UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10760 / February 27, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19712

In the Matter of

STEVEN SEAGAL

Respondent.

ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 8A OF THE SECURITIES ACT OF 1933, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), against Steven Seagal ("Seagal" or "Respondent").

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over him and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

Summary

1. From approximately February 12, 2018 through March 6, 2018 (the "Relevant Period"), Seagal—a well-known Hollywood actor and producer—touted on social media a security that was being offered and sold in an initial coin offering ("ICO") without disclosing that the issuer was paying him for the promotions. Seagal's failure to disclose this compensation violated Section 17(b) of the Securities Act, which makes it unlawful for any person to promote a security without fully disclosing the receipt and amount of such consideration.

Respondent

2. **Seagal**, age 67, is a U.S. national who is currently residing in Moscow, Russia.

Facts

3. During the Relevant Period, Seagal had approximately 107,000 Twitter followers and 6.7 million Facebook followers.

4. During that same period, Seagal promoted on his Twitter and Facebook accounts a security being sold through an ICO, allowed his likeness to be used on the ICO issuer's official website and marketing materials, and participated in a webinar with potential investors in the ICO in exchange for payments from the ICO issuer.

5. Specifically, Seagal promoted a securities offering conducted through an ICO by Bitcoiin2Gen ("B2G" or "the Company"), an international online company, from approximately February 12, 2018 through March 26, 2018, in which it offered and sold digital tokens ("B2G tokens") to be issued on the Ethereum blockchain. B2G offered and sold tokens that were investment contracts and therefore securities pursuant to Section 2(a)(1) of the Securities Act. B2G described B2G tokens as "the next generation of Bitcoin." According to B2G's marketing materials, the Company was conducting an ICO to raise capital to build an "ecosystem" that would allow users to trade B2G tokens, provide wallet staking, and trade altcoins and fiat currencies, all "on a secure, comprehensive platform." Participants in the ICO invested Bitcoin, U.S. Dollars, Euros, or made payments via credit card in exchange for B2G tokens.

6. Based on B2G's marketing materials, as well as statements by B2G affiliates, B2G token purchasers had a reasonable expectation of profits from their investment in the B2G

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[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

enterprise. The proceeds of the B2G token offering were intended to be used by B2G to build an "ecosystem" that would create demand for B2G tokens and consequently make them more valuable. Purchasers of B2G tokens would reasonably have had the expectation that B2G and its agents would expend significant efforts to develop this ecosystem that would increase the value of their B2G tokens, resulting in investor profit. B2G's marketing materials, moreover, contained numerous direct statements that the B2G tokens would rise in value as a result of the efforts of B2G and its agents, and that, at a minimum, investors would receive a guaranteed return each month.

7. In addition, B2G's marketing materials highlighted that the Company and its agents would ensure a secondary trading market for B2G tokens after the ICO, noting the ability for investors to liquidate and trade B2G tokens on digital-asset platforms following the token sale, including its own secondary trading platform. B2G's marketing materials also emphasized the purported expertise of B2G's management.

8. Pursuant to a contract between Seagal and the entity controlling B2G ("the Endorsement Agreement"), Seagal was promised $250,000 in cash and $750,000 worth of B2G tokens in exchange for his promotion of B2G.

9. Consistent with the Endorsement Agreement, on February 12, 2018, B2G announced, via a press release, that Seagal would endorse its ICO. The press release quoted Seagal as saying: "I endorse this opportunity wholeheartedly . . . I am excited about the management, and especially about the secure blockchain, underlying mining technology, and safeguards." Seagal's quote in the press release did not disclose that he was being paid for the promotion.

