

INDIANAPOLIS (May 22, 2018) – Indiana Secretary of State Connie Lawson today announced that her office has taken an enforcement action as part of an international crackdown on fraudulent Initial Coin Offerings (ICOs) and cryptocurrency-related investment products. The sweep is being coordinated by the North American Securities Administrators Association (NASAA), of which the Indiana Secretary of State’s office is a member.

As part of “Operation Cryptosweep,” the Indiana Secretary of State, Securities Division investigated an online ICO offering by the name of “Bionic.” The Division found that the offering contained misleading information and that it was not properly registered as a security in Indiana. Indiana Securities Commissioner Alex Glass issued a Cease and Desist Order against Bionic, ordering them to cease the offering and alerting investors to the fraud.

“Fraudulent activity involving ICOs and cryptocurrency-related investment products is a significant threat to Main Street investors in Indiana,” Secretary Lawson said. “Cryptocriminals need to know that the Indiana Securities Division is committed to swiftly and effectively protecting investors from schemes and scams involving these products.”

The Indiana Secretary of State, Securities Division has joined with more than 40 other state and provincial securities regulators in the United States and Canada in “Operation Cryptosweep,” resulting in nearly 70 inquiries and investigations and 35 pending or completed enforcement actions since the beginning of the month. NASAA members are conducting additional investigations into potentially fraudulent conduct that may result in additional enforcement actions. These actions are in addition to more than a dozen enforcement actions previously undertaken by NASAA members regarding these types of products.

In April 2018, NASAA organized a task force of its member state and provincial securities regulators to begin a coordinated series of investigations into ICOs and cryptocurrency-related investment products. Regulators identified many cryptocurrency-related products and as part of its work, the task force identified hundreds of ICOs in the final stages of preparation before being launched to the public. These pending ICOs were advertised and listed on ICO aggregation sites to attract investor interest. Many have been examined and some were determined to warrant further investigation. A number of these investigations are ongoing and others resulted in enforcement actions announced today.

“The actions announced today are just the tip of the iceberg,” said Commissioner Glass, noting that NASAA’s task force also found approximately 30,000 crypto-related domain name registrations, the vast majority of which appeared in 2017 and 2018.

A critical component of “Operation Cryptosweep” is raising public awareness of the risks associated with ICOs and cryptocurrency-related investment products. “Not every ICO or cryptocurrency-related investment is fraudulent, but we urge investors to approach any initial coin offering or cryptocurrency-related investment product with extreme caution,” Commissioner Glass said.

Secretary Lawson urges investors to contact the office before making investments or committing to investment professionals. The office offers a wealth of free investor education materials through its Indiana MoneyWise program, and can help investors research the background of

those selling or advising the purchase of an investment. The Secretary of State's Office can be reached at 317-232-6681 or through its website at www.in.gov/sos/securities.