

# Texas man charged in alleged Bitcoin scam

July 23 2013

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A pile of Bitcoin slugs sit in a box ready to be minted by Software engineer Mike Caldwell in his shop on April 26, 2013. US regulators charged a Texas man with running a Ponzi scheme in which he raised some \$4.5 million in the virtual currency Bitcoin.

US regulators Tuesday charged a Texas man with running a Ponzi scheme in which he raised some \$4.5 million in the virtual currency Bitcoin.

The Securities and Exchange Commission filed a civil suit against

Trendon Shavers of McKinney, Texas, alleging Shavers defrauded at least 66 investors in more than a half-dozen states by promising low-risk returns he would garner through buying and selling the [virtual currency](#) online.

Shavers raised at least 700,000 Bitcoin in the scheme in 2011 and 2012, an amount worth more than \$4.5 billion at the time. Shavers sold the Bitcoin-denominated investments through the Internet under the identities "Pirate" and "pirateat40," the SEC said.

Instead of initiating the currency transactions as he promised, Shavers used the money from new investors to cover purported interest payments and to cover investor withdrawals, the SEC said.

Shavers also transferred proceeds to his personal checking account and other accounts, where he used the money to pay his rent, gamble, make retail purchases and for other pursuits, the SEC said.

The SEC is seeking a court order to freeze the assets of Shavers and his investment vehicle, Bitcoin Savings and Trust, as well as a permanent injunction, disgorgement of ill-gotten gains and financial penalties.

Shavers could not be reached for comment.

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