

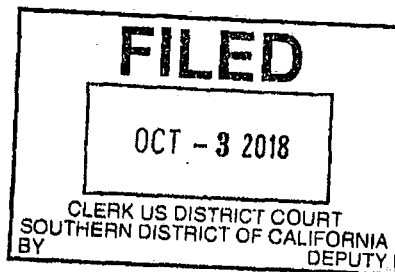
1 AMY J. LONGO (Cal. Bar No. 198304)  
Email: longoa@sec.gov  
2 DAVID S. BROWN (Cal. Bar No. 134569)  
Email: browndav@sec.gov  
3 BRENT W. WILNER (Cal. Bar No. 230093)  
Email: wilnerb@sec.gov

4 Attorneys for Plaintiff  
Securities and Exchange Commission

5 Robert A. Cohen, Unit Chief (Cyber Unit)  
6 Headquarters  
100 "F" Street, N.E.  
7 Washington, District of Columbia 20549

8 Michele Wein Layne, Regional Director  
John W. Berry, Associate Regional Director  
9 Amy J. Longo, Regional Trial Counsel  
444 S. Flower Street, Suite 900  
10 Los Angeles, California 90071  
Telephone: (323) 965-3998  
11 Facsimile: (213) 443-1904

**ORIGINAL**



12 **UNITED STATES DISTRICT COURT**  
13 **SOUTHERN DISTRICT OF CALIFORNIA**

15 **SECURITIES AND EXCHANGE**  
16 **COMMISSION,**

17 Plaintiff,

18 vs.

19  
20 **BLOCKVEST, LLC and REGINALD**  
**BUDDY RINGGOLD, III a/k/a RASOOL**  
21 **ABDUL RAHIM EL,**

22 Defendants.

Case No. '18 CV 2287 GPC BLM

**COMPLAINT**

**(FILED UNDER SEAL)**

23  
24  
25  
26 Plaintiff Securities and Exchange Commission ("SEC") alleges:  
27  
28

SUMMARY

1  
2 1. Plaintiff Securities and Exchange Commission (“SEC”) brings this  
3 emergency action to halt an ongoing investment fraud involving an upcoming initial  
4 coin offering (“ICO”) by defendant Blockvest LLC (“Blockvest”) and its founder and  
5 principal, Reginald Buddy Ringgold, III, aka Rasool Abdul Rahim El (“Ringgold”).  
6 Blockvest, which purports to be the “first [U.S.] *licensed and regulated* tokenized  
7 crypto currency exchange and index fund” (emphasis added), claims that it has  
8 already raised more than \$2.5 million in pre-ICO sales of its BLV digital tokens  
9 (“BLVs”), and that it will raise \$100 million during its ICO, purportedly to fund  
10 Blockvest’s digital asset-related financial products and services.

11 2. Blockvest and Ringgold claim their ICO has been “registered” and  
12 “approved” by the SEC and other regulators, even going so far as to use the SEC’s  
13 seal to promote their offering. None of that is true: the SEC has in no way approved,  
14 authorized or otherwise endorsed defendants, their entities, nor their ICO.  
15 Defendants also claim they are “partnered” with and “audited by” Deloitte Touche  
16 Tohmatsu Limited (“Deloitte”)—which they are not.

17 3. To carry out this scheme, Ringgold created a fictitious regulatory  
18 agency, the “Blockchain Exchange Commission,” or “BEC,” which he claims  
19 “regulates” the “Blockchain Digital Asset Space,” supposedly to “protect” digital  
20 asset investors. But the BEC is not a regulator at all. It falsely conjures similarities  
21 to the SEC: its logo is similar to the SEC’s; its mission statement is cribbed from the  
22 SEC’s own; and its offices share the same address as SEC headquarters. The  
23 Blockvest website links directly from the BEC seal to the SEC’s website. Ringgold  
24 promotes the Blockvest offering and the BEC side-by-side, further conveying a false  
25 veneer of legitimacy to the Blockvest ICO.

