



June 2, 2021

**SEC Charges U.S. Promoters of \$2 billion Global
Cryptocurrency Lending Unregistered Securities Offering
Scheme**

On May 28, 2021, the U.S. Securities and Exchange Commission ("SEC") announced that it had filed a complaint in the U.S. District Court for the Southern District of New York against five individuals alleged to have promoted a global unregistered digital assets securities offering that raised over \$2 billion from retail investors.

According to the SEC complaint, from about January 2017 to January 2018, a company called "Bitconnect" used a network of promoters, including five named defendants, to market and sell securities in its "lending program," without registering the securities offering as required by the U.S. Securities Act, and without being registered as Broker-Dealers, as required by the Securities Exchange Act. The promoters are alleged to have advertised the offering to the general public, including on YouTube, and received commissions for soliciting retail investors' funds.

The SEC action should be taken as notice that the Commission intends to vigorously enforce the securities laws and regulations regarding what offerings must and need not be registered, and what promoter activity will be allowed in each case, including those regarding retail solicitation of investors, particularly in light of limited relaxation of some general solicitation regulations for unregistered offerings from 2012 to 2020. The SEC action should also be taken as a warning shot to promoters who think that digital currencies and assets like Bitcoin and Blockchains will somehow be immune from SEC enforcement or below its radar screen. A copy of the SEC complaint can be downloaded here: [SEC Complaint](#).

For additional information, please contact us at info@kurtinlaw.com.

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