

First bitcoin securities fraud case ends in 18-month sentence

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A Texas man has been sentenced to 18 months in prison for carrying out what prosecutors said was the first bitcoin securities fraud case.

Trendon Shavers was sentenced Thursday in Manhattan federal court. Judge Lewis Kaplan said Shavers committed a serious crime but had earned leniency through the honest work he's done since his 2014 arrest.

The judge said Shavers, of Prosper, Texas, carried out a classic Ponzi scheme after offering potential investors high interest rates to turn over bitcoins, the [virtual currency](#) that operates outside of [government regulation](#). Shavers said he "royally messed up."

Authorities say that at the peak of the scheme, Shavers possessed about 7 percent of all bitcoins in public circulation.

Prosecutors said Shavers caused about half of 100 investors to lose all or part of their bitcoin investment from September 2011 to September 2012.

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