

CORNERSTONE RESEARCH

Economic and Financial Consulting and Expert Testimony

SEC Cryptocurrency Enforcement

Q3 2013–Q4 2020

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Executive Summary

The U.S. Securities and Exchange Commission (SEC) brought its first cryptocurrency-related enforcement action in July 2013. This report analyzes SEC enforcement actions from that initial action through December 31, 2020. During that time the SEC brought a total of 75 enforcement actions and 19 trading suspension orders against digital asset market participants.

Hyperlinked press releases, public statements and speeches, and investor alerts in the Appendix provide a comprehensive resource to SEC cryptocurrency activity.

- Of the 75 enforcement actions between Q3 2013 and Q4 2020, 43 were litigated in U.S. district courts (“litigations”) and 32 were resolved within the SEC as administrative proceedings (“administrative proceedings”). [\(page 2\)](#)
- Since July 2013, the SEC has also issued 19 orders of trading suspensions. [\(page 2\)](#)
- About half of the 43 actions litigated in U.S. courts occurred in the state of New York. As of March 5, 2021, 25 litigations had reached a resolution. [\(page 10\)](#)
- The vast majority of litigations (81%) involved an allegedly fraudulent scheme. [\(page 4\)](#)
- More than 70% of the litigations alleged an unregistered securities offering violation. [\(page 4\)](#)
- In 58% of the litigations, the SEC raised the allegation of unregistered securities offering in combination with a fraud allegation. [\(page 4\)](#)

The SEC has established itself as one of the main regulators engaged in the cryptocurrency space.

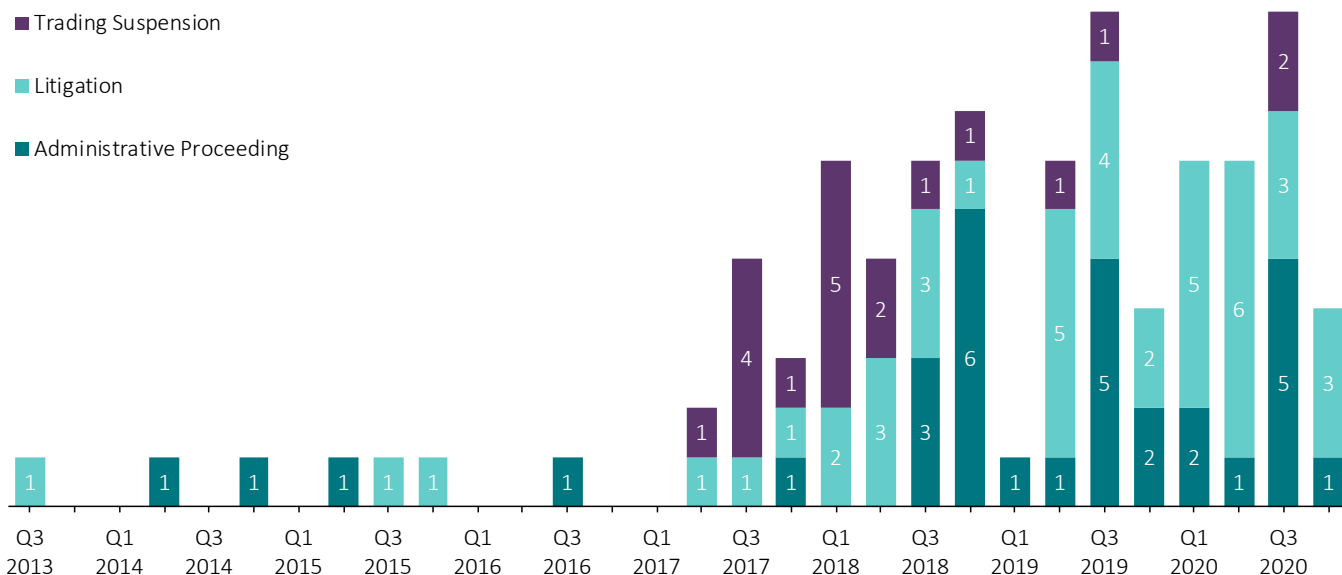
- The majority of administrative proceedings involved an unregistered securities offering violation. [\(page 4\)](#)
- Of all enforcement actions, over half (52%) alleged an unregistered securities offering violation related to initial coin offerings (ICOs). [\(page 6\)](#)
- Among other allegations in its enforcement actions, the SEC alleged failure to register as a broker or as an exchange, failure to register offerings of swaps to non-eligible contract participants, and failure to disclose compensation when promoting a security. [\(page 3\)](#)
- *SEC v. Telegram Group Inc. et al.*; *SEC v. Haddow et al.*; and *SEC v. Shavers et al.* were some of the actions resolved with multimillion-dollar remedies in terms of disgorgement and/or civil penalties. [\(page 11\)](#)

Number of Enforcement Actions

- In July 2013, the SEC brought its first cryptocurrency-related action against Trendon T. Shavers and his company Bitcoin Savings and Trust. The SEC charged the defendants with allegedly defrauding investors in a Ponzi scheme involving Bitcoin.¹ This was followed by additional notable litigation (e.g., *SEC v. Chen et al.* in September 2015,² *SEC v. Garza et al.* in December 2015,³ and *SEC v. Haddow et al.* in June 2017⁴), all alleging fraudulent investment schemes.
- Overall, from 2013 through the end of 2020, the SEC brought 75 enforcement actions, along with a number of subpoenas and follow-on administrative proceedings.⁵
- Of the 75 enforcement actions, 43 were litigated in U.S. district courts, and 32 were resolved within the SEC as administrative proceedings.
- In addition to enforcement actions, the SEC has issued 19 trading suspension orders since 2013.
- During the same period, SEC officials also made several statements, including joint statements with other regulators, including the CFTC, FinCEN, and FINRA, which highlighted the coordination among regulators in this space.⁶
- The SEC’s Office of Investor Education and Advocacy also issued a number of investor alerts, including alerts that often accented enforcement actions. For example, the first investor alert on Ponzi schemes involving virtual currencies was issued around the time of *SEC v. Shavers et al.*⁷
- In some cases, investor alerts were issued prior to taking enforcement actions. For example, in November 2017, the SEC warned investors not to make investment decisions based solely on celebrity endorsements.⁸ This alert came prior to the SEC charging two celebrities for failure to disclose compensation they received to promote ICOs.⁹

SEC enforcement activity in the cryptocurrency space started in 2013 and heightened in mid-2017, with the rise of ICOs.

