

SEC Charges John McAfee With Fraudulently Touting ICOs

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Washington D.C., Oct. 5, 2020 —

The Securities and Exchange Commission today charged businessman and computer programmer John McAfee for promoting investments in initial coin offerings (ICOs) to his Twitter followers without disclosing that he was paid to do so. McAfee's bodyguard, Jimmy Watson, Jr., was also charged for his role in the alleged scheme.

According to the SEC's complaint, McAfee promoted multiple ICOs on Twitter, allegedly pretending to be impartial and independent even though he was paid more than \$23 million in digital assets for the promotions. When certain investors asked whether he was paid to promote the ICOs, McAfee allegedly denied receiving any compensation from the issuers. The complaint alleges that McAfee made other false and misleading statements, such as claiming that he had personally invested in some of the ICOs and that he was advising certain issuers. The complaint alleges that Watson assisted McAfee by negotiating the promotion deals with the ICO issuers, helping McAfee cash out the digital asset payments for the promotions, and, for one of the ICOs McAfee was promoting, having his then-spouse tweet interest in the ICO. Watson was allegedly paid at least \$316,000 for his role. According to the complaint, while McAfee and Watson profited, investors were left holding digital assets that are now essentially worthless.

McAfee and Watson also allegedly engaged in a separate scheme to profit from a digital asset security by secretly accumulating a large position in McAfee's accounts, touting that security on Twitter while intending to sell it, and then selling McAfee's holdings as the price rose.

"Potential investors in digital asset securities are entitled to know if promoters were compensated by the issuers of those securities," said Kristina Littman, Cyber Unit Chief. "McAfee, assisted by Watson, allegedly leveraged his fame to deceptively tout numerous digital asset securities to his followers without informing investors of his role as a paid promoter."

The SEC's complaint, filed in the U.S. District Court for the Southern District of New York, charges McAfee and Watson with violating antifraud provisions of the federal securities laws, McAfee with violating the anti-touting provisions, and Watson with aiding and abetting McAfee's violations. The complaint seeks permanent injunctive relief, conduct-based injunctions, return of allegedly ill-gotten gains, and civil penalties. The SEC also seeks to bar McAfee from serving as a public company officer and director.

The Tax Division of the Department of Justice announced today that it brought criminal charges against McAfee.

The SEC's investigation was conducted by David H. Tutor, Jon A. Daniels, Christopher Ferrante, and Diego Bruculeri, and supervised by John O. Enright and Ms. Littman. The litigation will be led by Jorge G. Tenreiro, Mr. Tutor, and Mr. Daniels. The SEC appreciates the assistance of the Internal Revenue Service Criminal Investigation Division.

The SEC's Office of Investor Education and Advocacy cautions investors to be wary of [celebrity endorsements](#) and to always independently research investment opportunities.

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