



CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

# SEC Cryptocurrency Enforcement

2021 Update

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# Executive Summary

Cryptocurrency-related enforcement actions continue to be a focus of the U.S. Securities and Exchange Commission (SEC). In its first year, the new SEC administration has brought a total of 20 litigations and administrative proceedings.

This report analyzes SEC enforcement activity from July 2013, when the SEC brought its first enforcement action, through 2021. During this span, the SEC brought a total of 97 cryptocurrency-related litigations and administrative proceedings, 10 delinquent filing orders, and 20 trading suspension orders, along with a number of subpoenas and follow-on administrative proceedings.

As of year-end 2021, the SEC had imposed approximately \$2.35 billion in total monetary penalties against digital asset market participants.

- In 2021, the SEC brought a total of 20 enforcement actions related to cryptocurrency.
- Of these, 14 were litigated in U.S. district courts (“litigations”), and six were resolved within the SEC as administrative proceedings under Section 8A of the Securities Act and/or Section 21C of the Exchange Act (“administrative proceedings”). [\(page 2\)](#)
- The SEC also issued four delinquent filing orders, brought a follow-on action, and filed an action seeking compliance with investigative subpoenas. [\(page 2\)](#)
- The most frequent allegations continued to be fraud and unregistered securities offerings. [\(page 5\)](#)
- The majority of the 20 enforcement actions (70%) were related to initial coin offerings (ICOs). [\(page 9\)](#)

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*Of the 20 enforcement actions brought in 2021, 65% alleged fraud, 80% alleged an unregistered securities offering violation, and 55% alleged both.*

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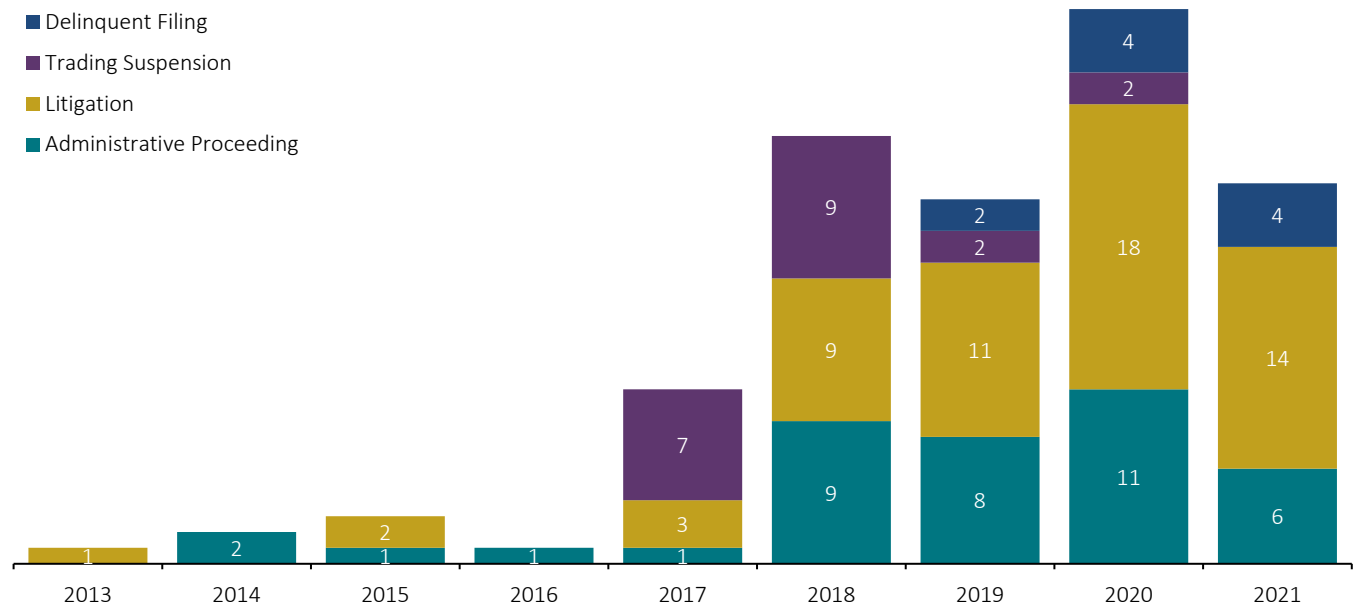
- Overall, from July 2013 through the end of December 2021, the SEC brought 58 cryptocurrency-related litigations and 39 administrative proceedings. [\(page 2\)](#)
- About half of the 58 litigations occurred in the state of New York. As of January 3, 2022, 31 litigations had reached a resolution. [\(page 10\)](#)

# SEC Cryptocurrency Enforcement Activity

- Since the first action in July 2013, the SEC has brought a total of 97 enforcement actions as of December 31, 2021:
  - 58 actions litigations, and
  - 39 administrative proceedings.
- In addition, the SEC has issued:
  - 20 trading suspension orders pursuant to Section 12(k) of the Exchange Act, and
  - 10 delinquent filing orders pursuant to Section 12(j) of the Exchange Act, along with a number of subpoenas and follow-on administrative proceedings.<sup>1</sup>
- Under the new administration, the SEC’s enforcement activity has continued to focus on cryptocurrency-related actions.
- In 2021, the SEC brought a total of 20 enforcement actions, of which 14 were litigations and six were administrative proceedings.
- The SEC also issued four delinquent filing orders, brought two follow-on actions,<sup>2</sup> and filed an action seeking compliance with investigative subpoenas.<sup>3</sup>

*The SEC continues to be one of the main regulators engaged in the cryptocurrency space.*

Figure 1: Number of SEC Cryptocurrency Enforcement Actions, Trading Suspensions, and Delinquent Filings 2013–2021



Source: SEC.gov

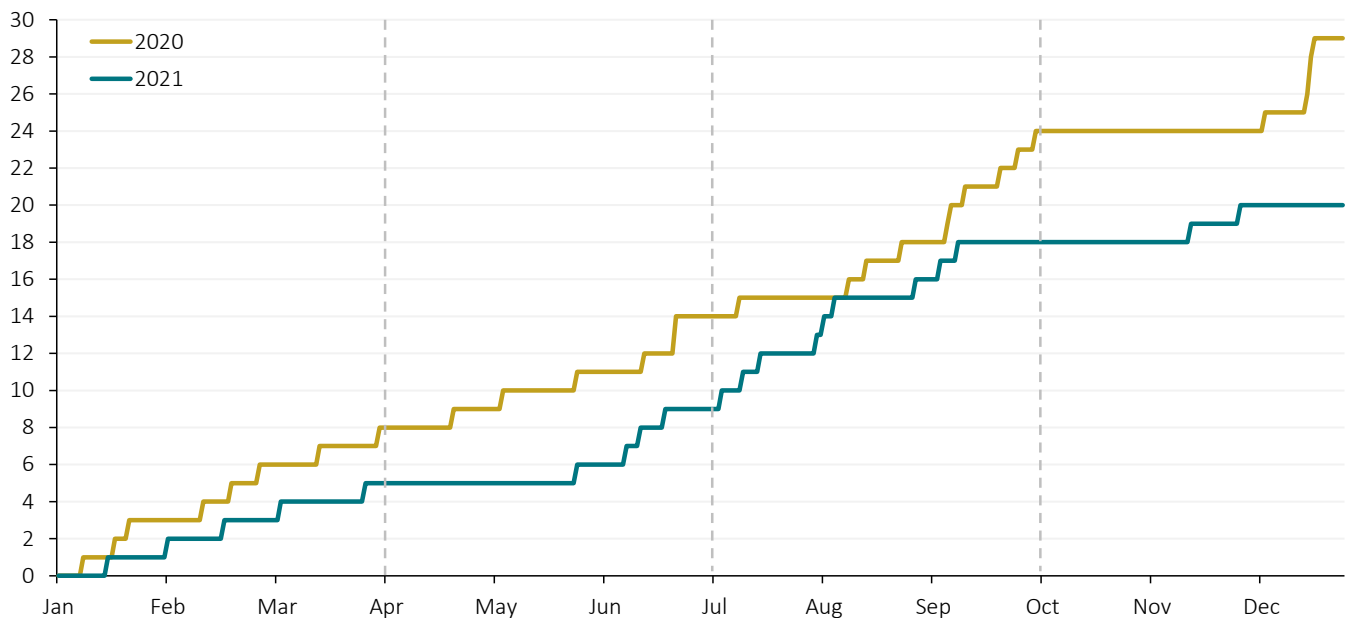
Note: Dates represent the filing date of the complaint or order by the SEC. For delinquent filings, the filing date is the date of the order instituting administrative proceedings pursuant to Section 12(j) of the Exchange Act. Subpoenas and follow-on administrative orders are excluded from the figure.

