

Press Release

SEC Charges Crypto Asset Trading Platform Bittrex and its Former CEO for Operating an Unregistered Exchange, Broker, and Clearing Agency

Bittrex Global GmbH also charged for failing to register as a national securities exchange

FOR IMMEDIATE RELEASE

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Washington D.C., April 17, 2023 — The Securities and Exchange Commission today charged crypto asset trading platform Bittrex, Inc. and its co-founder and former CEO William Shihara for operating an unregistered national securities exchange, broker, and clearing agency. The SEC also charged Bittrex, Inc.'s foreign affiliate, Bittrex Global GmbH, for failing to register as a national securities exchange in connection with its operation of a single shared order book along with Bittrex.

Since at least 2014, Bittrex has held itself out as a platform that facilitated buying and selling of crypto assets that the SEC's complaint alleges were offered and sold as securities. From 2017 through 2022, Bittrex earned at least \$1.3 billion in revenues from, among other things, transaction fees from investors, including U.S. investors, while servicing them as a broker, exchange, and clearing agency without registering any of these activities with the Commission.

The complaint further alleges that Bittrex and Shihara, who was the company's CEO from 2014 to 2019, coordinated with issuers who sought to have their crypto asset made available for trading on Bittrex's platform to first delete from public channels certain "problematic statements" that Shihara believed would lead a regulator, such as the SEC, to investigate the crypto asset as the offering of a security. For example, in an effort to

avoid regulatory scrutiny, before Bittrex would make an asset available on its platform, Bittrex and Shihara instructed issuer-applicants to delete statements related to “price prediction[s],” “expectation of profit,” and other “investment related terms.”

"Today's action, yet again, makes plain that the crypto markets suffer from a lack of regulatory compliance, not a lack of regulatory clarity," said SEC Chair Gary Gensler. "As alleged in our complaint, Bittrex and issuers that it worked with knew the rules that applied to them but went to great lengths to evade them by directing issuer-applicants to ‘scrub’ offering materials of information indicating that certain crypto assets were securities. Further, Bittrex, as alleged, failed to register and comply with U.S. securities laws as an exchange, broker-dealer, and clearing agency. Cosmetic alterations did nothing to change the underlying economic realities of the offerings and Bittrex's conduct. Today we're holding Bittrex accountable for its non-compliance."

"We allege that Bittrex repeatedly chose profits over investor protection," said Gurbir S. Grewal, Director of the SEC's Division of Enforcement. "As laid out in our complaint, Bittrex's business model was based on three things: circumventing the registration requirements of the federal securities laws; counseling issuers of crypto asset securities to do the same by altering their offering materials; and combining multiple market intermediary functions under one roof to maximize profits. Today's action not only holds Bittrex accountable for misconduct that we allege put investors at risk, but should also send a message to other non-compliant crypto market intermediaries to follow the federal securities laws or be held accountable for their violations."

The SEC's complaint, filed in the U.S. District Court for the Western District of Washington, alleges that Bittrex and Bittrex Global should have registered as an exchange because they brought together, using a shared order book, the orders for securities of multiple buyers and sellers using established, non-discretionary methods under which such orders interacted, and the buyers and sellers entering such orders agreed to the terms of a trade.

The complaint further alleges that Bittrex should have registered as a clearing agency because it acted as an intermediary in making payments and deliveries upon matching sell and buy orders and maintained custody of customer assets. Finally, the complaint alleges that Bittrex should have registered as a broker because it regularly engaged in the business of effecting transactions for the accounts of others in crypto assets that were offered and sold as securities.

The SEC's investigation was conducted by Daphna Waxman and Pamela Sawhney of the Division of Enforcement's Crypto Assets and Cyber Unit

and Ainsley Kerr of the Market Abuse Unit. It was supervised by Mark R. Sylvester, Jorge Tenreiro, and David Hirsch of the Crypto Assets and Cyber Unit. The SEC's litigation is being conducted by Christopher Carney, Ben Kuruvilla, Ms. Waxman, and Ms. Sawhney and supervised by Ladan Stewart and Olivia Choe.

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Related Materials

- [SEC Complaint](#)