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AP SUMMARY

SEC Charges Flyfish Club, LLC for Unregistered Offering of NFTs

ADMINISTRATIVE PROCEEDING File No. 3-22114

September 16, 2024 - The Securities and Exchange Commission today charged Flyfish Club, LLC (Flyfish) with conducting an unregistered offering of crypto asset securities in the form of non-fungible tokens (NFTs) that raised approximately \$14.8 million from investors to finance the construction and launch of a private members-only restaurant called Flyfish Club.

According to the SEC order, between August 2021 and May 2022, Flyfish offered and sold to investors approximately 1,600 Flyfish NFTs. According to the order, a Flyfish NFT was to be the exclusive means of obtaining membership in the club. The order finds that during the offering, Flyfish engaged in significant marketing efforts that promoted the NFTs as investments and led investors to expect profits from Flyfish's efforts. According to the order, Flyfish told investors that they could potentially profit if the club were successful, either by reselling their NFTs in the secondary market at appreciated prices or by leasing their NFTs to others interested in accessing the club as a "passive income strategy." According to the order, 42% of investors bought more than one NFT in the offering, even though they needed only one NFT to become a member of the club.

The order charges Flyfish with violating Sections 5(a) and 5(c) of the Securities Act of 1933 by offering and selling these crypto asset securities to the public in an unregistered offering that was not exempt from registration. Without admitting or denying the SEC's findings, Flyfish agreed to a cease-and-desist order, to pay a \$750,000 civil penalty, and to comply with certain undertakings.

The SEC's investigation was conducted by David Frisof, Brian Fitzsimons, Antony Richard Petrilla of the Home Office, with assistance from Carmen Taveras Alam, James Carlson, Will Connolly, Howard Kaplan, Benjamin Kuruvilla, Elizabeth Luh, and Joshua Mallet. The case was supervised by Brian Quinn.

Last Reviewed or Updated: Sept. 16, 2024

RESOURCES

- [Order - Flyfish Club, LLC](#)