Figure 1: Number of SEC Cryptocurrency Enforcement Actions and Trading Suspensions Q3 2013–Q4 2020



Source: SEC.gov

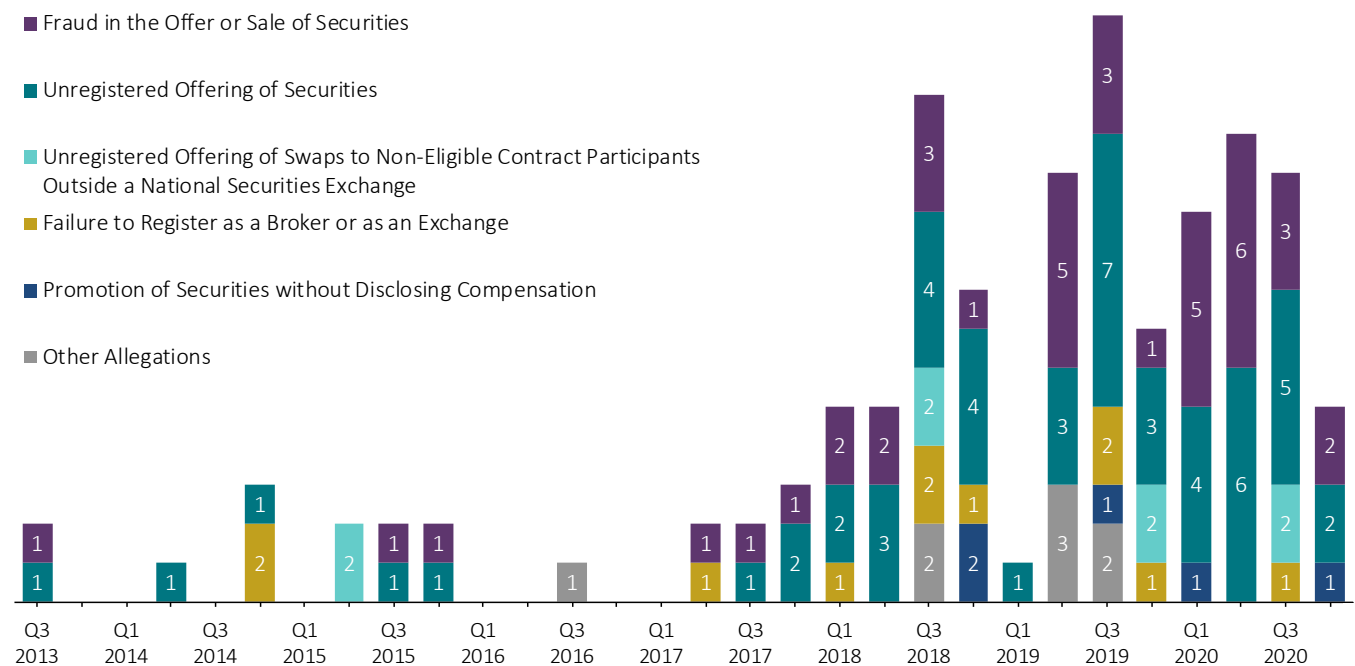
Note: Dates represent the filing date of the complaint or order by the SEC. Subpoenas and follow-on administrative orders are excluded from the analysis.

Allegations in Enforcement Actions

- In the SEC’s 75 cryptocurrency-related enforcement actions from Q3 2013 to Q4 2020, allegations of fraud and unregistered securities offerings were the most frequent.
- Of the 75 enforcement actions, 39 actions (52%) contained an allegation of fraud under Section 17(a) of the Securities Act of 1933 (“Securities Act”) and/or Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”).
- In 52 (69%) of the 75 enforcement actions, the allegation was an unregistered securities offering violation under Sections 5(a) and 5(c) of the Securities Act.
- In 28 actions (37%), the violation of an unregistered securities offering was alleged in combination with a fraud allegation.
- Among other allegations, the SEC alleged failures to register as broker-dealers or as exchanges under Sections 5 or 15 of the Exchange Act,¹⁰ and promotion of securities without disclosing compensation under Section 17(b) of the Securities Act.¹¹
- Other less frequent allegations included violations of unregistered offerings of swaps to non-eligible contract participants under Section 5(e) of the Securities Act and Section 6(l) of the Exchange Act.
- Three actions were brought by the SEC in parallel with the CFTC, highlighting the SEC’s and CFTC’s commitment for coordinating enforcement efforts.¹²

Over a third of all enforcement actions contained allegations of both fraud and unregistered securities offerings.