10. Shortly thereafter, Seagal began promoting B2G's ICO on social media by posting or authorizing his agents to post at least nine touts, including, among others, the following:

a. On February 19, 2018, Seagal's Facebook account posted a link to the press release on B2G's newsroom page titled "Zen Master Steven Seagal Has Become the Brand Ambassador of Bitcoiin2Gen." The post contained the caption: "From Team Seagal . . . Steven has just become the worldwide ambassador for the Bitcoiin 2nd Generation crypto currency." The post also contained a link to participate in the ICO and a promotional code.

b. On February 20, 2018, Seagal's Twitter account posted a link to the same press release that promoted the ICO and included his endorsement. This post was "pinned" to Seagal's Twitter account, thus displaying before all of Seagal's other posts on his Twitter page.

c. On February 28, 2018, Seagal's Twitter account posted a picture of Seagal with the caption: "Congratulations @bitcoiin2gen for reaching 3/4 of their soft cap midway

through the #ICO. Less than 30 days til the close. Don't miss out." The next day, Seagal's Facebook account posted the same tout.

d. On March 6, 2018 Seagal's Twitter account posted: "Friends, I wanted to announce that @Bitcoiin2Gen will soon be listed on some of the biggest exchanges globally. Stay tuned for more information coming very shortly."

11. The Company paid Seagal approximately $157,000 for these promotions, pursuant to the Endorsement Agreement. Seagal did not, however, disclose in his posts any information about the fact or amount of compensation he received, or was to receive, from B2G for making the promotions.

12. Seagal's promotion of the B2G ICO occurred more than six months after the Commission issued the DAO Report of Investigation indicating that virtual tokens or coins sold in ICOs may be securities, and thus, subject to the federal securities laws.[2]

13. Seagal's promotion of the B2G ICO occurred nearly four months after the Commission's Division of Enforcement and Office of Compliance Inspections and Examinations issued a public statement reminding market participants that any celebrity or other individual who promotes a virtual token or coin that is a security must disclose the nature, scope, and amount of compensation received in exchange for the promotion, and that a failure to disclose this information is a violation of the anti-touting provisions of the federal securities laws.[3]

Seagal Violated Section 17(b) of the Securities Act

14. Section 17(b) of the Securities Act makes it unlawful for any person to:

> publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or prospective, of such consideration and the amount thereof.

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2 Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO, Exchange Act Rel. No. 81207 (July 25, 2017).

3 See Statement of SEC Division of Enforcement and Office of Compliance Inspections and Examinations Urging Caution Around Celebrity Backed ICOs, available at https://www.sec.gov/news/public-statement/statement-potentially-unlawful-promotion-icos (Nov. 1, 2017).

Seagal violated Section 17(b) of the Securities Act by touting the B2G ICO—which involved the offer and sale of securities—on his social media accounts without disclosing that he received compensation from the issuer for doing so, or the amount of the consideration.

Undertakings

15. Respondent has undertaken to:

a. for a period of three (3) years from the date of this Order, forgo receiving or agreeing to receive any form of compensation or consideration, directly or indirectly, from any issuer, underwriter, or dealer, for directly or indirectly publishing, giving publicity to, or circulating any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security, digital or otherwise, for sale, describes such security.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Securities Act.

B. Respondent shall pay disgorgement of $157,000, prejudgment interest of $16,448.76, and a civil money penalty in the amount of $157,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3), pursuant to the schedule set forth in Section C, below. If timely payment of disgorgement is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600 and if timely payment of a civil money penalty is not made, additional interest shall accrue pursuant to 31 U.S.C. § 3717.

C. Payment shall be made in the following installments:

1. Within thirty (10) days of the entry of this Order, Respondent will pay $75,000.

2. Within ninety (90) days of the entry of this Order, Respondent will pay $50,000.

3. Within one hundred and eighty (180) days of the entry of this Order, Respondent will pay $50,000.

4. Within two hundred and forty (240) days of the entry of this Order, Respondent will pay $50,000.

5. Within three hundred and thirty (330) days of the entry of this Order, Respondent will pay the remainder due under Section B.

D. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Steven Seagal as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Kristina Littman, U.S. Securities and Exchange Commission, Division of Enforcement, 100 F Street., NE, Washington DC, 20549.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

F. Respondent shall comply with the undertakings enumerated in Section III, paragraph 15.a.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S. C. § 523, the findings in this Order are true and admitted by Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman
Secretary