



**KURTIN PLLC**  
Attorneys at Law

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**September 20, 2021**

**SEC Charges Three Companies \$539 Million for Illegal General Solicitation over Social Media in Sales of Stock and Digital Assets without Registration or Exemption**

On September 13, 2021, the U.S. Securities and Exchange Commission ("SEC") settled an enforcement action against three media companies that had offered and sold common stock and digital asset securities called "G-Coins" or "G-Dollars" to the general public without Securities Act of 1933 section 5 registration or an available registration exemption, engaging in general solicitation over social media platforms like YouTube and Twitter. Approximately \$487 million was raised from over 5,000 investors. In the settlement, defendants agreed to pay more than \$539 million in investor restitution, disgorgement, interest and civil penalties, and to be barred from the U.S. securities markets for any digital asset security. The SEC order can be found [here](#).

The SEC action can be read as a signal that the Commission is determined that (i) the prohibition against offer and sale of securities in the absence of a registration statement or an available exemption from registration be respected; (ii) the prohibition against general public solicitation in the absence of a registration statement or one of the few exemptions from registration that permit general solicitation be respected; (iii) use of social media platforms to promote securities is not itself an exemption from the general solicitation prohibition; and (iv) digital asset securities are not exempt from the registration or exemption requirement. Finally, the SEC order makes clear that the SEC is ready to enforce flagrant noncompliance with disgorgement and restitution-level penalties, not mere "slaps on the wrist" that a

promoter might make a calculated bet to risk.

For information on available exemptions from Securities Act registration, see our "Raising Capital through Private Placements: Deal Points," available for download at [Kurtin PLLC Whitepapers and Advisories](#). For additional information, please contact us at [info@kurtinlaw.com](mailto:info@kurtinlaw.com).

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