Figure 2: Allegations in SEC Cryptocurrency Enforcement Actions Q3 2013–Q4 2020



Source: SEC.gov

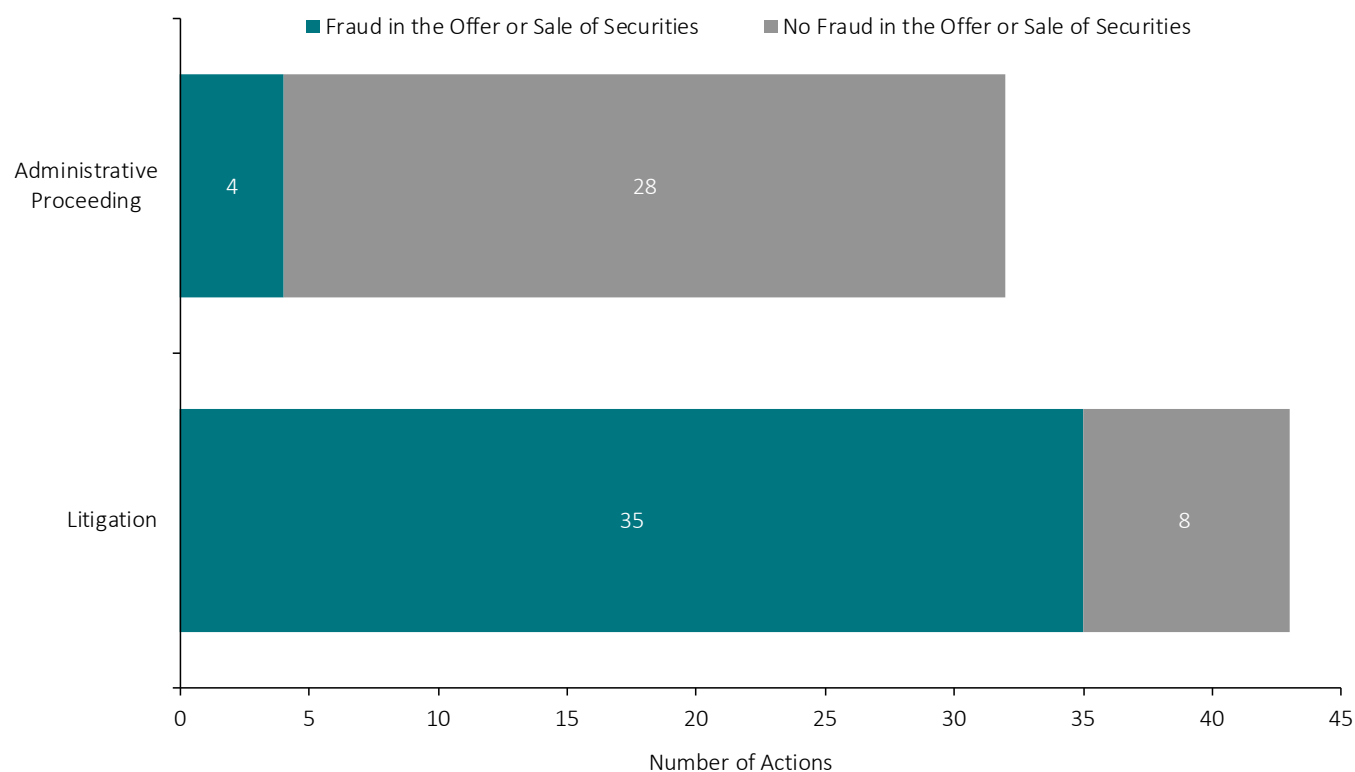
Note: There are 32 total administrative proceedings and 43 litigations. A case may be associated with more than one allegation. Other allegations include claims alleged in only a few enforcement actions, such as failure to maintain internal controls and records, falsification of internal controls and records, unregistered investment company, and fraudulent transaction by investment advisors.

Allegations in Litigations vs. Administrative Proceedings

- Of the 32 administrative proceedings, only four alleged fraud under Section 17(a) of the Securities Act and/or Section 10(b) and Rule 10b-5 of the Exchange Act.
- The majority of the administrative proceedings (66%) alleged an unregistered securities offering violation under Sections 5(a) and 5(c) of the Securities Act.
- The vast majority of the 43 litigations (81%) brought by the SEC alleged a fraudulent scheme.
- Of the 43 litigations, 31 (72%) alleged an unregistered securities offering violation.
- In 58% of the 43 litigations, the allegation of unregistered securities offering was raised in combination with a fraud allegation.

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

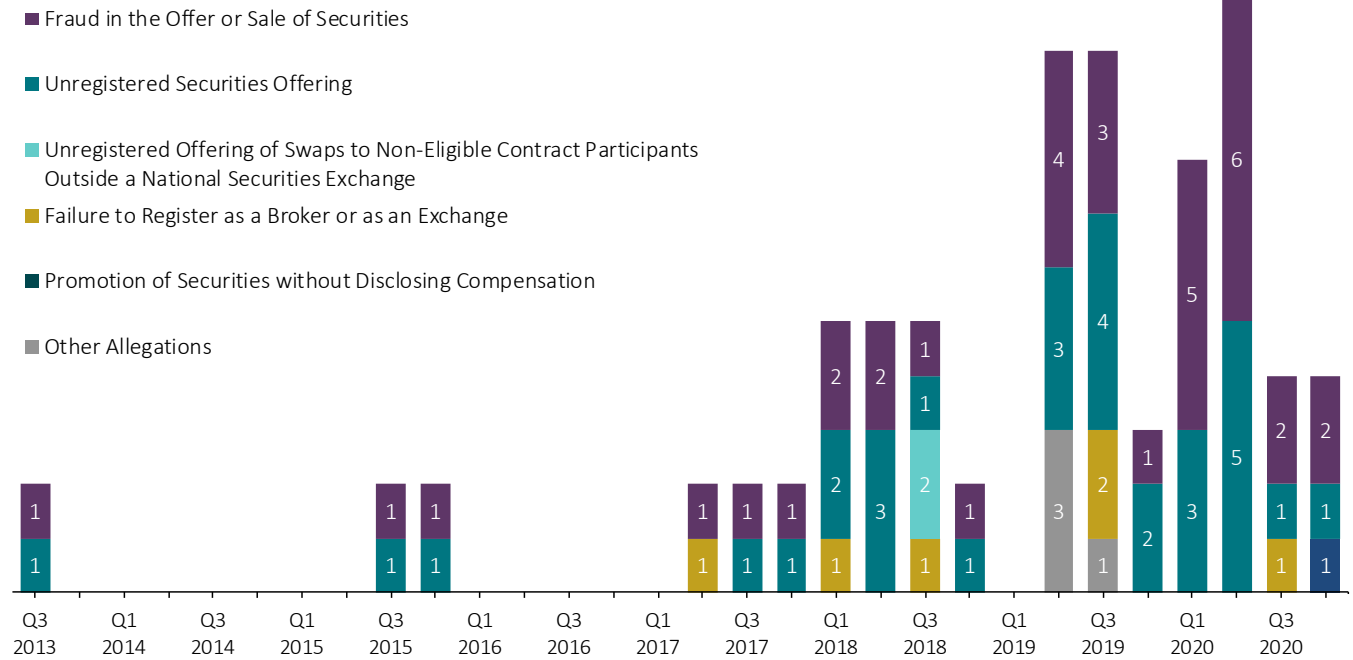
Figure 3a: Allegations of Fraud in the Offer or Sale of Securities in SEC Cryptocurrency Enforcement Actions Q3 2013–Q4 2020



