

Co-owner of bitcoin-linked sites settles SEC case (Update)

June 3 2014, by Marcy Gordon

The co-owner of two bitcoin-related Websites is paying almost \$51,000 to settle federal civil charges that he sold shares in the businesses without registering them as securities offerings.

The Securities and Exchange Commission on Tuesday announced the settlement with Erik Voorhees in connection with soliciting investors to buy shares in the two sites, SatoshiDICE and FeedZeBirds. The SEC said investors paid for the shares they bought with bitcoin, the online currency that allows people to buy goods and services, and exchange money across borders without involving banks or other third parties.

Voorhees, a prominent bitcoin proponent who co-founded a separate bitcoin company, made \$15,843.98 in profit from the unregistered offerings, according to the SEC.

He neither acknowledged nor denied wrongdoing but agreed to refrain from future violations of securities laws.

Under the settlement, Voorhees is repaying the \$15,843.98 in profits and paying a \$35,000 penalty.

In a message to "fellow Bitcoiners" posted on the website Reddit, Voorhees said "With this matter resolved, I look forward to helping to build the bitcoin industry and the future of finance."

SatoshiDICE is a gambling site that takes bets and pays out winnings in

bitcoins. The Satoshi name comes from Satoshi Nakamoto, the mysterious figure or group that created bitcoin in 2009. Voorhees and the other co-owners sold the site in July 2013, according to the SEC. FeedZeBirds pays Twitter users a fee in bitcoins in exchange for forwarding sponsored text messages.

Separately, the SEC issued an "investor alert" last month warning of the potential risks of investing in bitcoin and other virtual currencies. Investments involving bitcoin may have an increased risk of fraud, and the people behind fraudulent schemes may lure investors by touting bitcoin investment "opportunities" promising unrealistically high returns, the SEC said.

The agency said consumers should be wary of potential warning signs, such as guaranteed high returns, unsolicited offers and pressure to buy immediately.

© 2014 The Associated Press. All rights reserved.

Citation: Co-owner of bitcoin-linked sites settles SEC case (Update) (2014, June 3) retrieved 2 July 2024 from <https://phys.org/news/2014-06-co-owner-bitcoin-linked-sites-sec-case.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--