# SEC Cryptocurrency Enforcement Activity in the New Administration's First Year

- In the first months of 2021, the number of cryptocurrency-related enforcement actions slightly trailed those in early 2020.
- On April 17, 2021, Gary Gensler was sworn in as the chair of the SEC.<sup>4</sup> Chair Gensler included crypto assets as one of the main areas to which he will direct SEC resources.<sup>5</sup>
- After Chair Gensler began his tenure at the SEC and appointed his team, the cryptocurrency enforcement activity under the new administration picked up. Between August and September, the enforcement activity was in line with the enforcement activity under the prior administration. In the last months of the year, enforcement activity slowed down.
- In addition to enforcement actions, the SEC engaged in several cryptocurrency-related initiatives. For example, in May 2021, the SEC's Division of Investment Management issued a statement encouraging investors to consider the risk associated with investing in a mutual fund with exposure to the Bitcoin futures market.<sup>6</sup>
- The SEC's Office of Investor Education and Advocacy, in conjunction with the CFTC's Office of Customer Education and Outreach, issued an investor bulletin on Bitcoin futures in June 2021,<sup>7</sup> followed by two investor alerts on fraudsters posing as brokers or investment advisers and on crypto investment scams.<sup>8</sup>
- In 2021, the SEC's Division of Trading and Markets also sought comment on cryptocurrency custody arrangements by broker-dealers and relating to investment advisers,<sup>9</sup> while the SEC's Division of Examinations listed Fintech and digital assets as 2021 priorities.<sup>10</sup>

*The year ended with a total of 20 cryptocurrency-related enforcement actions.*

Figure 2a: Cumulative Number of Enforcement Actions 2020–2021



Source: SEC.gov

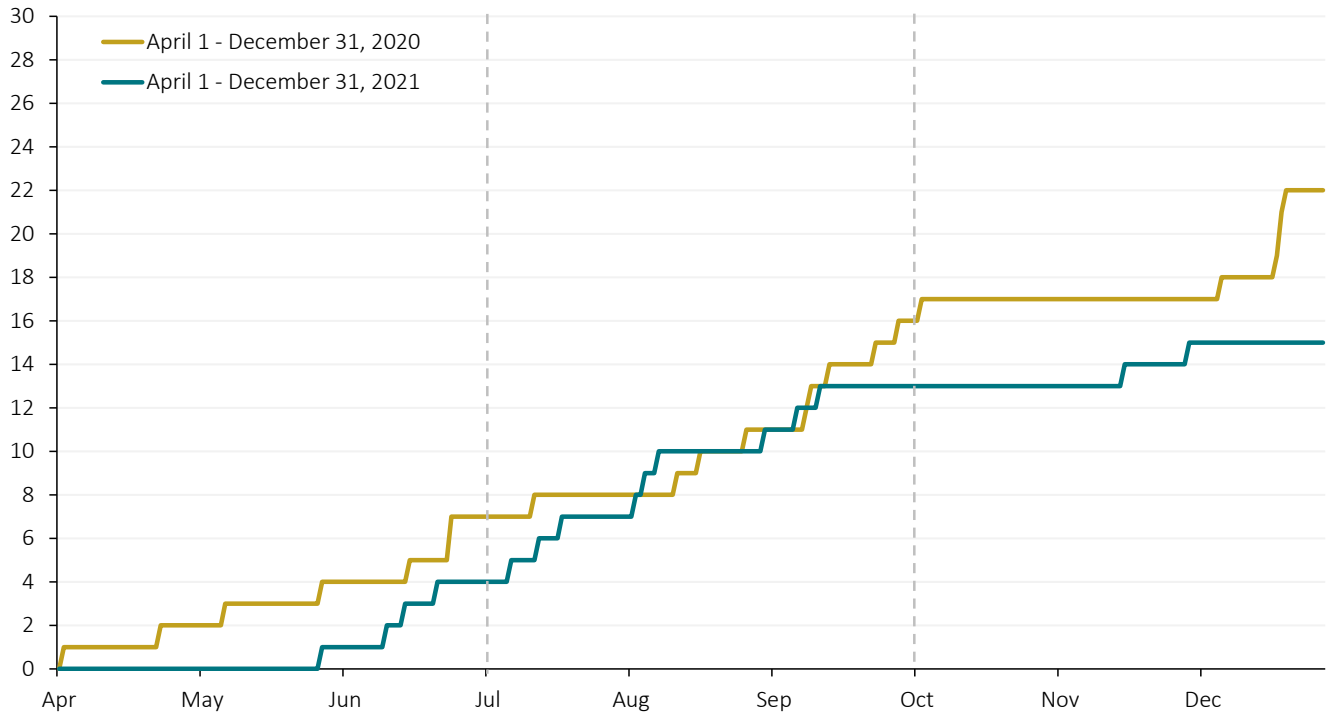
Note: Dates represent the filing date of the complaint or order by the SEC. The figure focuses on SEC cryptocurrency litigations and administrative proceedings under Section 8A of the Securities Act and/or Section 21C of the Exchange Act. Trading suspensions, delinquent filings, subpoenas, and follow-on administrative orders are excluded from the figure.

- On May 26, 2021, Chair Gensler stated that, given the “many challenges and gaps for investor protection” in the cryptocurrency markets, he was “looking forward to working with fellow regulators and with Congress to fill in the gaps of investor protection.”<sup>11</sup>
- A few days later, on May 28, 2021, the SEC filed its first cryptocurrency-related litigation under Chair Gensler against five individuals who allegedly promoted a global crypto lending securities offering that raised over \$2 billion from retail investors.<sup>12</sup>
- On June 22, 2021, the SEC issued its first cryptocurrency-related administrative proceeding of Chair Gensler’s tenure against Loci Inc. and its CEO, alleging materially false and misleading statements in connection with an unregistered offer and sale of digital asset securities.<sup>13</sup>
- Both actions were settled in multimillion-dollar settlements of total monetary penalties.<sup>14</sup>

*Under Chair Gensler, the SEC cryptocurrency enforcement activity heightened from the end of May to mid-September 2021.*

- On August 6, 2021, the SEC brought the first case involving securities using DeFi technology,<sup>15</sup> followed by a litigation against an unregistered online digital asset exchange on August 9, 2021.<sup>16</sup>
- On September 13, 2021, the SEC reached a multimillion-dollar settlement against three media companies—GTV Media Group Inc., Saraca Media Group Inc., and Voice of Guo Media Inc.—that were allegedly conducting an illegal unregistered offering of stock and digital assets.<sup>17</sup>

Figure 2b: Cumulative Number of Enforcement Actions in the Last Nine Months of the Year 2020–2021



Source: SEC.gov

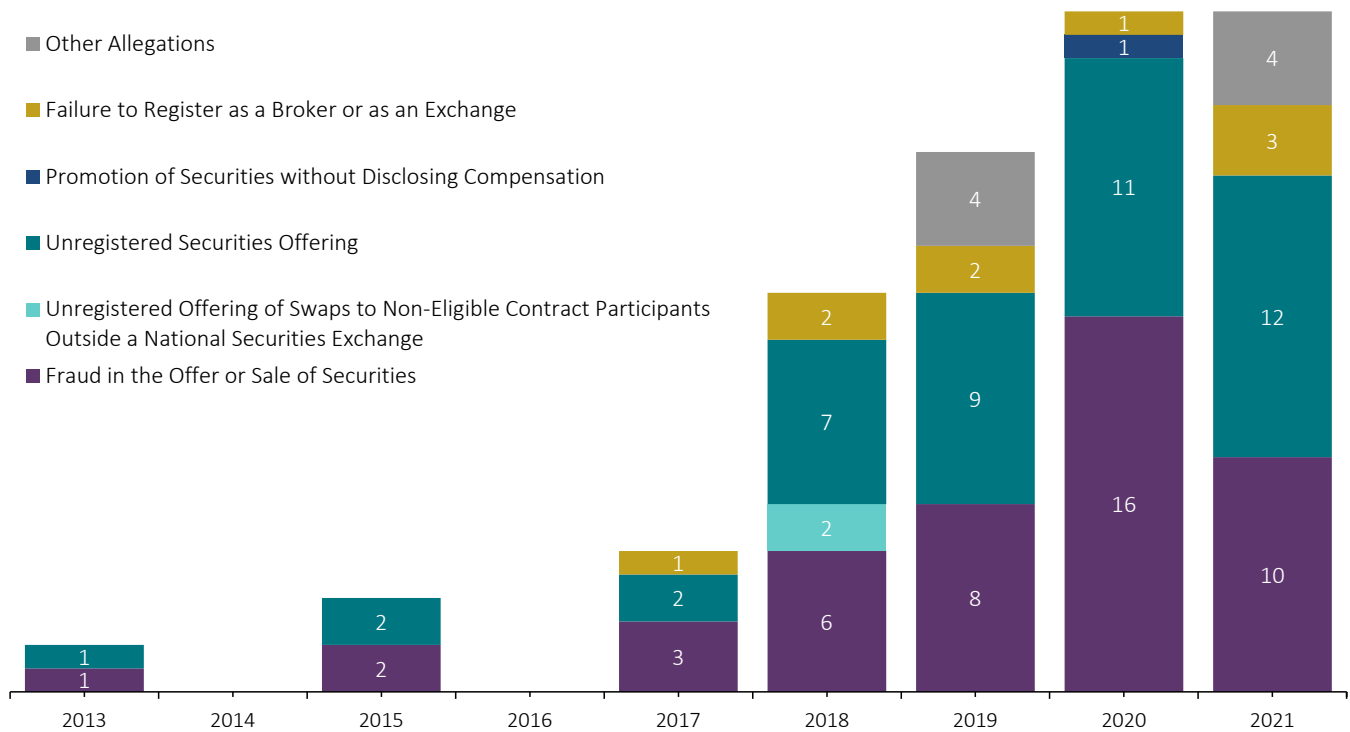
Note: Dates represent the filing date of the complaint or order by the SEC. The figure focuses on SEC cryptocurrency litigations and administrative proceedings under Section 8A of the Securities Act and/or Section 21C of the Exchange Act. Trading suspensions, delinquent filings, subpoenas, and follow-on administrative orders are excluded from the figure.

# Allegations in Enforcement Actions

- In 2021, the most frequent allegations in the SEC cryptocurrency-related enforcement actions continued to be fraud and unregistered securities offerings.
- Of the 20 enforcement actions:
  - 13 actions (65%) alleged fraud under Section 17(a) of the Securities Act and/or Section 10(b) and Rule 10b-5 of the Exchange Act;
  - 16 (80%) alleged an unregistered securities offering violation under Sections 5(a) and 5(c) of the Securities Act;
  - 11 (55%) contained both allegations.
- In four actions, the SEC also alleged failures to register as exchanges or as broker-dealers under Sections 5 or 15 of the Exchange Act against an unregistered online digital asset exchange,<sup>18</sup> a crypto lending platform,<sup>19</sup> and individual unregistered brokers,<sup>20</sup> among other defendants.

