

Press Release

Unregistered ICO Issuer Agrees to Disable Tokens and Pay Penalty for Distribution to Harmed Investors

FOR IMMEDIATE RELEASE

2020-211

Washington D.C., Sept. 15, 2020 — The Securities and Exchange Commission today announced charges against Unikrn Inc., an operator of an online eSports gaming and gambling platform headquartered in Seattle, Washington, for conducting an unregistered initial coin offering (ICO) of digital asset securities. Unikrn agreed to settle the charges by paying a \$6.1 million penalty, substantially all of the company's assets, to be distributed to investors through a Fair Fund.

According to the SEC's order, between June and October 2017, Unikrn raised approximately \$31 million through its offering of the UnikoinGold (UKG) token. The order finds that Unikrn planned to use the offering proceeds to make more features available on the gaming platform and to develop additional applications for the UKG tokens. Unikrn promised investors that it would facilitate a secondary trading market for the tokens and that its efforts to increase the usages for the UKG token would increase demand for and in turn, the value of, the tokens. The order finds that Unikrn offered and sold UKG as investment contracts, which constituted securities, yet failed to register the offering or qualify for an exemption.

"The securities registration and exemption framework is designed to ensure investor protection and access to material information, while also facilitating capital formation. Failure to follow this framework harms investors and our markets," said Kristina Littman, Chief of the SEC Enforcement Division's Cyber Unit. "This resolution allows us to return substantially all of Unikrn's assets to already-harmed investors and includes measures to prevent future sales to retail investors, including the disabling of the tokens."

The SEC's order finds that Unikrn violated the registration provisions of the federal securities laws. Without admitting or denying the SEC's findings, Unikrn agreed to pay a penalty of \$6.1 million. The order establishes a Fair Fund to return this money to injured investors. Unikrn also agreed to disable the UKG, publish notice of the order, and request removal of UKG from all digital asset trading platforms. According to the order, the Commission considered these undertakings, as well as Unikrn's financial condition and the fact that the penalty represents substantially all of Unikrn's assets, in accepting Unikrn's offer of settlement.

In a related proceeding, the Washington State Department of Financial Institution announced a settlement with Unikrn for violations of state registration provisions in connection with Unikrn's offering.

The SEC's investigation was conducted by Edward Reilly and Marc E. Johnson and was supervised by Amy Friedman, Carolyn Welshhans, and Ms. Littman, with the assistance of trial counsel James Carlson, supervised by Stephan Schlegelmilch. The SEC appreciates the assistance of the Washington State Department of Financial Institutions.

###

Related Materials

- [SEC Order](#)