

Press Release

SEC Seeks to Stop the Registration of Misleading Crypto Asset Offerings

FOR IMMEDIATE RELEASE

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Washington D.C., Nov. 18, 2022 — The Securities and Exchange Commission today instituted administrative proceedings against American CryptoFed DAO LLC (American CryptoFed), a Wyoming-based organization, to determine whether a stop order should be issued to suspend the registration of the offer and sale of two crypto assets, the Ducat token and the Locke token.

The SEC's Enforcement Division alleges that a Form S-1 registration statement filed by American CryptoFed on September 17, 2021 failed to contain required information about American CryptoFed's business, management, and financial condition, such as audited financial statements, and contained materially misleading statements and omissions, including inconsistent statements about whether the tokens are securities. Further, the Enforcement Division alleges that American CryptoFed failed to cooperate during its examination of their registration statement.

"An issuer seeking to register the offer and sale of crypto assets as securities transactions must furnish the required disclosure information to the SEC," said David Hirsch, Chief of the Enforcement Division's Crypto Assets and Cyber Unit. "American CryptoFed not only failed to comply with the disclosure requirements of the federal securities laws, but it also claimed that the securities transactions they seek to register are not in fact securities transactions at all. The Enforcement Division is seeking to stop American CryptoFed's registration to protect investors against misleading information."

The SEC's investigation was conducted by Martin Zerwitz and Michael Baker of the SEC's Crypto Assets and Cyber Unit. The case is being supervised by Deborah Tarasevich, Jorge Tenreiro, and Mr. Hirsch from the Crypto Assets and Cyber Unit. The litigation is being conducted by Christopher Bruckmann, Christopher Carney, Mr. Zerwitz, and Mr. Baker.

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