26 4. In reality, defendants have neither the regulatory “approvals,” nor the  
27 established business relationships they claim. The BLV offering is not “U.S. SEC  
28

1 approved,” nor approved by any other U.S. financial regulator. The BEC has no  
2 affiliation with the SEC, and Blockvest is not affiliated with the name-brand  
3 companies whose logos appear in its marketing materials. Investors’ assets therefore  
4 lack the safety or protections that defendants are falsely portraying in their ongoing  
5 scheme to raise money through Blockvest’s planned ICO and ongoing pre-sales.

6 5. Unless restrained and enjoined, Ringgold is scheduled to appear at  
7 two “VCs, Angels, Crypto and ICOs” events in Los Angeles on October 9, 2018  
8 and in Orange County on October 11, 2018, where he will likely continue  
9 promoting Blockvest and the BEC in order to raise additional monies from  
10 investors through his fraudulent misrepresentations and scheme to defraud—  
11 including for Blockvest’s intended December 2018 ICO.

12 6. By lying to investors and perpetrating a fraudulent scheme through the  
13 Blockvest ICO, each of the defendants is violating the antifraud provisions of  
14 Section 17(a) of the Securities Act of 1933 (“Securities Act”) and Section 10(b) of  
15 the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder,  
16 as well as the securities offering registration provisions of Section 5 of the  
17 Securities Act.

18 7. The SEC seeks orders temporarily, preliminarily and permanently  
19 enjoining defendants from violating the securities laws; an order temporarily,  
20 preliminarily and permanently enjoining Ringgold from participating in an offering  
21 of digital or other securities or making misrepresentations regarding regulatory  
22 approval in connection with such offerings; orders freezing defendants’ assets;  
23 requiring accountings from defendants; and prohibiting the destruction of  
24 documents; as well as disgorgement of defendants’ ill-gotten gains and civil  
25 monetary penalties against defendants.

26 **JURISDICTION AND VENUE**

27 8. The Court has jurisdiction over this action pursuant to Sections 20(b),  
28

1 20(d)(1), and 22(a) of the Securities Act, 15 U.S.C. §§ 77t(b), 77t(d)(1), and  
2 77v(a), and Sections 21(d)(1), 21(d)(3)(A), 21(e), and 27(a) of the Exchange Act,  
3 15 U.S.C. §§ 78u(d)(1), 78u(d)(3)(A), 78u(e), and 78aa(a).

4 9. Defendants have, directly or indirectly, made use of the means or  
5 instrumentalities of interstate commerce, of the mails, or of the facilities of a  
6 national securities exchange in connection with the transactions, acts, practices,  
7 and courses of business alleged in this complaint.

8 10. Venue is proper in this district pursuant to Section 22(a) of the  
9 Securities Act, 15 U.S.C. § 77v(a), and Section 27(a) of the Exchange Act, 15  
10 U.S.C. § 78aa(a), because certain of the transactions, acts, practices, and courses of  
11 conduct constituting violations of the federal securities laws occurred within this  
12 district. In addition, venue is proper in this district because defendant Ringgold  
13 resides in this district and defendant Blockvest has its principal place of business in  
14 this district.

#### 15 THE DEFENDANTS

16 11. **Blockvest LLC** was formed in Wyoming in April 2018 and is based  
17 in San Diego. It is a private company that purports to provide various digital asset-  
18 related financial products and services, for which it is raising funds through the  
19 sale of BLVs. Blockvest uses the website [www.blockvestico.io](http://www.blockvestico.io). Blockvest is not  
20 and has never been registered with the SEC in any capacity. Blockvest registered  
21 as a Commodity Trading Advisor (“CTA”) with the Commodity Futures Trading  
22 Commission (“CFTC”) on July 24, 2018.

