

## Press Release

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### Issuer Settles Unregistered ICO Charges, Agrees to Return Funds and Register Tokens

#### **FOR IMMEDIATE RELEASE**

**2019-267**

*Washington D.C., Dec. 18, 2019* —The Securities and Exchange Commission today announced settled charges against blockchain technology company Blockchain of Things Inc. (BCOT) for conducting an unregistered initial coin offering (ICO) of digital tokens.

According to the SEC's order, New York-based startup BCOT conducted the ICO starting in December 2017 after the Commission had warned in its [DAO Report of Investigation](#) that ICOs can be securities offerings. BCOT raised nearly \$13 million to develop and implement its business plans, including developing its blockchain-based technology and platform. As noted in the SEC's order, BCOT explained that its platform was intended to allow third-party developers to build applications for message transmission and logging, digital asset generation, and digital asset transfer. The SEC's order found that BCOT sold its digital tokens to U.S. investors and engaged four "resellers" to serve as the exclusive sellers of BCOT's digital tokens in certain foreign countries without restrictions on resale of those tokens to U.S. investors. The order further found that BCOT did not register its ICO pursuant to the federal securities laws, nor did it qualify for an exemption from the registration requirements.

"BCOT did not provide ICO investors with the information they were entitled to receive in connection with a securities offering," said Carolyn M. Welshhans, Associate Director in the SEC's Division of Enforcement. "We will continue to consider appropriate remedies, such as those in today's order, to provide investors with compensation and required information and to provide companies who conducted unregistered offerings with an opportunity to move forward in compliance with the federal securities laws."

The order requires BCOT to cease and desist from committing or causing any violations of the registration provisions of the federal securities laws, and imposes a \$250,000 penalty. Pursuant to the order, BCOT undertakes to return funds to those investors who purchased tokens in the ICO and request a return of the funds. The company also will register its tokens as securities pursuant to the Securities Exchange Act of 1934 and will file required periodic reports with the Commission. BCOT consented to the order without admitting or denying the findings.

The investigation in BCOT was conducted by Kathleen McDermott and supervised by Laura Josephs, Assistant Director, and Ms. Welshhans.

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