Source: SEC.gov

Note: Fraud is alleged under Section 17(a) of the Securities Act and/or Section 10(b) and Rule 10b-5 of the Exchange Act.

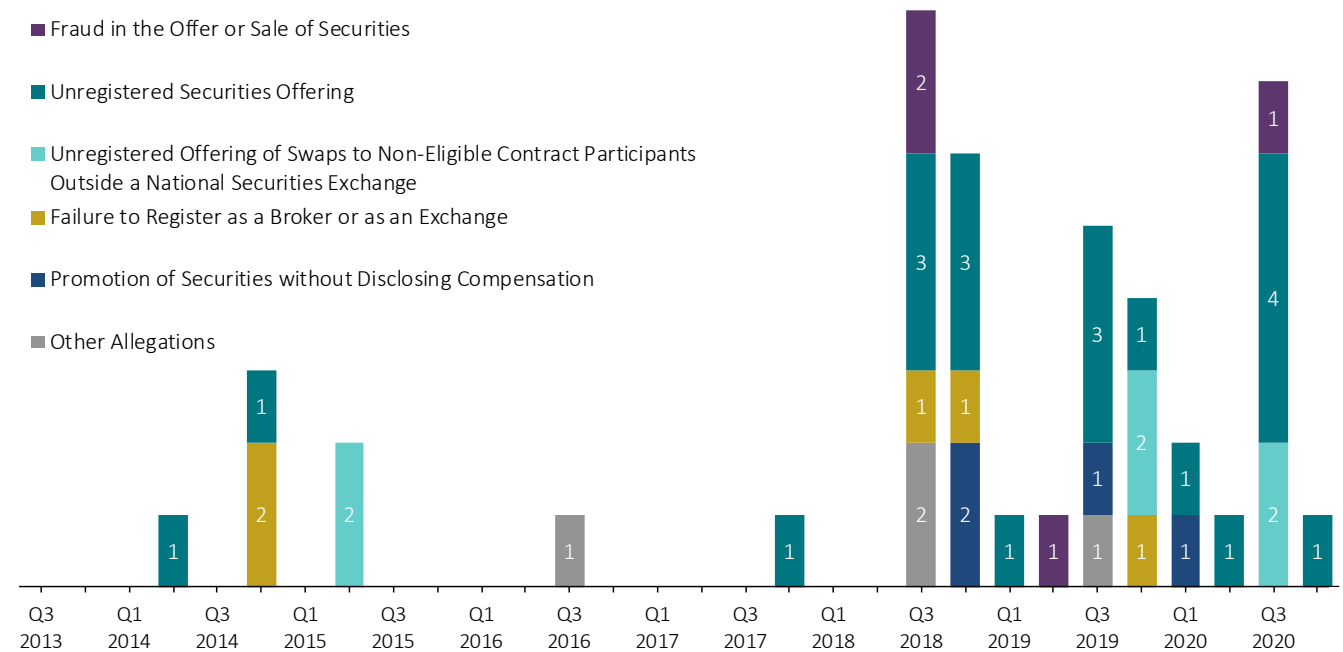
**Figure 3b: Allegations in SEC Cryptocurrency Litigations
Q3 2013–Q4 2020**



Source: SEC.gov

Note: The figure focuses on 43 SEC cryptocurrency litigations. A litigation may be associated with more than one allegation. An allegation of “Fraud in the Offer or Sale of Securities” includes fraud allegations under Section 17(a) of the Securities Act and/or Section 10(b) and Rule 10b-5 of the Exchange Act. “Other Allegations” include claims alleged in only one litigation, such as market manipulation, reporting violation, failure to maintain internal controls, and falsification of internal controls.

