the cryptocurrency TerraUSD, calling it “one of the coolest assets in history.” The next month, Terra's price collapsed overnight, setting off an industrywide implosion that erased billions of dollars in savings and forced several high-profile companies into bankruptcy.

As they announced World Liberty Financial last month, Mr. Trump and others involved in the project declared they had unbridled confidence in the effort. Mr. Herro described the firm's goals in the loftiest terms — nothing less than harnessing the power of crypto to restructure trillions of national debt.

Mr. Witkoff, the developer, said that Mr. Herro and Mr. Folkman were “as smart as any currency traders I've ever met.”

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