

## US Corporate Law News: CFTC charges Randall Crater, Mark Gillespie, and My Big Coin Pay, Inc. with fraud and misappropriation in ongoing virtual currency scam

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**CATEGORY:**

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**CLIENT TYPES:**

HIGH-NET-WORTH INDIVIDUALS

CHARITIES AND NON-PROFIT

PHILANTHROPY

TRUSTEES, EXECUTORS AND FIDUCIARIES

PUBLIC COMPANIES

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On January 16, 2018, the CFTC filed an enforcement action under seal charging commodity fraud and misappropriation claims against My Big Coin Pay, Inc. and its founder and his associate. The CFTC complaint alleges that the defendants fraudulently solicited investments in a virtual currency known as My Big Coin (MBC) by making false and misleading statements and omissions about MBC and that they misappropriated more than \$6 million of customer funds by transferring such funds into personal bank accounts and using them for personal expenses. As customers eventually grew suspicious, the defendants issued additional coins to customers and encouraged them to keep their MBC holdings until MBC was active on a new exchange. To the extent any investors received any payouts, such payouts came out of the funds obtained from other customers in what the CFTC called a Ponzi scheme. On the same day, the federal court issued a temporary restraining order freezing the defendants' and relief defendants' assets and prohibiting them from destroying or altering books and records. CFTC's Director of Enforcement cautioned potential virtual currency investors to conduct due diligence prior to their investments. For more information, see <http://www.cftc.gov/PressRoom/PressReleases/pr7678-18>.

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