**Figure 3c: Allegations in SEC Cryptocurrency Administrative Proceedings
Q3 2013–Q4 2020**



Source: SEC.gov

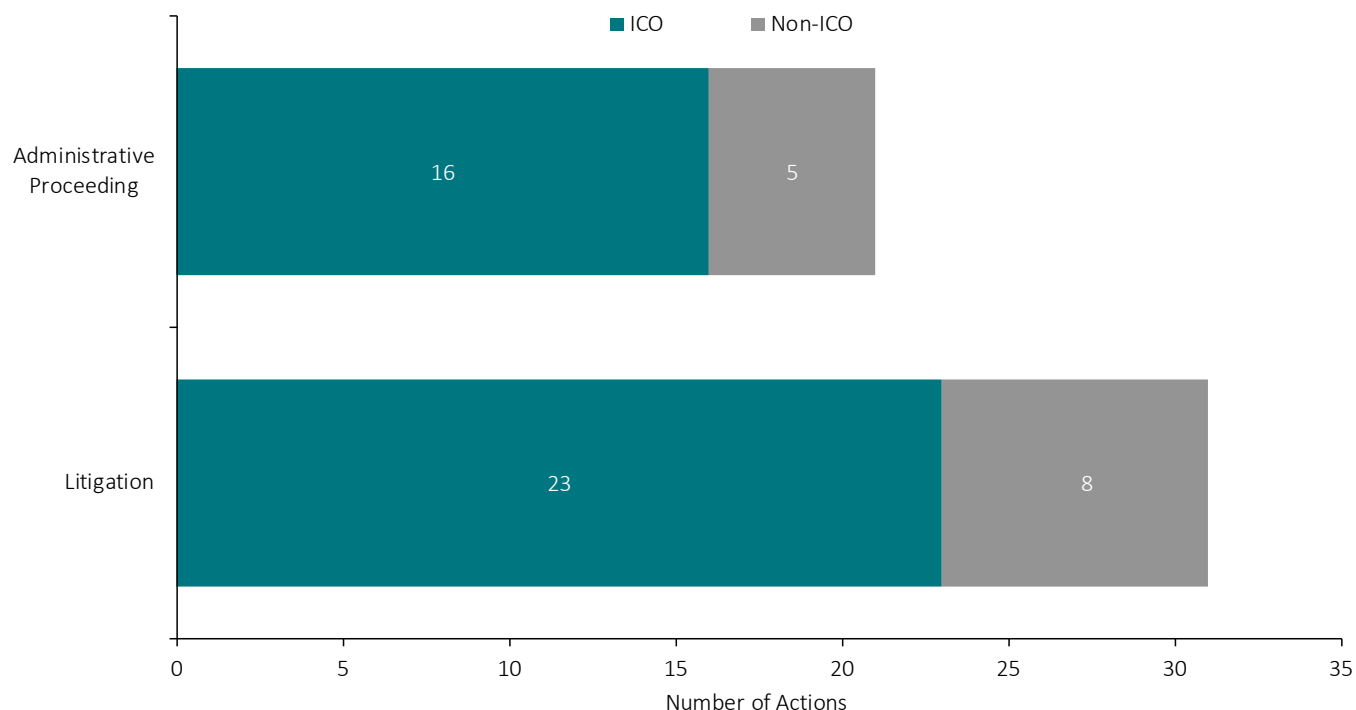
Note: The figure focuses on 32 SEC cryptocurrency administrative proceedings. An administrative proceeding may be associated with more than one allegation. “Other Allegations” include claims alleged in only one administrative proceeding, such as violations of periodic reporting requirements, violations of restricted period, failure to register as an investment company, and fraudulent transactions by investment advisors.

ICOs as Unregistered Securities Offering Allegations

- Of all enforcement actions, 21 administrative proceedings and 31 litigations alleged an unregistered securities offering violation. Among these alleged violations under Sections 5(a) and 5(c) of the Securities Act, 39 actions were related to ICOs, which represent 52% of all enforcement actions.
- The SEC’s enforcement activity toward ICOs heightened in July 2017 as the SEC released the DAO Report of Investigation, where the SEC used the Howey test from the U.S. Supreme Court decision of 1946 to determine whether a token is an investment contract.¹³
- The SEC’s legal analysis in the DAO Report of Investigation was repeated in the December 2017 administrative order against Munchee Inc. This was one of the first SEC enforcement actions that brought to halt an ICO issuer for failure to register its securities.¹⁴
- *In the Matter of Munchee Inc.* is also one of the first enforcement actions in the cryptocurrency space where the issuer earned credit for cooperating with the SEC.¹⁵
- A June 2018 speech by Director of the SEC’s Division of Corporation Finance, William Hinman, stated that neither Bitcoin nor Ether is a security, based on the decentralization of their networks.
- The speech also contained an analysis for separating tokens that are securities from tokens that have mere consumption utility.¹⁶ In April 2019, this analysis was formalized in the SEC’s framework for investment contract analysis of digital assets.¹⁷

Slightly over half of all enforcement actions were related to ICOs.

Figure 4: ICOs as Unregistered Securities Offering Allegations in SEC Cryptocurrency Enforcement Actions Q3 2013–Q4 2020