23 12. **Reginald Buddy Ringgold, III, aka Rasool Abdul Rahim El**, age  
24 34, is a resident of San Diego. Ringgold is a self-described “Financial Markets  
25 Investment Coach” and “professor,” who claims to have over 17 years of  
26 experience in the financial industry as an investment adviser, trader, and  
27 investment banker. Ringgold claims to be the founder of Blockvest. He is listed as  
28

1 the executive officer and sole related person of Blockvest in a Form D filed with  
2 the SEC for the BLV offering (claiming exemption from SEC securities offering  
3 registration requirements), which he signed. He also holds himself out, in his  
4 online biographies and in his LinkedIn profile, as the principal of various affiliated  
5 entities including the BEC, Blockchain Investment Group LLC (“BIG”), Rosegold  
6 Investments LLP (“Rosegold”), and Master Investment Group, Inc. (“MIG”),  
7 which are referenced as providing services for Blockvest or otherwise featured as  
8 partners on Blockvest’s website and whitepaper. Since at least 2010, Ringgold has  
9 used the alias Rasool Abdul Rahim El in connection with, among other things,  
10 opening accounts at several financial institutions. Ringgold uses the website  
11 [www.reginaldringgold.com](http://www.reginaldringgold.com). Ringgold has never been registered with the SEC or  
12 the CFTC in any capacity under either his name or his alias, nor has he been  
13 associated with any registered firms in the securities industry.

#### 14 RELATED ENTITES

15 13. The **Blockchain Exchange Commission, LLC** was formed in  
16 Wyoming and is based in San Diego. Ringgold claims to be the founding member  
17 of the BEC. The BEC is a private company that purports to be a regulatory  
18 organization which, among other things, oversees digital asset trading platforms  
19 and ICOs. The company was originally formed as Fartlife LLC in January 2015,  
20 changed its name to Smartlife in 2017, then changed its name to the BEC in May  
21 2018. The BEC uses the website [www.blockchainexchangecommission.org](http://www.blockchainexchangecommission.org). The  
22 BEC is not registered with the SEC or the CFTC in any capacity.

23 14. **Blockchain Investment Group LLC** was formed in Wyoming in  
24 March 2018 and is based in San Diego. A limited liability partnership with a  
25 similar name (“Blockchain Investment Group LLP”) was formed at or around the  
26 same time. Ringgold claims to be the founding partner of BIG (and the related  
27 LLP). BIG is a private company that purports to provide investment banking

1 services to blockchain-related companies. It also purports to manage Blockvest's  
2 planned digital asset fund and is listed as a principal of Blockvest with the CFTC.  
3 BIG uses the website [www.blockchaininvestmentgrp.com](http://www.blockchaininvestmentgrp.com). BIG is registered with  
4 the Financial Crimes Enforcement Network as a money service business. Neither  
5 BIG nor the related LLP is registered with the SEC or the CFTC in any capacity.

6       15.   **Rosegold Investments LLP**, aka Rosegold Investments Trust, was  
7 formed in Delaware in April 2017 and is based in San Diego. Ringgold claims to  
8 be Rosegold's founder, managing partner, and chief investment officer. At times,  
9 Ringgold also describes Rosegold as a California trust. Rosegold purports to  
10 provide investment banking and advisory services. Rosegold uses the website  
11 [www.rosegoldinvestments.com](http://www.rosegoldinvestments.com). Neither Rosegold nor the related trust is  
12 registered with the SEC or CFTC in any capacity.

13       16.   **Master Investment Group, Inc.** was formed in California in  
14 March 2017 and is based in San Diego. Ringgold claims to be MIG's founder and  
15 managing partner. MIG purports to provide portfolio management services. MIG  
16 uses the website [www.masterinvestmentllp.com](http://www.masterinvestmentllp.com). MIG is not registered with the  
17 SEC or the CFTC in any capacity.