*The most frequent allegations continue to be fraud and unregistered securities offerings.*

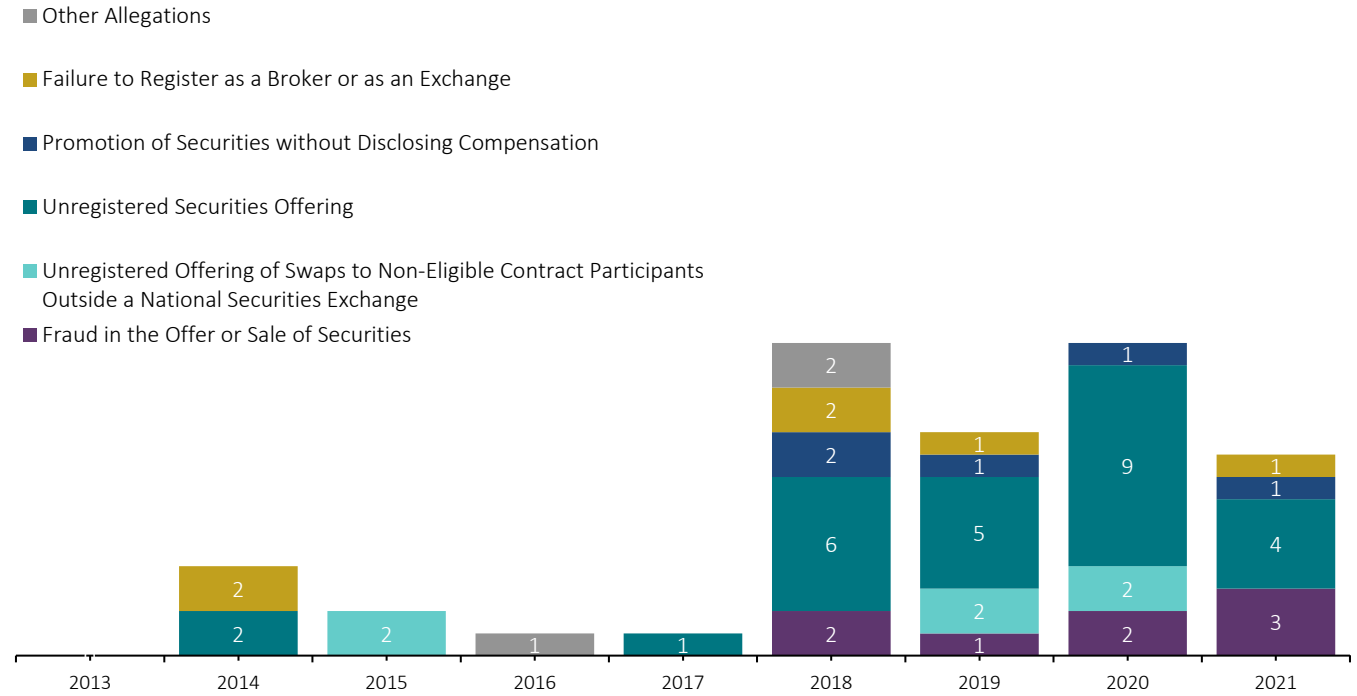
Figure 3a: Allegations in SEC Cryptocurrency Litigations 2013–2021



Note: The figure focuses on 58 SEC cryptocurrency litigations. A litigation may be associated with more than one allegation. “Other Allegations” includes claims that have been alleged in only one litigation, such as market manipulation, failure to maintain internal controls, and falsification of internal controls.



**Figure 3b: Allegations in SEC Cryptocurrency Administrative Proceedings 2013–2021**



Note: The figure focuses on 39 SEC cryptocurrency administrative proceedings under Section 8A of the Securities Act and/or Section 21C of the Exchange Act. An administrative proceeding may be associated with more than one allegation. “Other Allegations” include claims that have been alleged in only one administrative proceeding, such as violations of restricted period, failure to register as investment company, and fraudulent transactions by investment advisers.

# Fraud and Unregistered Securities Offering Allegations

- In 2021, three of the six administrative proceedings alleged fraud under Section 17(a) of the Securities Act and/or Section 10(b) and Rule 10b-5 of the Exchange Act, while 10 of the 14 litigations alleged a fraudulent scheme.
- Moreover, four of the six administrative proceedings and 12 of the 14 litigations alleged an unregistered securities offering violation under Sections 5(a) and 5(c) of the Securities Act.
- Overall, since 2013, 54 (56%) SEC enforcement actions alleged fraudulent behavior, while 71 (73%) alleged an unregistered securities offering violation under Sections 5(a) and 5(c) of the Securities Act.

*In 2021, the vast majority of litigations alleged fraud, while the majority of administrative proceedings involved alleged violations of an unregistered securities offering.*

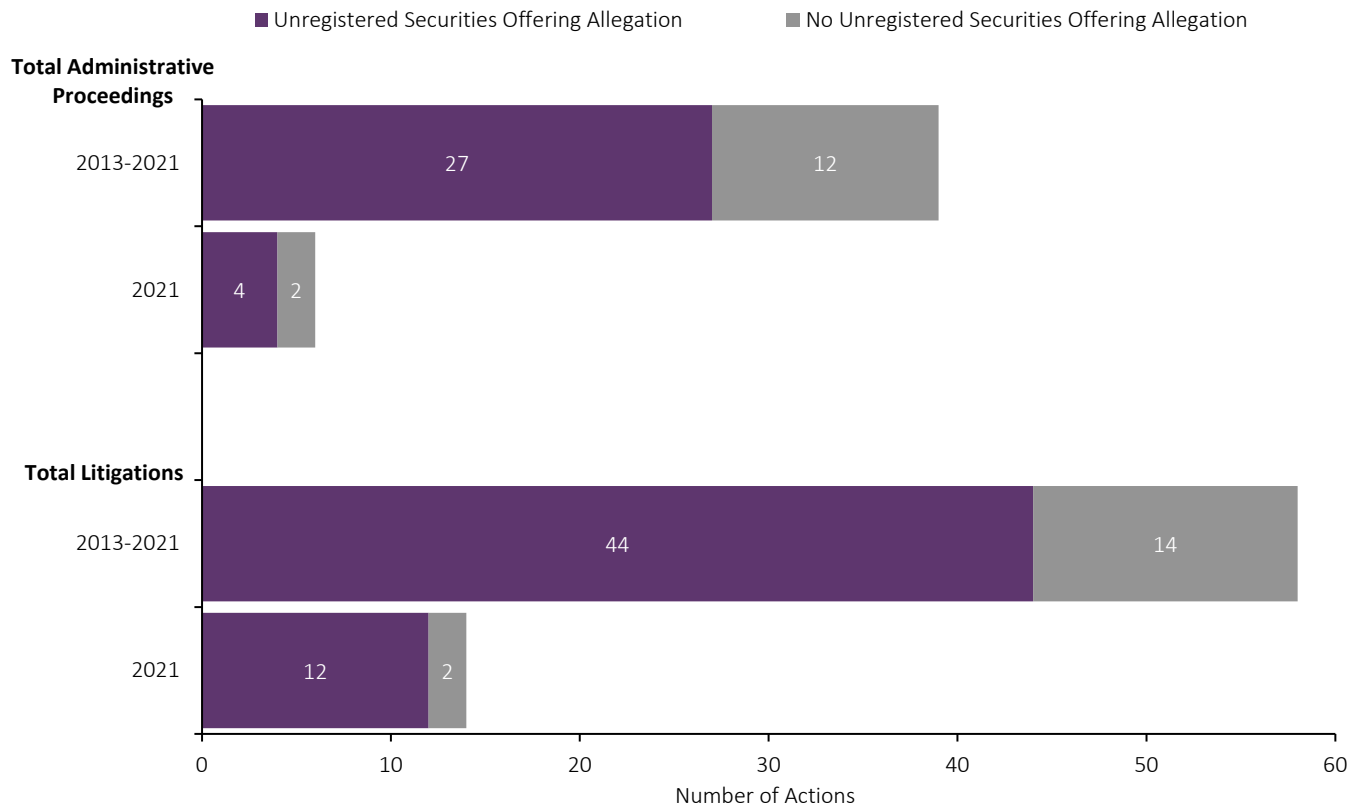
Figure 4a: Allegations of Fraud in the Offer or Sale of Securities in SEC Cryptocurrency Enforcement Actions 2013–2021



Source: SEC.gov

Note: The figure focuses on SEC cryptocurrency administrative proceedings under Section 8A of the Securities Act and/or Section 21C of the Exchange Act and litigations where fraud was alleged under Section 17(a) of the Securities Act and/or Section 10(b) and Rule 10b-5 of the Exchange Act.

Figure 4b: Allegations of Unregistered Securities Offerings in SEC Cryptocurrency Enforcement Actions 2013–2021



Source: SEC.gov

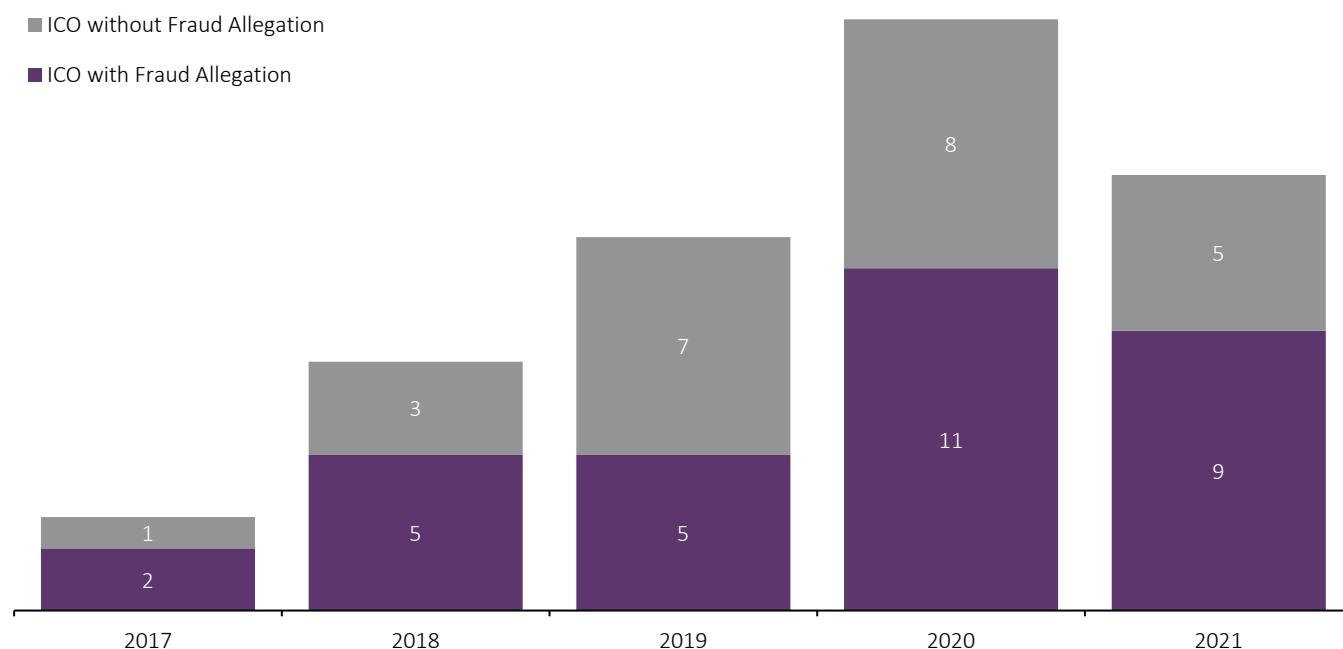
Note: The figure focuses on SEC cryptocurrency administrative proceedings under Section 8A of the Securities Act and/or Section 21C of the Exchange Act and litigations where the SEC alleged a violation of Sections 5(a) and 5(c) of the Securities Act.

