

SEC and CFTC Issue Joint Statement on Virtual Currency Enforcement Actions

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The following [joint statement](#) was issued this morning from the Enforcement Directors of the Securities Exchange Commission and Commodity Futures Trading Commission:

"When market participants engage in fraud under the guise of offering digital instruments – whether characterized as virtual currencies, coins, tokens, or the like – the SEC and the CFTC will look beyond form, examine the substance of the activity and prosecute violations of the federal securities and commodities laws. The Divisions of Enforcement for the SEC and CFTC will continue to address violations and bring actions to stop and prevent fraud in the offer and sale of digital instruments."

Today's statement comes immediately on the heels of the CFTC [filing charges](#) against three separate virtual currency operators based upon fraud allegations.

This is the latest reiteration of the SEC and CFTC Enforcement Divisions' developing position that virtual currencies and related digital assets are, under existing legal standards, securities subject to their jurisdiction. The SEC has made digital assets an enforcement priority [since forming its new Cyber Unit](#) in September 2017. The Cyber Unit [filed its first charges](#) in December 2017 against PlexCorps, alleging its Initial Coin Offering (ICO) was a fraud.

Ballard Spahr's [Virtual Currency Group](#) is well-positioned to help clients maintain compliance with SEC and CFTC regulations. Our attorneys focus on legal areas critical to virtual currency providers, such as securities regulation and enforcement, white collar defense and investigations, anti-money laundering, tax, intellectual property, and privacy and data security. investigations, anti-money laundering, tax, intellectual property, and privacy and data security.

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