18       17.   Ringgold is not listed on the company formation or incorporation  
19 documents for the BEC, BIG, Rosegold, or MIG, but these entities share common  
20 personnel and common addresses connecting the entities to Ringgold. Blockvest's  
21 CFO is listed on company documents as the CEO of MIG and the CFO of BIG,  
22 and another one of Ringgold's associates is listed as both the Assistant Secretary of  
23 the BEC and as the CFO of MIG. The BEC, MIG, BIG, and Rosegold all use a  
24 San Diego address that Blockvest and Ringgold also use: 5694 Mission Center  
25 Road, Suite 489, San Diego, CA—which is a UPS store.

1 **FACTUAL ALLEGATIONS**

2 **A. Background on Initial Coin Offerings**

3 18. An initial coin offering or “ICO” is a fundraising event in which an  
4 entity offers participants a unique “coin” or “token” or “digital asset,” in exchange  
5 for consideration, often in the form of virtual currency—most commonly Bitcoin  
6 and Ether—or fiat currency.

7 19. The digital assets are issued on a “blockchain” or cryptographically  
8 secured ledger.

9 20. A blockchain is a type of distributed ledger, or peer-to-peer database  
10 spread across a network, that records all transactions in the network in theoretically  
11 unchangeable, digitally-recorded data packages called blocks. Each block contains  
12 a batch of records of transactions, including a timestamp and a reference to the  
13 previous block, linking the blocks together in a chain. The system relies on  
14 cryptographic techniques for secure recording of transactions. A blockchain can  
15 be shared and accessed by anyone with appropriate permissions. The Bitcoin  
16 blockchain is an example of a “non-permissioned,” or public and open access  
17 blockchain. Anyone can download the Bitcoin open-source software and join. All  
18 participants share a single view of the Bitcoin blockchain, which is updated when  
19 Bitcoin network participants reach a consensus on the validity of transactions  
20 under review. “Permissioned” or private blockchains are modifications to that  
21 model and require permissioned servers to be approved to participate on the  
22 network or to access particular information on the blockchain. Blockchains or  
23 distributed ledgers can also record what are called smart contracts, which  
24 essentially are computer programs designed to execute the terms of a contract  
25 when certain triggering conditions are met.

26 21. Generally, digital assets issued in an ICO entitle holders to certain  
27 rights related to a venture underlying the ICO, such as rights to profits, shares of  
28

1 assets, rights to use certain services provided by the issuer, and/or voting  
2 rights. These digital assets may also be listed on online platforms, often called  
3 virtual currency exchanges, and tradeable for virtual or fiat currencies. Often, the  
4 digital assets are immediately tradeable.

5 22. ICOs are typically announced and promoted through public online  
6 channels. Issuers usually release a “whitepaper” describing the offering and the  
7 terms of the ICO. To participate, investors are generally required to transfer funds  
8 (often virtual currency) to the issuer’s address, online wallet, or other  
9 account. After the completion of the ICO, the issuer distributes its unique digital  
10 assets, commonly known as “tokens,” to the participants’ unique addresses on the  
11 blockchain.

12 23. On July 25, 2017, the SEC issued a Report of Investigation pursuant  
13 to Section 21(a) of the Exchange Act that put the digital-asset industry on notice  
14 that many digital assets are securities and subject to the federal securities laws and  
15 the registration requirements, regardless of whether the issuing entity is a  
16 traditional company or a distributed ledger or blockchain-enabled means of capital  
17 raising, regardless of whether the securities are purchased with U.S. dollars or  
18 virtual currencies, and regardless of whether the securities are distributed in  
19 certificated form or through distributed ledger technology.

20 **B. The Blockvest Pre-Sales and ICO**

21 **1. Blockvest’s purported business**

22 24. Blockvest purports to be a financial services company that, using  
23 blockchain technology, “aims to solve one of the biggest problems in the  
24 cryptocurrency industry—volatility” as well as the “problems of trust and  
25 custodianship.”

26 25. In or around February 2018, Blockvest issued a whitepaper, available  
27 on its webpage, for the sale of BLVs, which purport to be digital assets issued