# ICOs as Unregistered Securities Offering Allegations

- In 2021, the SEC continued to focus on ICOs: 14 of the 20 enforcement actions alleging an unregistered securities offering violation under Sections 5(a) and 5(c) of the Securities Act were related to ICOs.
- The majority of these 14 ICO-related enforcement actions also included a fraud allegation.
- Under the new administration, ICO-related enforcement actions have continued to be brought based on the SEC’s implementation of the *Howey* test from the U.S. Supreme Court decision of 1946, following the SEC’s framework for investment contract analysis of digital assets released in April 2019.<sup>21</sup>
- In April 2021, Commissioner Hester M. Peirce updated her proposal for token safe harbor, which seeks to provide network developers with a three-year grace period during which, under certain conditions, they can facilitate participation in and the development of a functional or decentralized network, exempted from the registration provisions of the federal securities laws.<sup>22</sup>
- Overall, since 2013, more than half of the SEC enforcement actions have been related to ICOs.

*In 2021, 70% of the enforcement actions were related to ICOs.*

Figure 5: ICOs as Unregistered Securities Offering Allegations in SEC Cryptocurrency Enforcement Actions 2013–2021



Source: SEC.gov

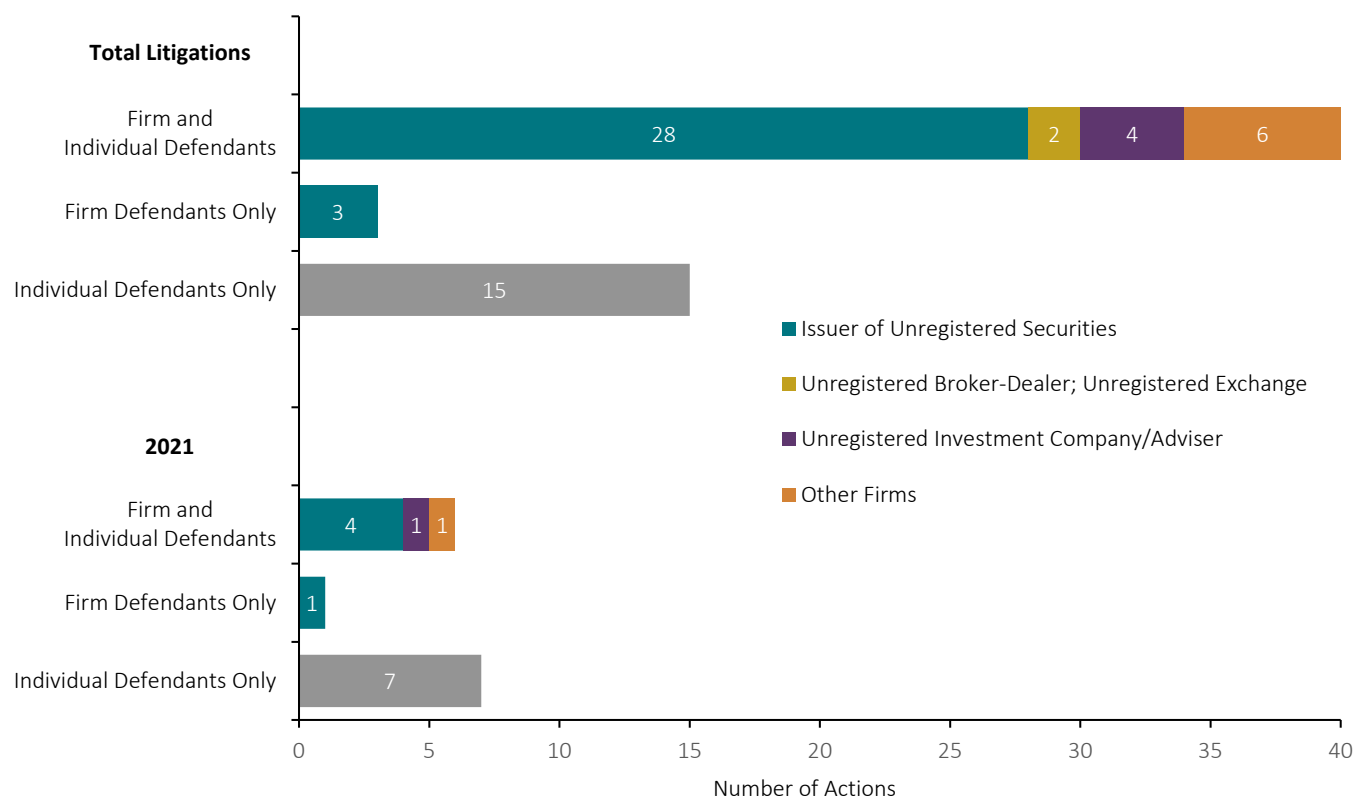
Note: The figure focuses on ICO-related administrative proceedings under Section 8A of the Securities Act and/or Section 21C of the Exchange Act and litigations where the SEC alleged a violation of Sections 5(a) and 5(c) of the Securities Act. Fraud is alleged under Section 17(a) of the Securities Act and/or Section 10(b) and Rule 10b-5 of the Exchange Act.

# Types of Defendants/Respondents

- In 40 of the 58 litigations the SEC has brought so far, the defendants were a mix of individuals and firms.
- In the remaining 18 litigations, the defendants were individuals only (15 actions)<sup>23</sup> or firms only (three actions).<sup>24</sup>
- In 23 of the 39 administrative proceedings, the respondents were firms only. In the remaining 16 administrative proceedings, the SEC charged individuals only (six actions)<sup>25</sup> or a mix of individuals and firms (10 actions) as respondents.<sup>26</sup>
- The majority of the firm defendants or respondents that the SEC charged in cryptocurrency-related enforcement actions were issuers of alleged unregistered securities offerings.

*Half of the litigations in 2021 were against individual defendants only.*

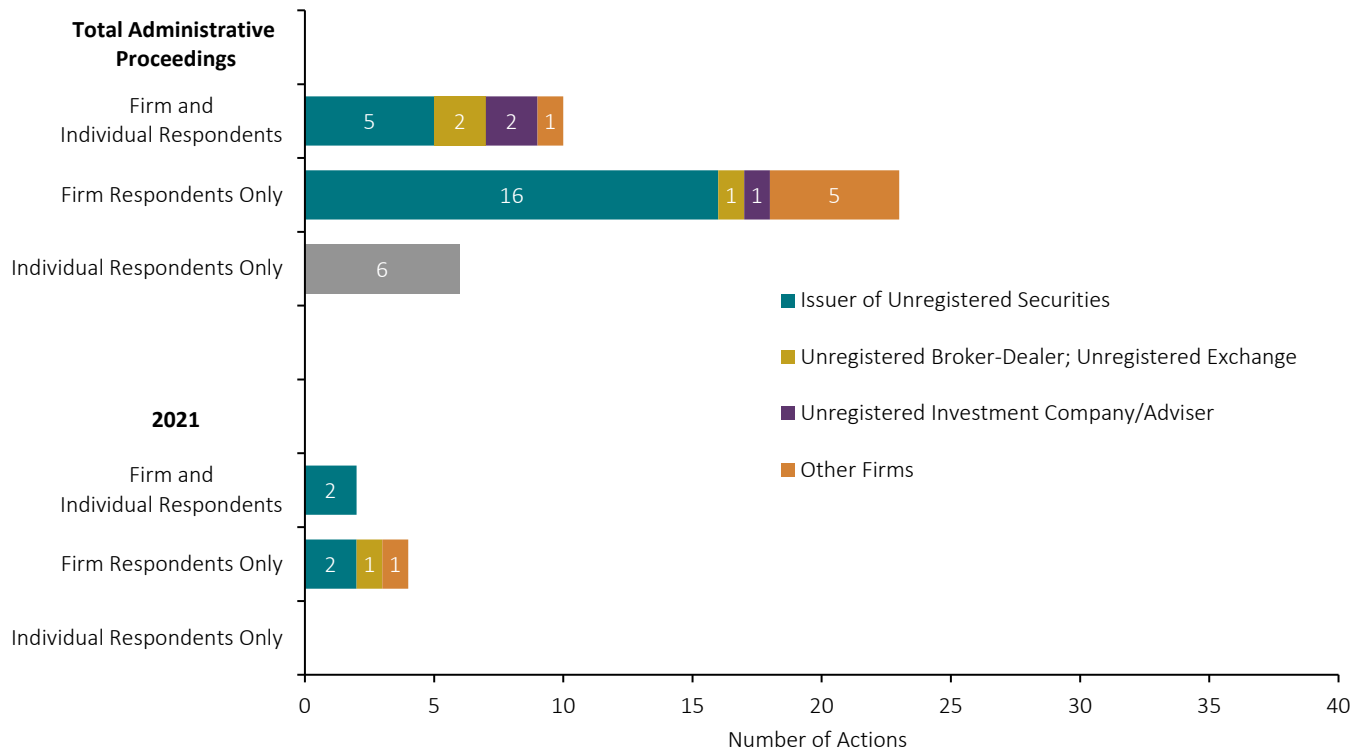
Figure 6a: Defendants in SEC Cryptocurrency Litigations 2013–2021



Source: SEC.gov

Note: The figure focuses on 58 SEC cryptocurrency litigations. A litigation may be associated with more than one defendant. “Other Firms” includes firms that were mentioned in only one enforcement action, such as unregistered dealers of securities-based swaps.

