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 8 **UNITED STATES DISTRICT COURT**  
 9 **NORTHERN DISTRICT OF CALIFORNIA**  
 10 **SAN FRANCISCO DIVISION**

<p>11 SECURITIES AND EXCHANGE COMMISSION,          12          Plaintiff,          13          v.          14 JACK ALAN ABRAMOFF,          15          Defendant.          16</p>	<p>Case No.</p>
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 18 Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

19 **SUMMARY OF THE ACTION**

20 1. This case involves the fraudulent and unregistered offer and sale of digital asset  
 21 securities by NAC Foundation, LLC (“NAC”), a company that was in early-stage development  
 22 of a blockchain-based digital token called AML BitCoin, which NAC claimed was superior to  
 23 the original bitcoin because it had anti-money laundering, know-your-customer, and other  
 24 security features encoded in the smart contracts for the token and was compliant with regulatory  
 25 requirements relating to cryptocurrencies, including in the United States. NAC’s founder and  
 26 Chief Executive Officer, Rowland Marcus Andrade, was the primary architect and beneficiary of  
 27 the fraudulent offering. With lobbyist and consultant Jack Alan Abramoff, NAC and Andrade  
 28 promoted the offering. The offering raised at least \$5.6 million from approximately 2,400 retail

















1           34.     According to the White Paper, NAC generated a total of 200 million Tokens, of  
2     which 76 million were available for purchase in the offering, which aimed to raise \$100 million.  
3     The remainder of the Tokens were retained by NAC and its administration team, including  
4     Andrade.

5           35.     After the ICO, NAC applied to make the Tokens available for trading on  
6     secondary platforms. ABTC began trading on one such platform in May 2018 and later became  
7     traded on at least two additional platforms.

8           **D.     NAC Marketed the Tokens as an Investment**

9           36.     NAC marketed the Tokens and the offering in a manner consistent with an  
10    investment. Purchasers would have reasonably viewed the offering as an opportunity to profit if  
11    Andrade and NAC were successful in their entrepreneurial and managerial efforts to further  
12    develop the advertised features of the Token and blockchain. Based on NAC's statements in the  
13    White Paper and on its website and in other online forums, purchasers would have reasonably  
14    believed they could pursue such profits by holding or trading the Tokens they received in the  
15    offering.

16          37.     The Tokens had no use. NAC did not have a platform where the Tokens could be  
17    used to purchase goods or services or transact any business. Instead, their value derived entirely  
18    from trading on secondary digital asset trading platforms. NAC marketed the offering to  
19    investors who would have reasonably viewed the Tokens as a tradeable investment vehicle that  
20    might appreciate based on NAC's and Andrade's managerial and entrepreneurial efforts.

21          38.     In one of NAC's social media channels, company representatives highlighted the  
22    availability of secondary market trading to attract investors. The White Paper also stated that  
23    “users may trade, sell and purchase [tokens] as they desire, including on participating exchanges  
24    and trading websites,” and “to speculate.”

25          39.     Abramoff assisted Andrade with designing the NAC marketing plan, which was  
26    intended to create demand and market appreciation for the Tokens independent of any utility for  
27    the Tokens. Abramoff promoted the value of the Tokens to investors based on the eventual  
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1 demand for Tokens if NAC and Andrade were successful in launching the blockchain and AML  
2 BitCoin, not on any utility of the Tokens issued in the offering.

3 40. NAC tied the value of the Token to purchasers' ability to quickly resell it to other  
4 investors, not to any immediate utility. The White Paper explicitly stated that the Tokens could  
5 "appreciate in value through speculative trading . . . ."

6 **E. NAC, Andrade, and Abramoff Made Materially False and Misleading**  
7 **Statements During the Offering**

8 41. NAC's offering materials, press releases, social media posts, and marketing  
9 efforts contained materially false and misleading statements about the status of the technology  
10 and the status of purported negotiations with governmental agencies for use of AML BitCoin in  
11 their payment systems. This included a deceptive marketing scheme in which Andrade and  
12 Abramoff filmed an advertisement for AML BitCoin and claimed to have been on the verge of  
13 purchasing an expensive spot to air the ad during the Super Bowl, but that it was rejected by the  
14 NFL and NBC because of its political content.

15 **1. False or Misleading Statements About the Technology Development**

16 42. NAC's marketing strategy for AML BitCoin, as reflected in its name, was to take  
17 advantage of the rising price of bitcoin in 2017 and tout the anti-money laundering, know-your-  
18 customer, anti-terrorism, and other security features that NAC claimed had already been built  
19 into the code of the Token. According to the White Paper authored by Andrade, "using  
20 proprietary technology, this identity-based digital currency is compliant with laws, statutes, rules,  
21 and regulations that govern, regulate, and relate to preventing money-laundering, terrorism,  
22 identity theft, financial crimes, and know-your-customer laws."

23 43. The White Paper also claimed that NAC's technology included a "personal legal  
24 identity-linked credential authentication protocol" that was built into the source code for the  
25 Token. This protocol purportedly included "an integration of three major processes, including (i)  
26 personal identity verification, (ii) credential authentication, and (iii) a two-party signature  
27 scheme."  
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