Source: SEC.gov

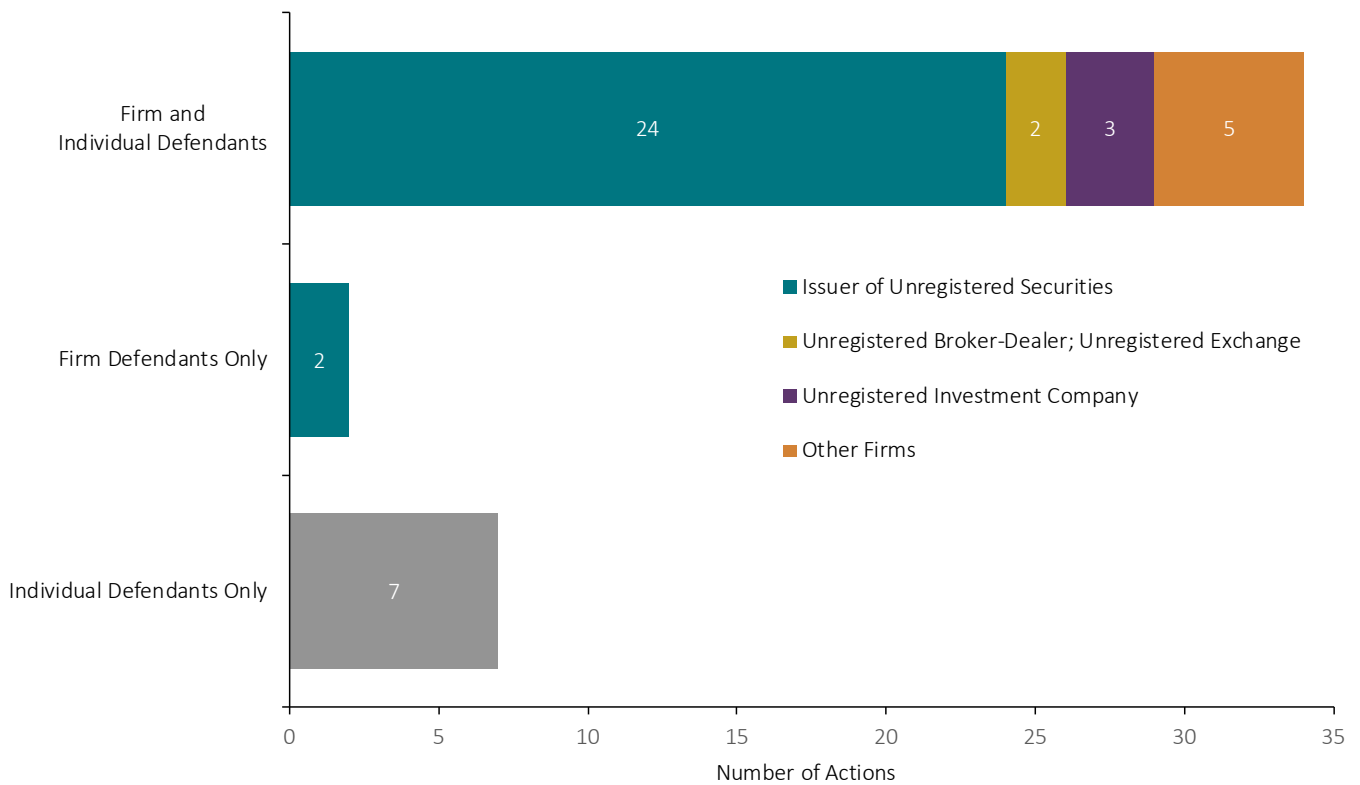
Note: The figure focuses on those 21 SEC cryptocurrency administrative proceedings and 31 SEC cryptocurrency litigations where the SEC alleged a violation of Sections 5(a) and 5(c) of the Securities Act.

Defendants in Litigations vs. Administrative Proceedings

- In 34 of the 43 litigations the SEC has brought so far, the defendants were a mix of individuals and firms.
- In the remaining nine litigations, the defendants were individuals only (seven actions)¹⁸ or firms only (two actions).¹⁹
- In 19 of the 32 administrative proceedings, the respondents were firms only. In the remaining 13 administrative proceedings, the SEC charged individuals only (six actions)²⁰ or a mix of individuals and firms (seven actions) as respondents.²¹

The majority of the firms that the SEC charged in enforcement actions were issuers of alleged unregistered securities offerings.

Figure 5a: Defendants in SEC Cryptocurrency Litigations Q3 2013–Q4 2020



Source: SEC.gov

Note: The figure focuses on 43 SEC cryptocurrency litigations. A litigation may be associated with more than one defendant. “Other Firms” include firms mentioned in only one litigation such as unregistered dealer of securities-based swaps.

**Figure 5b: Respondents in SEC Cryptocurrency Administrative Proceedings
Q3 2013–Q4 2020**



Source: SEC.gov

Note: The figure focuses on 32 SEC cryptocurrency administrative proceedings. An administrative proceeding may be associated with more than one respondent. “Other Firms” include firms mentioned in only one administrative proceeding, such as promoters, unregistered investment trusts, issuers registered under Section 12(g) of the Securities Exchange Act, and unregistered dealers of securities-based swaps.