**Figure 6b: Respondents in SEC Cryptocurrency Administrative Proceedings 2013–2021**



Source: SEC.gov

Note: The figure focuses on 39 SEC cryptocurrency administrative proceedings under Section 8A of the Securities Act and/or Section 21C of the Exchange Act. An administrative proceeding may be associated with more than one respondent. “Other Firms” includes firms mentioned in only one administrative proceeding, such as promoters, unregistered investment trusts, and unregistered dealers of securities-based swaps.

# Total Monetary Penalties

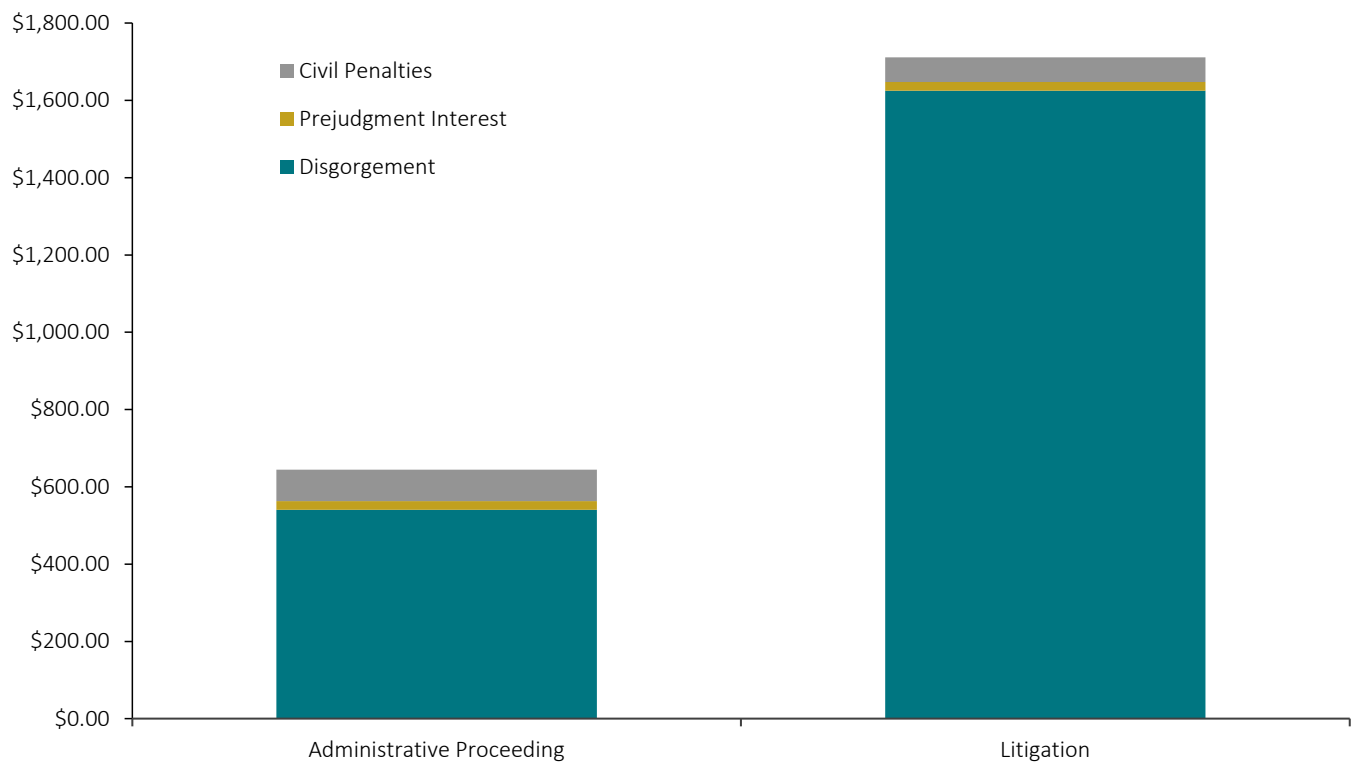
- On September 13, 2021, the SEC settled an administrative proceeding against three media companies that conducted an illegal unregistered offering of stock and digital assets. The monetary penalties in this action represent one of the largest settlements that the SEC has imposed in cryptocurrency-related enforcement actions.<sup>27</sup>
- Since 2013, *SEC v. Telegram Group Inc. et al.*; *SEC v. Steve Chen et al.*; *SEC v. Haddow*; *SEC v. Shavers*; *In the Matter of BitClave PTE Ltd.*; and *SEC v. Longfin Corp.* are some of the actions resolved with multimillion-dollar remedies in terms of disgorgement and/or civil penalties.
- As of year-end 2021, the SEC had imposed total monetary penalties of approximately \$2.35 billion—\$1.71 billion in litigations and \$0.64 billion in administrative proceedings.

*Since 2013, monetary penalties have totaled approximately \$2.35 billion.*

- Of that \$2.35 billion total, the SEC imposed \$1.86 billion on firm respondents only, while \$0.49 billion were imposed on firm and individual respondents or on individual respondents only.
- As of December 31, 2021, the total monetary penalties that the SEC had charged in ICO-related enforcement actions against issuers of alleged unregistered securities offerings totaled \$1.94 billion.

**Figure 7: Total Monetary Penalties in SEC Cryptocurrency Enforcement Actions 2013–2021**

*Dollars in millions*



Source: SEC.gov; PACER

Note: Total monetary penalties are determined as the sum of disgorgement, prejudgment interest, and civil penalties that the SEC had imposed as of December 31, 2021, across all cryptocurrency-related administrative proceedings and litigations. Penalties other than U.S. dollar-denominated amounts (e.g., Bitcoin) are not included.

# Litigation Venue

- Half of the 58 actions litigated in U.S. courts occurred in the state of New York, with 23 in the Southern District of New York and six in the Eastern District of New York.
- Of the 58 litigations, 31 were resolved within a median of nearly 300 days.
- Forty-four different judges presided over the 58 litigations. The Honorable Lorna G. Schofield and the Honorable Denise L. Cote, both of the Southern District of New York, presided over four cases each.

*The majority of the cases litigated in U.S. courts occurred in the state of New York.*

Figure 8: Courts and Presiding Judges in SEC Cryptocurrency Litigations 2013–2021

United States District Court	Number of Actions	Actions Resolved	Judges
Southern District of New York	23	12	Naomi Reice Buchwald, Andrew L. Carter Jr., P. Kevin Castel (2), Denise L. Cote (4), Paul G. Gardephe (2), Alvin K. Hellerstein, John F. Keenan, John G. Koeltl (3), Colleen McMahon, J. Paul Oetkenk, Lorna G. Schofield (4), Louis L. Stanton, Analisa Torres
Eastern District of New York	6	3	Carol Bagley Amon, LaShann DeArcy Hall (2), Raymond J. Dearie, Eric R. Komitee, William F. Kuntz
Central District of California	7	5	Jesus G. Bernal, Michael W. Fitzgerald, Dale S. Fischer (2), R. Gary Klausner, Mark C. Scarsi, Otis D. Wright II
Northern District of California	2	1	Richard Seeborg (2)
Southern District of California	1	1	Gonzalo P. Curiel
Northern District of Texas	2	2	David C. Godbey, Barbara M. G. Lynn
Eastern District of Texas	1	1	Amos L. Mazzant
Western District of Texas	1	1	Robert Pitman
Southern District of Texas	1	0	Andrew S. Hanen
District of Connecticut	1	1	Jeffrey A. Meyer
District of Columbia	1	1	Trevor N. McFadden
Southern District of Florida	1	1	Robin L. Rosenberg
District of New Jersey	2	0	Stanley R. Chesler (2)
District of Utah	1	0	David Barlow
Western District of Pennsylvania	1	0	W. Scott Hardy
District of Maryland	1	0	Peter J. Messitte
Northern District of Georgia	1	1	Steve C. Jones
District of New Hampshire	1	0	Paul J. Barbadoro
District of Nevada	1	0	Jennifer A. Dorsey
District of South Carolina	1	1	Margaret B. Sey
District of Massachusetts	1	0	Mark G. Mastroianni
District of Idaho	1	0	B. Lynn Winmill
<b>Total</b>	<b>58</b>	<b>31</b>	

Source: SEC.gov; PACER

Note: The table reports the SEC cryptocurrency litigations resolved as of January 3, 2022.

