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SEC Charges Two In Illicit UBI Blockchain Stock Sale



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NEWS

The U.S. Securities and Exchange Commission has charged two Nevada residents with illegally profiting off stock sales from a self-described blockchain startup.

Attorney T.J. Jesky and business affairs manager Mark DeStefano allegedly made about \$1.4 million in 10 days by selling shares in Hong Kong-based UBI Blockchain Internet, the SEC claimed in a [press release](#) Monday. The two received 72,000 restricted shares of the firm's stock last October, meaning they were to be sold at a specific price – \$3.70.

However, the two allegedly sold the shares at prices ranging from \$21 to nearly \$50. The sales were halted when the SEC froze sales of the firm's stock entirely in early January, according to the release.

As [reported](#) by CoinDesk at the time, the agency cited unusual movement in UBI's share price and questions about its regulatory filings when it suspended trading of the stock.

In Monday's press release, Robert Cohen, head of the SEC Enforcement Division's Cyber Unit, called the case a "prime example" of why retail investors should be cautious about purchasing shares in "companies that suddenly claim to have a blockchain business."

He added:

"This case involved both a trading suspension and people holding restricted shares who attempted to profit from the dramatic price increase with illegal stock sales that violated the registration statement."

According to the SEC, both defendants have agreed to return the \$1.4 million and pay a further \$188,682 in penalties, as well as become subject to permanent injunctions. However, neither has admitted or denied the SEC's allegations.

The Financial Industry Regulatory Authority (FINRA), Mexican Comisión Nacional Bancaria y de Valores and the Panamanian Superintendencia del Mercado de Valores aided the SEC in investigating the sale, the U.S. regulator said.


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