

Alleging Fraud, SEC Shuts Down AriseBank's Celebrity-Endorsed ICO of Purported "Decentralized Bank"

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In its latest effort to combat scams in the initial coin offering (ICO) space, the SEC announced today that it has obtained a court order cutting off AriseBank's ICO of "AriseCoin" tokens, appointing a receiver over AriseBank and freezing AriseBank's and its co-founders' digital and other assets. The SEC's [complaint](#) against AriseBank and its co-founders alleges that the ICO, which AriseBank [claimed](#) had raised over \$600 million and would fund what it touted as the first "decentralized bank," was an illegal, fraudulent and [unregistered offering of securities](#) that violated multiple federal securities laws.

This court order follows a [cease-and-desist order](#) issued by the Texas Department of Banking earlier this month in response to regulatory violations by the Texas-based company. That order barred AriseBank from continuing to falsely imply that it engages in the business of banking in Texas and offering services to Texas residents.

The AriseBank ICO was officially endorsed by boxing champion Evander Holyfield. Although Holyfield was not named in the SEC's complaint, a [statement](#) issued by the SEC in November of 2017 cautioned celebrities and other promoters of ICOs that if they promote a virtual token or coin that is a security, then their promoting may be unlawful if they fail to disclose the nature, source and amount of any compensation paid in exchange for their endorsement, and they could also potentially be liable for violations of the anti-fraud provisions of the federal securities laws or for offering unregistered securities.

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- **Wai L. Choy**

Partner