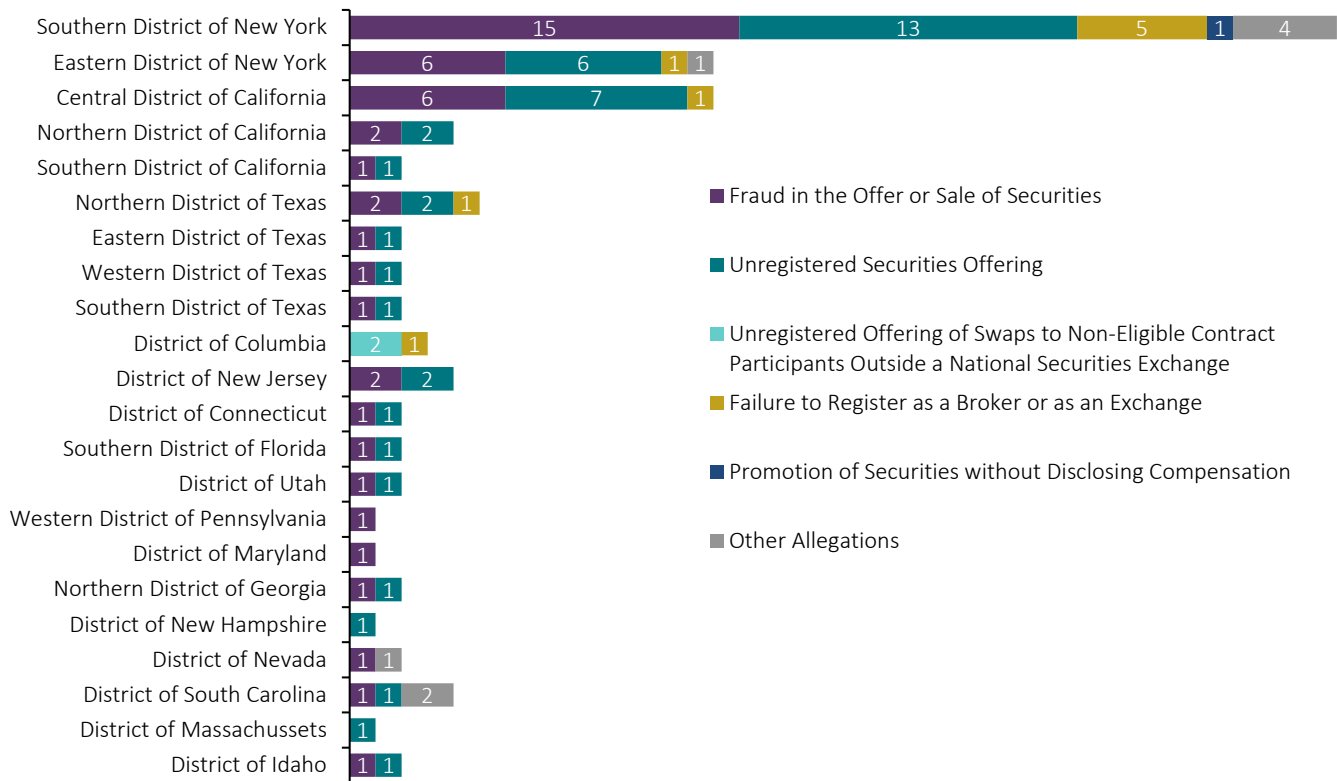


# Litigation Allegations by Venue

- Among the 29 litigations filed in the state of New York, the SEC alleged fraud in 21 actions and violations as unregistered securities offerings in 19 actions.
- Most of the litigations involving allegations against unregistered brokers or unregistered exchanges have been litigated in the Southern District of New York.

*In 2021, the three litigations that the SEC brought against unregistered brokers were filed in the state of New York.*

Figure 9: Types of Allegations in SEC Cryptocurrency Litigations by Court Venue 2013–2021



Source: SEC.gov

Note: The figure focuses on 58 cryptocurrency litigations. A litigation may be associated with more than one allegation. “Other Allegations” includes claims alleged in only one litigation, such as market manipulation, reporting violation, failure to maintain internal controls and records, and falsification of internal controls and records.

# Appendix

## SEC Cryptocurrency Press Releases, Public Statements and Speeches, Investor Alerts, and No-Action Letters 2013–2021

Date	SEC Press Releases with Hyperlinks
23-Jul-13	SEC Charges Texas Man with Running Bitcoin-Denominated Ponzi Scheme
03-Jun-14	SEC Charges Bitcoin Entrepreneur with Offering Unregistered Securities
08-Dec-14	SEC Sanctions Operator of Bitcoin-Related Stock Exchange for Registration Violations
01-Dec-15	SEC Charges Bitcoin Mining Companies
17-Jun-15	SEC Announces Enforcement Action for Illegal Offering of Security-Based Swaps
30-Jun-17	SEC Files Fraud Charges in Bitcoin and Office Space Investment Schemes
29-Sep-17	SEC Exposes Two Initial Coin Offerings Purportedly Backed by Real Estate and Diamonds
04-Dec-17	SEC Emergency Action Halts ICO Scam
11-Dec-17	Company Halts ICO after SEC Raises Registration Concerns
30-Jan-18	SEC Halts Alleged Initial Coin Offering Scam
16-Feb-18	SEC Suspends Trading in Three Issuers Claiming Involvement in Cryptocurrency and Blockchain Technology
21-Feb-18	SEC Charges Former Bitcoin-Denominated Exchange and Operator with Fraud
02-Apr-18	SEC Halts Fraudulent Scheme Involving Unregistered ICO
06-Apr-18	SEC Obtains Emergency Freeze of \$27 million in Stock Sales of Purported Cryptocurrency Company Longfin
29-May-18	SEC Obtains Emergency Order Halting Fraudulent Coin Offering Scheme
02-Jul-18	SEC Charges Attorney and Law Firm Business Manager with Illegal Sales of UBI Blockchain Internet Stock
14-Aug-18	SEC Bars Perpetrator of Initial Coin Offering Fraud
11-Sep-18	SEC Charges Digital Asset Hedge Fund Manager with Misrepresentations and Registration Failures
11-Sep-18	SEC Charges ICO Superstore and Owners with Operating as Unregistered Broker-Dealers
27-Sep-18	SEC Charges Bitcoin-Funded Securities Dealer and CEO
05-Oct-18	SEC Files Subpoena Enforcement against Investment Company Trust and Trustee for Failure to Produce Documents
11-Oct-18	SEC Stops Fraudulent ICO That Falsely Claimed SEC Approval
08-Nov-18	SEC Charges EtherDelta Founder with Operating an Unregistered Exchange
16-Nov-18	Two ICO Issuers Settle SEC Registration Charges, Agree to Register Tokens as Securities
29-Nov-18	Two Celebrities Charged with Unlawfully Touting Coin Offerings
20-Feb-19	Company Settles Unregistered ICO Charges after Self-Reporting to SEC
21-May-19	SEC Obtains Emergency Order Halting Alleged Diamond-Related ICO Scheme Targeting Hundreds of Investors
23-May-19	SEC Sues Alleged Perpetrator of Fraudulent Pyramid Scheme Promising Investors Cryptocurrency Riches
23-May-19	SEC Charges Additional Parties in Fraudulent Investment Scheme
04-Jun-19	SEC Charges Issuer with Conducting \$100 million Unregistered ICO
05-Jun-19	SEC Adds Fraud Charges against Purported Cryptocurrency Company Longfin, CEO, and Consultant
13-Aug-19	SEC Obtains Freeze of \$8 million in Assets in Alleged Fraudulent Token Offering and Manipulation Scheme
20-Aug-19	SEC Charges ICO Research and Rating Provider with Failing to Disclose It Was Paid to Tout Digital Assets
29-Aug-19	SEC Charges Dallas Company and Its Founders with Defrauding Investors in Unregistered Offering and Operating Unregistered Digital Asset Exchange
18-Sep-19	SEC Charges ICO Incubator and Founder for Unregistered Offering and Unregistered Broker Activity
23-Sep-19	SEC Charges Founder and CEO of Purported Online Adult Entertainment Marketplace with Fraudulent ICO Scheme
30-Sep-19	SEC Orders Blockchain Company to Pay \$24 million Penalty for Unregistered ICO
11-Oct-19	SEC Halts Alleged \$1.7 billion Unregistered Digital Token Offering
31-Oct-19	SEC Charges International Dealer That Sold Security-Based Swaps to U.S. Investors
11-Dec-19	SEC Charges Founder, Digital-Asset Issuer with Fraudulent ICO
17-Jan-20	SEC Charges Convicted Criminal Who Conducted Fraudulent ICO Using a Fake Identity

Date	SEC Press Releases with Hyperlinks
11-Feb-20	SEC Charges Orchestrator of Cryptocurrency Scheme Ensnaring Physicians
19-Feb-20	ICO Issuer Settles SEC Registration Charges, Agrees to Return Funds and Register Tokens As Securities
27-Feb-20	Actor Steven Seagal Charged with Unlawfully Touting Digital Asset Offering
20-Mar-20	SEC Emergency Action Stops Digital Asset Scam
28-May-20	Unregistered \$25.5 million ICO Issuer to Return Money for Distribution to Investors
19-Jun-20	SEC Emergency Action Halts Brothers' Cryptocurrency Offering Fraud
25-Jun-20	SEC Charges Issuer, CEO, and Lobbyist with Defrauding Investors in AML BitCoin
26-Jun-20	Telegram to Return \$1.2 billion to Investors and Pay \$18.5 million Penalty to Settle SEC Charges
13-Jul-20	SEC Charges App Developer for Unregistered Security-Based Swap Transactions
13-Aug-20	SEC Charges Issuer and CEO with Misrepresenting Platform Technology in Fraudulent ICO
11-Sep-20	SEC Charges Film Producer, Rapper, and Others for Participation in Two Fraudulent ICOs
15-Sep-20	Unregistered ICO Issuer Agrees to Disable Tokens and Pay Penalty for Distribution to Harmed Investors
05-Oct-20	SEC Charges John McAfee with Fraudulently Touting ICOs
21-Oct-20	SEC Obtains Final Judgment against Kik Interactive for Unregistered Offering
09-Nov-20	Staff Statement on WY Division of Banking's "NAL on Custody of Digital Assets and Qualified Custodian Status"
03-Dec-20	SEC Announces Office Focused on Innovation and Financial Technology
22-Dec-20	SEC Charges Ripple and Two Executives with Conducting \$1.3 billion Unregistered Securities Offering
23-Dec-20	SEC Issues Statement and Requests Comment Regarding the Custody of Digital Asset Securities by Special Purpose Broker-Dealers
28-Dec-20	SEC Obtains Emergency Asset Freeze, Charges Crypto Fund Manager with Fraud
02-Feb-21	SEC Charges Three Individuals in Digital Asset Frauds
03-Mar-21	SEC Division of Examinations Announces 2021 Examination Priorities
28-May-21	SEC Charges U.S. Promoters of \$2 Billion Global Crypto Lending Securities Offering
11-Jun-21	SEC Charges Dentist-Turned-Investment Adviser for Three Separate Frauds
22-Jun-21	SEC Charges ICO Issuer and CEO with Fraud and Unregistered Securities Offering
14-Jul-21	ICO "Listing" Website Charged with Unlawfully Touting Digital Asset Securities
19-Jul-21	SEC Files Charges in Multi-Million Dollar Fraud Involving Two Companies
19-Jul-21	SEC Shuts Down Fraudulent Mother-Son Offering Involving Purported Supercomputer
06-Aug-21	SEC Charges Decentralized Finance Lender and Top Executives for Raising \$30 Million through Fraudulent Offerings
09-Aug-21	SEC Charges Poloniex for Operating Unregistered Digital Asset Exchange
19-Aug-21	SEC Obtains Judgments against Bitconnect Promoters Michael Noble and Joshua Jeppesen and a Relief Defendant
01-Sep-21	SEC Charges Global Crypto Lending Platform and Top Executives in \$2 Billion Fraud
13-Sep-21	SEC Charges Three Media Companies with Illegal Offerings of Stock and Digital Assets
10-Nov-21	Registration of Two Digital Tokens Halted
18-Nov-21	SEC Announces Enforcement Results for FY 2021
18-Nov-21	SEC Charges Promoter with Conducting Cryptocurrency Investment Scams
02-Dec-21	SEC Charges Latvian Citizen with Digital Asset Fraud