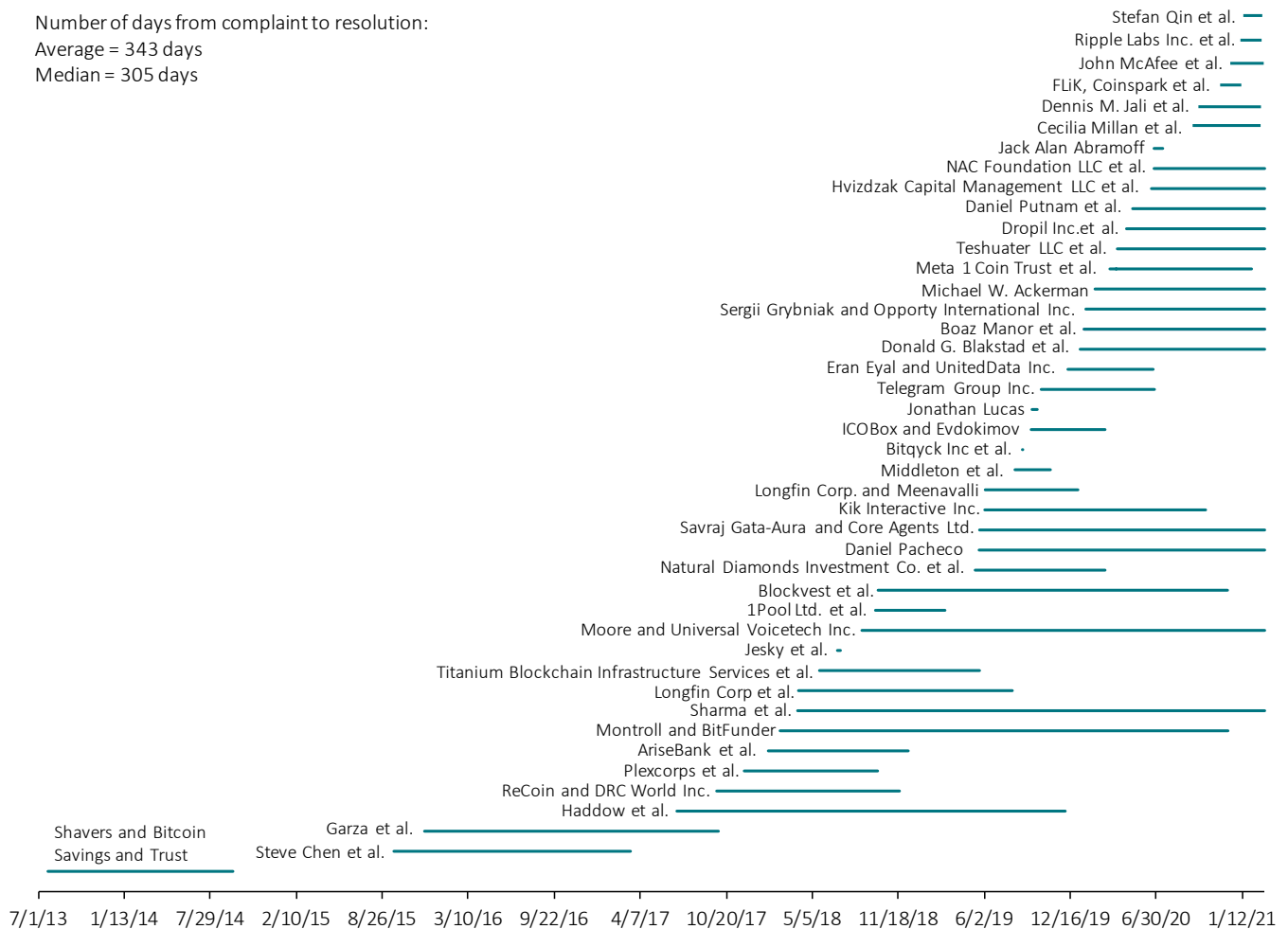
Litigation Duration

- As of the beginning of March 2021, 25 of the 43 litigations had reached a resolution, while 18 litigations were still outstanding.
- The median time from complaint filing to case resolution was 305 days.
- The average time from complaint filing to case resolution was 343 days.

Between Q3 2013 and Q4 2020, more than half of the litigations filed by the SEC were resolved.

Figure 6: Time from Complaint to Resolution in SEC Cryptocurrency Litigations Q3 2013–Q4 2020

Number of days from complaint to resolution:
 Average = 343 days
 Median = 305 days



Source: SEC.gov; PACER

Note: The figure focuses on 43 cryptocurrency litigations. Excluded from the calculations of the average and median number of days from complaint to resolution are 18 cases that are outstanding as of March 5, 2021.

Litigation Venue

- About half of the 43 actions litigated in U.S. courts occurred in the state of New York, with 18 in the Southern District of New York and four in the Eastern District of New York.
- Thirty-five different judges presided over the 43 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 7: Courts and Presiding Judges in SEC Cryptocurrency Litigations Q3 2013–Q4 2020

United States District Court	Number of Actions	Actions Resolved	Judges
Southern District of New York	18	9	Andrew L. Carter, P. Kevin Castel, Jr., Denise L. Cote (4), Paul G. Gardephe, Alvin K. Hellerstein, John F. Keenan, John G. Koeltl, Colleen McMahon, Naomi Reice Buchwald, Lorna G. Schofield (4), Louis L. Stanton, Analisa Torres
Eastern District of New York	4	3	Carol Bagley Amos, Raymond J. Dearie, William F. Kuntz, Eric R. Komitee
Central District of California	5	3	Michael W. Fitzgerald, Dale S. Fischer (2), R. Gary Klausner, 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	1	0	Stanley R. Chesler
District of Utah	1	0	David Barlow
Western District of Pennsylvania	1	0	Susan Paradise Baxter
District of Maryland	1	0	Peter J. Messitte
Northern District of Georgia	1	1	Steve C. Jones
Total	43	25	

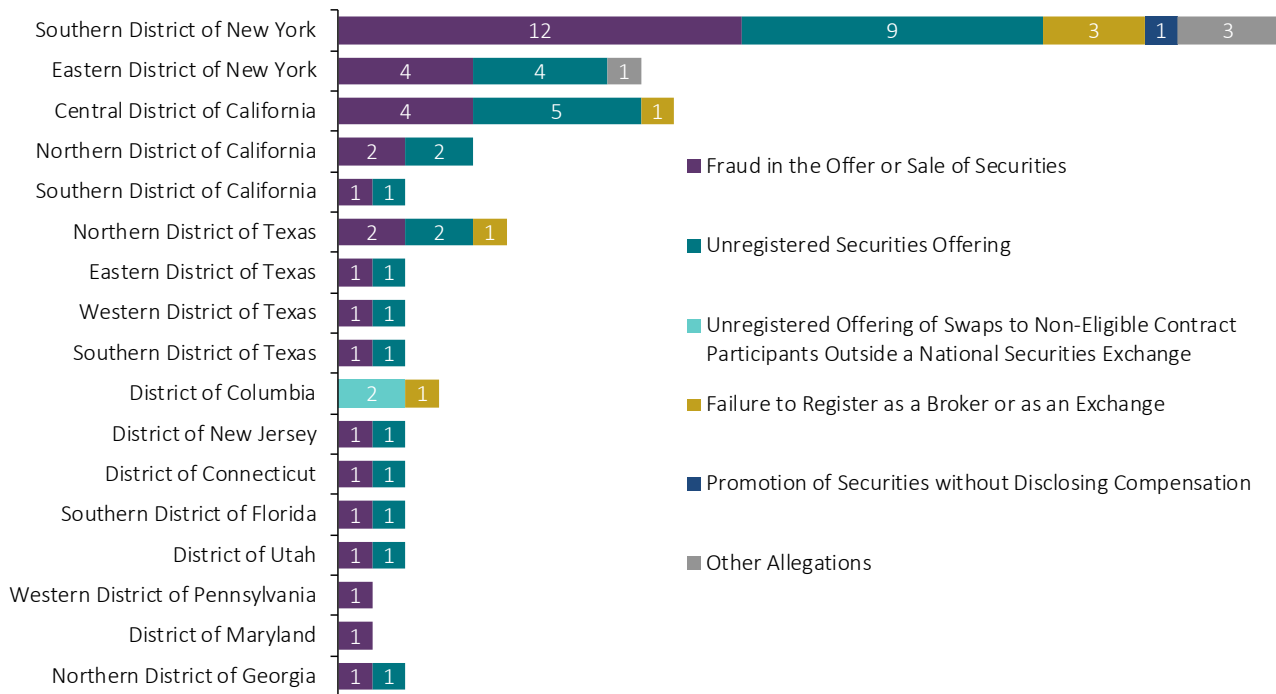
Source: SEC.gov; PACER

Note: The table reports the SEC cryptocurrency litigations resolved as of March 5, 2021.

