

Securities Regulation Daily Wrap Up, FRAUD AND MANIPULATION—S.D.

Cal.: SEC halts ICO for falsely claiming regulatory approval, (Oct. 11, 2018)

Securities Regulation Daily Wrap Up

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By Rebecca Kahn, J.D.

The SEC announced that it has obtained an emergency court order halting a planned initial coin offering (ICO) and freezing assets of the issuer and its founder. The ICO allegedly uses both the SEC seal and a fake crypto "regulatory authority" to trick investors into believing the ICO was approved by the SEC. A hearing is scheduled for Oct. 18, 2018, to consider continuing the asset freeze and issuance of a preliminary injunction ([SEC v. Blockvest, LLC](#), October 3, 2018).

The SEC complaint, which was unsealed on October 10, alleges that cryptocurrency issuer Blockvest, LLC falsely claimed its ICO and its affiliates received regulatory approval from various agencies, including the SEC. Blockvest and its founder Reginald Buddy Ringgold, III, aka Rasool Abdul Rahim El, have been charged with using the SEC seal without permission, a violation of federal law, and falsely claiming their crypto fund was "licensed and regulated." The complaint also alleges Ringgold promoted the ICO with a fake agency he created called the "Blockchain Exchange Commission," using a graphic similar to the SEC's seal and the same address as SEC headquarters.

Blockvest claims to have raised \$2.5 million and to have sold nine million BLV digital tokens in pre-ICO offers and sales, according to the complaint. Blockvest and Ringgold also allegedly misrepresented Blockvest's connections to accounting firm Deloitte, and continued their fraudulent conduct even after the National Futures Association sent them a cease-and-desist letter to stop them from using the NFA seal and from making false claims about their status with that organization.

"The SEC does not endorse investment products and investors should be highly skeptical of any claims suggesting otherwise", said Robert A. Cohen, Chief of the SEC Enforcement Division's Cyber Unit in a [press release](#).

The SEC complaint charges violations of Securities Act Section 17(a), Exchange Act Section 10(b) and Rule 10b-5 thereunder, as well as the securities offering registration provisions of Securities Act Section 5. It seeks injunctions, return of ill-gotten gains plus interest and penalties, and a bar against Ringgold to prohibit him from participating in offering any securities, including digital securities, in the future or making misrepresentations about regulatory approval.

The case is [No. 18-cv-2287](#).

Attorneys: Amy J. Longo for the SEC.

Companies: Blockvest, LLC

LitigationEnforcement: Blockchain Enforcement FraudManipulation CaliforniaNews