Date	SEC Public Statements and Speeches with Hyperlinks
14-Nov-16	Chair Mary Jo White - Opening Remarks at the Fintech Forum
25-Jul-17	Statement by the Divisions of Corporation Finance and Enforcement on the Report of Investigation on The DAO
01-Nov-17	SEC Statement Urging Caution around Celebrity Backed ICOs
11-Dec-17	Chairman Jay Clayton - Statement on Cryptocurrencies and Initial Coin Offerings
02-May-18	Commissioner Hester M. Peirce - Beaches and Bitcoin: Remarks before the Medici Conference
22-May-18	Chairman Jay Clayton - Statement on NASAA's Announcement of Enforcement Sweep Targeting Fraudulent ICOs and Crypto-Asset Investment Products
14-Jun-18	William Hinman, Director of Division of Corporation Finance - Digital Asset Transactions: When Howey Met Gary (Plastic)
12-Sep-18	Commissioner Hester M. Peirce - Motherhood and Humble Pie: Remarks before the Cato Institute's FinTech Unbound Conference

Date	SEC Public Statements and Speeches with Hyperlinks
20-Sep-18	Statement on Order of Suspension of Trading of Certain Bitcoin/Ether Tracking Certificates
02-Oct-18	Commissioner Hester M. Peirce - Pickups and Put Downs: Remarks at the Financial Planning Association 2018 Major Firms Symposium
07-Nov-18	Commissioner Hester M. Peirce - Lasting Impressions: Remarks before the CV Summit—Crypto Valley
16-Nov-18	Statement on Digital Asset Securities Issuance and Trading
03-Apr-19	Statement on “Framework for ‘Investment Contract’ Analysis of Digital Assets”
09-May-19	Commissioner Hester M. Peirce - How We Howey
31-May-19	Commissioner Hester M. Peirce - Spelling FinTech without the “F” for Fear
08-Jul-19	Joint Staff Statement on Broker-Dealer Custody of Digital Asset Securities
30-Jul-19	Commissioner Hester M. Peirce - Renegade Pandas: Opportunities for Cross Border Cooperation in Regulation of Digital Assets
11-Oct-19	Leaders of CFTC, FinCEN, and SEC Issue Joint Statement on Activities Involving Digital Assets
06-Feb-20	Commissioner Hester M. Peirce - Running on Empty: A Proposal to Fill the Gap between Regulation and Decentralization
21-Jul-20	Commissioner Hester M. Peirce - Not Braking and Breaking
15-Sep-20	Commissioner Hester M. Peirce - Statement on SEC Settlement Charging Token Issuer with Violation of Registration Provisions of the Securities Act of 1933
17-Sep-20	Chairman Jay Clayton - Investor-Focused, Nimble and Vigorous Enforcement at the SEC
21-Sep-20	SEC FinHub Staff Statement on OCC Interpretation
09-Nov-20	Division of Investment Management Staff in Consultation with FinHub Staff - Staff Statement on WY Division of Banking’s “NAL on Custody of Digital Assets and Qualified Custodian Status”
18-Nov-20	Division of Corporation Finance Director William Hinman - The Regulation of Corporation Finance – A Principles-Based Approach
10-Dec-20	Commissioner Hester M. Peirce - Liberty’s Loss
15-Jan-21	Commissioner Hester M. Peirce - Concurrence in the Matter of Wireline Inc.
22-Feb-21	Commissioner Hester M. Peirce - Atomic Trading
01-Mar-21	Commissioner Hester M. Peirce - Small World
15-Mar-21	Commissioner Hester M. Peirce - Paper, Plastic, Peer-to-Peer
13-Apr-21	Commissioner Hester M. Peirce - Token Safe Harbor Proposal 2.0
11-May-21	Division of Investment Management Staff - Staff Statement on Funds Registered under the Investment Company Act Investing in the Bitcoin Futures Market
26-May-21	Chair Gary Gensler - Testimony before the Subcommittee on Financial Services and General Government, U.S. House Appropriations Committee
14-Jun-21	Commissioner Hester M. Peirce and Commissioner Elad L. Roisman - Moving Forward or Falling Back? Statement on Chair Gensler’s Regulatory Agenda
14-Jul-21	Commissioner Hester M. Peirce and Commissioner Elad L. Roisman - In the Matter of Coinschedule
03-Aug-21	Chair Gary Gensler - Remarks before the Aspen Security Forum
09-Aug-21	Commissioner Hester M. Peirce - In the Matter of Poloniex LLC
01-Sep-21	Chair Gary Gensler - Remarks before the European Parliament Committee on Economic and Monetary Affairs
14-Sep-21	Chair Gary Gensler - Testimony before the United States Senate Committee on Banking, Housing, and Urban Affairs
05-Oct-21	Chair Gary Gensler - Testimony before the United States House of Representatives Committee on Financial Services
08-Oct-21	Commissioner Hester M. Peirce - Lawless in Austin
12-Oct-21	Commissioner Caroline A. Crenshaw – Digital Asset Securities – Common Goals and a Bridge to Better Outcomes
13-Oct-21	Division of Enforcement Director Gurbir Grewal - Remarks at SEC Speaks 2021
21-Oct-21	Chair Gary Gensler - Prepared Remarks at DC Fintech Week
01-Nov-21	Chair Gary Gensler - President’s Working Group Report on Stablecoins
08-Nov-21	Division of Enforcement Director Gurbir Grewal - 2021 SEC Regulation Outside the United States - Scott Friestad Memorial Keynote Address
09-Nov-21	Commissioner Caroline A. Crenshaw - Statement on DeFi Risks, Regulations, and Opportunities
02-Dec-21	Chair Gary Gensler - Remarks before the Investor Advisory Committee
02-Dec-21	Commissioner Hester M. Peirce - Remarks before the Investor Advisory Committee

Date	SEC Public Statements and Speeches with Hyperlinks
13-Dec-21	Commissioner Hester M. Peirce and Commissioner Elad L. Roisman - Falling Further Back - Statement on Chair Gensler's Regulatory Agenda

Date	SEC Office of Investor Education and Advocacy – Investor Alerts with Hyperlinks
01-Jul-13	Ponzi Schemes Using Virtual Currencies
07-May-14	Bitcoin and Other Virtual Currency-Related Investments
28-Aug-17	Companies Making ICO-Related Claims
01-Nov-17	Celebrity Endorsements
11-Oct-18	Watch Out for False Claims about SEC and CFTC Endorsements Used to Promote Digital Asset Investments
24-Apr-19	Watch Out for Fraudulent Digit Asset and “Crypto” Trading Websites
30-Apr-19	Beware of Claims That the SEC Has Approved Offerings
14-Jan-20	Initial Exchange Offerings (IEOs)
10-Jun-21	Funds Trading in Bitcoin Futures – Investor Bulletin
27-Jul-21	Fraudsters Posing as Brokers or Investment Advisers – Investor Alert
01-Sep-21	Digital Asset and “Crypto” Investment Scams – Investor Alert

Date	SEC Cryptocurrency No-Action Letters with Hyperlinks
02-Apr-19	TurnKey Jet Inc.
25-Jul-19	Pocketful of Quarters Inc.
17-Nov-20	IMVU Inc.

Source: SEC.gov

# Methodology

- Cornerstone Research’s Cryptocurrency Enforcement Database contains cryptocurrency-related enforcement actions brought by the SEC between January 1, 2013, and December 31, 2021.
- The SEC enforcement website was used to identify actions relevant to financial technologies. See “Enforcement,” <https://www.sec.gov/page/litigation>.
- Cornerstone Research’s Data Science Center identified relevant enforcement actions by using a series of financial technology relevant phrases.
- Allegations in the enforcement actions were generally taken from the “Violations” section in the SEC orders and the “Claims for Relief” sections in the litigation complaints.

