Airfox and Paragon Settle with SEC for Unregistered ICOs: Civil Monetary Penalties Imposed; Rescission and Registration Required

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On November 16, the SEC announced that it settled charges against CarrierEQ, Inc. ("Airfox") and Paragon Coin, Inc. ("Paragon") for securities offering registration violations in connection with their respective initial coin offerings ("ICOs").

The settlement orders represent the first time the SEC has imposed civil penalties against ICO issuers solely for securities offering registration violations (*i.e.*, without any allegations of fraud or misrepresentation) and notably, require Airfox and Paragon to make remedial undertakings that include offers of rescission to token purchasers pursuant to Section 12(a) of the Securities Act of 1933 and registering with the SEC under Section 12(g) of the Securities Exchange Act of 1934.

The two issuers, both of whom conducted their ICOs in 2017 after the release of the SEC's DAO Report, will be subject to $250,000 in civil penalties. The settlements were entered into by the companies without any admission or denial of the SEC's findings.

The full text of the settlement orders are available here:

- Airfox
- Paragon

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