

# Company Settles Unregistered ICO Charges After Self-Reporting to SEC

**FOR IMMEDIATE RELEASE**  
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*Washington D.C., Feb. 20, 2019 —*

The Securities and Exchange Commission today charged Gladius Network LLC with conducting an unregistered initial coin offering (ICO), which the company self-reported to the SEC.

According to the SEC's order, Gladius conducted an ICO in late 2017, after the Commission had warned in its [DAO Report of Investigation](#) that ICOs can be securities offerings. Gladius, a Washington, DC-based company, raised approximately \$12.7 million in digital assets to finance its plan to develop a network for renting spare computer bandwidth to defend against cyberattacks and enhance delivery speed. Gladius did not register its ICO under the federal securities laws, and the ICO did not qualify for an exemption from registration requirements.

Gladius self-reported to the SEC's Enforcement staff in the summer of 2018, expressed an interest in taking prompt remedial steps, and cooperated with the investigation. The SEC did not impose a penalty because the company self-reported the conduct, agreed to compensate investors, and will register the tokens as a class of securities. The case follows the Commission's [two recent ICO registration cases](#), in which companies agreed to pay penalties for similar registration violations and agreed to similar undertakings.

"The SEC has been clear that companies must comply with the securities laws when issuing digital tokens that are securities," said Robert A. Cohen, Chief of the SEC's Cyber Unit. "Today's case shows the benefit of self-reporting and taking proactive steps to remediate unregistered offerings."

Pursuant to the order, Gladius undertakes to return funds to those investors who purchased tokens in the ICO and request a return of funds, and register its tokens as securities pursuant to the Securities Exchange Act of 1934. Gladius also will file required periodic reports with the Commission. Gladius consented to the order without admitting or denying the findings.

The investigation was conducted by Laura K. D'Allaird and Marc E. Johnson of the Enforcement Division's Cyber Unit and was supervised by Mr. Cohen.

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