# Endnotes

- <sup>1</sup> For example, the SEC filed a subpoena enforcement action against Saint James Holding and Investment Company Trust and its sole trustee, Jeffrey James. See SEC, “SEC Files Subpoena Enforcement against Investment Company Trust and Trustee for Failure to Produce Documents,” October 9, 2018, <https://www.sec.gov/litigation/litreleases/2018/lr24308.htm>. See also *In the Matter of Daniel T. Levine*, September 13, 2019, <https://www.sec.gov/litigation/admin/2019/34-86962.pdf>. The SEC barred the respondent after the Colorado Securities Commissioner revoked his sales representative and investment adviser representative licenses in Colorado.
- <sup>2</sup> *In the Matter of Reginald Buddy Ringgold III, a/k/a Rasool Abdul Rahim El*, January 21, 2021; *In the Matter of Edgar M. Radjabli*, August 12, 2021.
- <sup>3</sup> SEC, “SEC Files Subpoena Enforcement Action against Terraform Labs and Its CEO,” November 12, 2021, <https://www.sec.gov/litigation/litreleases/2021/lr25262.htm>. See also *SEC v. Terraform Labs PTE Ltd. and Do Kwon*, 21-mc-810 (S.D.N.Y.).
- <sup>4</sup> SEC, “Gary Gensler Sworn in as Member of the SEC,” April 17, 2021, <https://www.sec.gov/news/press-release/2021-65>.
- <sup>5</sup> SEC Chair Gary Gensler, “Testimony before the Subcommittee on Financial Services and General Government, U.S. House Appropriations Committee,” May 26, 2021, <https://www.sec.gov/news/testimony/gensler-2021-05-26>.
- <sup>6</sup> SEC Division of Investment Management Staff, “Staff Statement on Funds Registered Under the Investment Company Act Investing in the Bitcoin Futures Market,” May 11, 2021, <https://www.sec.gov/news/public-statement/staff-statement-investing-bitcoin-futures-market>.
- <sup>7</sup> SEC’s Office of Investor Education and Advocacy and the CFTC’s Office of Customer Education and Outreach, “Funds Trading in Bitcoin Futures – Investor Bulletin,” June 10, 2021, [https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib\\_fundstrading](https://www.sec.gov/oiea/investor-alerts-and-bulletins/ib_fundstrading).
- <sup>8</sup> SEC’s Office of Investor Education and Advocacy, “Fraudsters Posing as Brokers or Investment Advisers – Investor Bulletin,” July 27, 2021, <https://www.sec.gov/oiea/investor-alerts-and-bulletins/fraudsters-posing-brokers-or-investment-advisers-investor-alert>; SEC’s Office of Investor Education and Advocacy, “Digital Asset and ‘Crypto’ Investment Scams – Investor Alert,” September 1, 2021, <https://www.sec.gov/oiea/investor-alerts-and-bulletins/digital-asset-and-crypto-investment-scams-investor-alert>.
- <sup>9</sup> SEC, “SEC Issues Statement and Requests Comment Regarding the Custody of Digital Asset Securities by Special Purpose Broker-Dealers,” December 23, 2020, <https://www.sec.gov/news/press-release/2020-340>.
- <sup>10</sup> SEC, “SEC Division of Examinations Announces 2021 Examination Priorities,” March 3, 2021, <https://www.sec.gov/news/press-release/2021-39>.
- <sup>11</sup> SEC Chair Gary Gensler, “Testimony before the Subcommittee on Financial Services and General Government, U.S. House Appropriations Committee,” May 26, 2021, <https://www.sec.gov/news/testimony/gensler-2021-05-26>.
- <sup>12</sup> SEC, “SEC Charges U.S. Promoters of \$2 Billion Global Crypto Lending Securities Offering,” May 28, 2021, <https://www.sec.gov/news/press-release/2021-90>. See also *SEC v. Trevon Brown et al.*, 1:21-cv-04791 (S.D.N.Y.).
- <sup>13</sup> SEC, “SEC Charges ICO Issuer and CEO with Fraud and Unregistered Securities Offering,” June 22, 2021, <https://www.sec.gov/news/press-release/2021-108>. See also *In the Matter of Loci Inc. and John Wise*, June 22, 2021.
- <sup>14</sup> SEC, “SEC Obtains Judgments against Bit[C]connect Promoters Michael Noble and Joshua Jeppesen and a Relief Defendant,” August 19, 2021, <https://www.sec.gov/litigation/litreleases/2021/lr25177.htm>. See also *SEC v. Brown et al.*, 1:21-cv-04791 (S.D.N.Y.). The final judgment against Jeppesen orders him to pay \$3,039,485 in disgorgement and prejudgment interest, 190 Bitcoin in disgorgement, and a \$150,000 penalty, and to turn over information and access to a Bitcoin wallet to satisfy his obligation to pay the 190 Bitcoin in disgorgement. The judgment against Noble orders him to pay disgorgement, prejudgment interest, and a civil penalty in an amount to be determined by the court at a later date upon the SEC’s motion. The final judgment against Mascola orders her to pay \$576,358 in disgorgement and prejudgment interest. In *In the Matter of Loci Inc. and John Wise*, June 22, 2021, the SEC imposed a civil monetary penalty of \$7,600,000 to respondent Loci Inc., as well as disgorgement of \$38,163 and prejudgment interest of \$6,209.40 to respondent Wise.
- <sup>15</sup> SEC, “SEC Charges Decentralized Finance Lender and Top Executives for Raising \$30 Million through Fraudulent Offerings. Case Is Agency’s First Involving Securities Using DeFi Technology,” August 6, 2021, <https://www.sec.gov/news/press-release/2021-145>. See also *In the Matter of Blockchain Credit Partners d/b/a DeFi Money Market Gregory Keough, and Derek Acree*, August 6, 2021, <https://www.sec.gov/litigation/admin/2021/33-10961.pdf>.
- <sup>16</sup> SEC, “SEC Charges Poloniex for Operating Unregistered Digital Asset Exchange,” August 9, 2021, <https://www.sec.gov/news/press-release/2021-147>.
- <sup>17</sup> SEC, “SEC Charges Three Media Companies with Illegal Offerings of Stock and Digital Assets,” September 13, 2021, <https://www.sec.gov/news/press-release/2021-175>. See also *In the Matter of GTV Media Group Inc. Saraca Media Group Inc., and Voice of Guo Media Inc.*, September 13, 2021.
- <sup>18</sup> SEC, “SEC Charges Poloniex for Operating Unregistered Digital Asset Exchange,” August 9, 2021, <https://www.sec.gov/news/press-release/2021-147>.
- <sup>19</sup> SEC, “SEC Charges Global Crypto Lending Platform and Top Executives in \$2 Billion Fraud,” September 1, 2021, <https://www.sec.gov/news/press-release/2021-172>. See also *SEC v. BitConnect, Satish Kumbhani, Glenn Arcaro, and Future Money Ltd.*, 1:21-cv-07349 (S.D.N.Y.).
- <sup>20</sup> SEC, “SEC Charges U.S. Promoters of \$2 Billion Global Crypto Lending Securities Offering,” May 28, 2021, <https://www.sec.gov/news/press-release/2021-90>; SEC, “SEC Charges Three Individuals in Digital Asset Frauds,” February 1, 2021, <https://www.sec.gov/news/press-release/2021-108>.

- release/2021-22. See also *SEC v. Trevon Brown et al.*, 1:21-cv-04791 (S.D.N.Y.); *SEC v. Kristijan Krstic (a/k/a Felix Logan), Jon Demarr, and Robin Enos*, 1:21-cv-00529 (E.D.N.Y.).
- <sup>21</sup> SEC, “Framework for ‘Investment Contract’ Analysis of Digital Assets,” April 3, 2019, <https://www.sec.gov/corpfin/framework-investment-contract-analysis-digital-assets>.
- <sup>22</sup> SEC Commissioner Hester M. Peirce, “Token Safe Harbor Proposal 2.0,” April 13, 2021, <https://www.sec.gov/news/public-statement/peirce-statement-token-safe-harbor-proposal-2.0>.
- <sup>23</sup> *SEC v. Sohrab (“Sam”) Sharma, Robert Farkas, and Raymond Trapani*, 18-cv-02909 (S.D.N.Y.); *SEC v. T.J. Jersky, Esq. and Mark DeStefano*, 18-cv-5980 (S.D.N.Y.); *SEC v. Jonathan Lucas*, 19-cv-08771 (S.D.N.Y.); *SEC v. Michael W. Ackerman*, 1:20-cv-01181 (S.D.N.Y.); *SEC v. Jack Alan Abramoff*, 3:20-cv-04190 (N.D. Cal.); *SEC v. John McAfee and Jimmy Gale Watson Jr.*, 1:20-cv-048281 (S.D.N.Y.); *SEC v. Cecilia Millan and Margarita Cabrera*, 1:20-cv-06575 (S.D.N.Y.); *SEC v. Trevon Brown et al.*, 1:21-cv-04791 (S.D.N.Y.); *SEC v. Amir Bruno Elmaani*, 1:20-cv-10376 (S.D.N.Y.); *SEC v. Aron Govil*, 1:21-cv-06150 (S.D.N.Y.); *SEC v. Kristijan Krstic (a/k/a Felix Logan) et al.*, 1:21-cv-00529 (E.D.N.Y.); *SEC v. Shawn Cutting*, 2:21-cv-00103 (D. Idaho); *SEC v. Ali Asif Hamid et al.*, 2:21-cv-12542 (D.N.J.); *SEC v. Ryan Ginster* 5:21-cv-01957 (C.D. Cal.); *SEC v. Ivars Auzins (a/k/a Ron Ramsey) and Daniel Gaines*, 1:21-cv-06693 (E.D.N.Y.).
- <sup>24</sup> *SEC v. Kik Interactive Inc.*, 19-cv-05244 (S.D.N.Y.); *SEC v. Telegram Group Inc. and Ton Issuer Inc.*, 19-cv-09439 (S.D.N.Y.); *SEC v. LBRY Inc.*, 1:21-cv-260 (D.N.H.).
- <sup>25</sup> *In the Matter of Erik Voorhees*; *In the Matter of Zachary Coburn*; *In the Matter of Floyd Mayweather Jr.*; *In the Matter of Khaled Khaled*; *In the Matter of Steven Seagal*; *In the Matter of Clifford Harris Jr.*
- <sup>26</sup> *In the Matter of BTC Trading Corp. and Ethan Burnside*; *In the Matter of Sand Hill Exchange, Gerrit Hall, and Elaine Ou*; *In the Matter of Tomahawk Exploration and David Thompson Laurence*; *In the Matter of Crypto Asset Management LP and Timothy Enneking*; *In the Matter of TokenLot LLC, Lenny Kugel, and Eli L. Lewitt*; *In the Matter of NextBlock Global Ltd. and Alex Tapscott*; *In the Matter of Kelvin Boon LLC and Rajesh Pavithran*; *In the Matter of Solutech Inc. and Nathan Pitruzzello*; *In the Matter of Loci Inc. and John Wise*; *In the Matter of Blockchain Credit Partners d/b/a DeFi Money Market et al.*
- <sup>27</sup> SEC, “SEC Charges Three Media Companies with Illegal Offerings of Stock and Digital Assets,” September 13, 2021, <https://www.sec.gov/news/press-release/2021-175>. See also *In the Matter of GTV Media Group Inc. Saraca Media Group Inc., and Voice of Guo Media Inc.*, September 13, 2021.



# About the Author

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Simona Mola has two decades of experience in consulting, government, and academia. She conducts financial and economic analyses in complex commercial litigation and regulatory proceedings. In addition, Dr. Mola has expertise with economic issues involving cryptocurrency, initial coin offerings, blockchain use cases, and token economies. She has published in this space and has been invited to speak at several conferences. Prior to joining Cornerstone Research, she served as senior policy advisor and assistant director of the Office of Corporate Finance at the SEC's Division of Economic and Risk Analysis (DERA). At DERA, she led and developed numerous economic analyses for high-profile rulemaking and policy projects related to corporate finance, capital formation, disclosure requirements, corporate governance, and executive compensation.

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