Litigation Allegations by Venue

- Among the 22 litigations filed in the state of New York, the SEC alleged fraud in 16 actions and violations as unregistered securities offerings in 13 actions.
- *SEC v. Telegram Group Inc. et al.*; *SEC v. Haddow et al.*; and *SEC v. Longfin Corp. et al.* were some of the actions resolved in the state of New York with multimillion-dollar remedies in terms of disgorgement and/or civil penalties.
- Other significant remedies were imposed in *SEC v. Shavers et al.* in the Eastern District of Texas, and *SEC v. ICOBox et al.* in the Central District of California.

Figure 8: Types of Allegations in SEC Cryptocurrency Litigations by Court Venue Q3 2013–Q4 2020



Source: SEC.gov

Note: The figure focuses on 43 cryptocurrency litigations. A litigation may be associated with more than one allegation. “Other Allegations” include 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, and Investor Alerts Q3 2013–Q4 2020

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
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
22-Dec-20	SEC Charges Ripple and Two Executives with Conducting \$1.3 Billion Unregistered Securities Offering
28-Dec-20	SEC Obtains Emergency Asset Freeze, Charges Crypto Fund Manager with 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
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
21-Sep-20	SEC FinHub Staff Statement on OCC Interpretation
10-Dec-20	Commissioner Hester M. Peirce - Liberty's Loss
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)

Methodology

- Cornerstone Research’s Cryptocurrency Enforcement Database contains cryptocurrency-related enforcement actions brought by the SEC between January 1, 2013, and December 31, 2020.
- 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

- ¹ *SEC v. Trendon T. Shavers and Bitcoin Savings and Trust*, 13-cv-416 (E.D. Tex.). See “SEC Charges Texas Man with Running Bitcoin-Denominated Ponzi Scheme,” Press Release, July 23, 2013, <https://www.sec.gov/news/press-release/2013-132>.
- ² *SEC v. Steve Chen et al.*, 15-cv-07425 (C.D. Cal.). See “SEC v. Steve Chen et al.,” Press Release, October 4, 2015, <https://www.sec.gov/litigation/litreleases/2015/lr23378.htm>. The SEC alleged that defendants Steve Chen, USFIA Inc., and Mr. Chen’s other entities had raised more than \$32 million from investors in and outside the U.S. since at least April 2013. The SEC’s complaint alleged that Mr. Chen and his companies misled investors about a lucrative initial public offering for USFIA that never happened and about claims to own or control amber deposits worth billions of dollars. The SEC further alleged that, beginning in September 2014, the defendants claimed to have converted existing investors’ holdings into “Gemcoins,” which they said was a virtual currency secured by the company’s amber holdings. In reality, the SEC complaint alleged that Gemcoins were worthless.
- ³ *SEC v. Homero Joshua Garza, Gaw Miners LLC, and Zenminer LLC (d/b/a Zen Cloud)*, 3:15-cv-01760 (D. Conn.). See “SEC Obtains Final Judgment against Two Bitcoin Mining Companies,” Press Release, June 5, 2017, <https://www.sec.gov/litigation/litreleases/2017/lr23852.htm>; “SEC Obtains Final Judgment against Founder of Bitcoin Mining Companies Used to Defraud Investors,” Press Release, October 4, 2017, <https://www.sec.gov/litigation/litreleases/2017/lr23960.htm>.
- ⁴ *SEC v. Renwick Haddow, Bar Works Inc., Bar Works 7th Avenue Inc., and Bitcoin Store Inc.*, 17-cv-04950 (S.D.N.Y.). See “SEC Files Fraud Charges in Bitcoin and Office Space Investment Schemes,” June 30, 2017, <https://www.sec.gov/news/press-release/2017-123>.
- ⁵ 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 Files Subpoena Enforcement against Investment Company Trust and Trustee for Failure to Produce Documents,” Press Release, 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 advisor representative licenses in Colorado.
- ⁶ See “Statement by SEC Chairman Jay Clayton and CFTC Chairman J. Christopher Giancarlo: Regulators Are Looking at Cryptocurrency,” January 25, 2018, <https://www.sec.gov/news/public-statement/statement-clayton-giancarlo-012518>; SEC’s Division of Trading and Markets and FINRA’s Office of General Counsel, “Joint Staff Statement on Broker-Dealer Custody of Digital Asset Securities,” July 8, 2019, <https://www.sec.gov/news/public-statement/joint-staff-statement-broker-dealer-custody-digital-asset-securities>; “Leaders of CFTC, FinCEN, and SEC Issue Joint Statement on Activities Involving Digital Assets,” October 11, 2019, <https://www.sec.gov/news/public-statement/cftc-fincen-secjointstatementdigitalassets>.
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- ¹⁹ *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.).
- ²⁰ *In the Matter of Erik Voorhees*; *In the Matter of Zachary Coburn*; *In the Matter of Floyd Mayweather Jr.*; *In the Matter of Steven Seagal*; *In the Matter of Clifford Harris Jr.*
- ²¹ *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*.

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