

Press Release

SEC Stops Fraudulent ICO That Falsely Claimed SEC Approval

FOR IMMEDIATE RELEASE

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Washington D.C., Oct. 11, 2018 — The Securities and Exchange Commission today announced that it has obtained an emergency court order halting a planned initial coin offering (ICO), which backers falsely claimed was approved by the SEC. The order also halts ongoing pre-ICO sales by the company, Blockvest LLC and its founder, Reginald Buddy Ringgold, III.

An SEC complaint unsealed yesterday alleges that Blockvest falsely claimed its ICO and its affiliates received regulatory approval from various agencies, including the SEC. According to the SEC's complaint, Blockvest and Ringgold, who also goes by the name Rasool Abdul Rahim El, were 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 and Ringgold also allegedly misrepresented Blockvest's connections to a well-known accounting firm, and continued their fraudulent conduct even after the National Futures Association (NFA) sent them a cease-and-desist letter to stop them from using the NFA's seal and from making false claims about their status with that organization.

The Honorable Gonzalo P. Curiel, Judge of the U.S. District Court for the Southern District of California, issued an order freezing defendants' assets and other emergency relief. The order also temporarily prohibits Blockvest and Ringgold from violating the antifraud provisions and securities registration provisions. A hearing is scheduled for Oct. 18, 2018, to consider continuing the asset freeze and issuance of a preliminary injunction.

"We allege that this ICO is using both the SEC seal and a made-up crypto regulatory authority to trick investors into believing the ICO was approved by regulators," said Robert A. Cohen, Chief of the SEC Enforcement Division's Cyber Unit. "The SEC does not endorse investment products and investors should be highly skeptical of any claims suggesting otherwise."

The SEC's Office of Investor Education and Advocacy and the U.S. Commodity Futures Trading Commission's (CFTC) Office of Customer Education and Outreach have jointly issued an investor alert on the use of false claims regarding SEC and CFTC endorsements. Additional information about ICOs is available on Investor.gov and SEC.gov/ICO.

The SEC's complaint charges Blockvest and Ringgold with violating the antifraud and securities registration provisions of the federal securities laws. The complaint 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 SEC's investigation, which is continuing, is being conducted by David S. Brown and Brent W. Wilner and is being supervised by Diana K. Tani and Joseph G. Sansone of the Market Abuse Unit, John W. Berry of the Los Angeles Regional Office, and Mr. Cohen. Assisting the investigation is Robert Grasso of the Los Angeles Regional Office. The litigation is being conducted by Amy J. Longo of the Los Angeles Regional Office. The SEC appreciates the assistance of the CFTC and the NFA.