

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10673 / August 20, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19366

In the Matter of

ICO RATING,

Respondent.

**ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS, PURSUANT TO SECTION
8A OF THE SECURITIES ACT OF 1933,
MAKING FINDINGS, AND IMPOSING A
CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) against ICO Rating (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings, which are admitted, Respondent consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

III.

On the basis of this Order and Respondent ICO Rating’s Offer, the Commission finds that:

Summary

This matter arises out of Respondent’s violations of Section 17(b) of the Securities Act by publishing, giving publicity to, or circulating notices or communications that describe securities in exchange for compensation received, directly or indirectly, from issuers, underwriters, or dealers, without disclosing its receipt of that compensation or the amount thereof.

Respondent

ICO Rating is the trade name for an unincorporated organization formed in September 2016. The organization is based in the St. Petersburg, Russia metropolitan area, and formerly claimed to maintain additional offices in New York, Amsterdam, and Singapore. Since 2016, ICO Rating has provided review and rating services on its website (www.icorating.com) for entities in various locations worldwide that were conducting initial coin offerings (“ICOs”), and publicized its reports and ratings in social-media postings. ICO Rating has never been registered with the Commission in any capacity.

Facts

1. During the period from December 2017 through July 2018 (the “relevant period”) ICO Rating maintained a website (www.icorating.com) that billed the entity as “a rating agency that issues independent analytical research, evaluating ICO projects and assigning them ratings,” and stated that its mission is “to help the market achieve the necessary standards of quality, transparency and reliability.”

2. In the relevant period, ICO Rating derived a significant portion of web traffic to its website from the United States, contracted with a U.S. provider to host its website in the United States, published all of its content in English with figures quoted in U.S. Dollars, hosted and sent employees to attend conferences in the United States, and implemented no measures to block or otherwise deter United States persons from accessing and viewing its website or social media accounts.

3. ICO Rating’s research reports, ratings, and social-media postings publicized offerings of blockchain-based digital assets, including “tokens” or “coins” that were investment contracts, which are securities pursuant to Section 2(a)(1) of the Securities Act.

4. ICO Rating charged entities a fee to rate, and produce and publish research reports regarding ICO projects on the www.icorating.com website, and to publicize the reports and ratings via social media channels. During the relevant period, ICO Rating was paid consideration of \$100,572, directly or indirectly, by certain issuers whose ICO projects it rated and publicized. However, ICO Rating did not disclose its receipt of this compensation in any manner.

Violations

5. Section 17(b) of the Securities Act makes it unlawful for any person, by the use of any means or instruments of interstate commerce or by the use of the mails, to:

publish, give publicity to, or circulate any notice, circular, advertisement, newspaper, article, letter, investment service, or communication which, though not purporting to offer a security for sale, describes such security for a consideration received or to be received, directly or indirectly, from an issuer, underwriter, or dealer, without fully disclosing the receipt, whether past or

prospective, of such consideration and the amount thereof.

As a result of the conduct described above, ICO Rating violated Section 17(b) of the Securities Act by touting ICOs that involved the offer and sale of securities, through both its own website and its social media accounts, without disclosing that it received compensation from an issuer for doing so, or the amount thereof.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, pursuant to Section 8A of the Securities Act, it is hereby ORDERED that:

A. Respondent ICO Rating cease and desist from committing or causing any violations and any future violations of Section 17(b) of the Securities Act.

B. Respondent shall pay disgorgement of \$100,572, prejudgment interest of \$6,426, and civil money penalty of \$162,000. Respondent shall, within 10 days of entry of this order pay an initial installment of \$201,748.50 for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Subsequent payments shall be made in the following installments:

- (1) \$16,812.38 on or before September 30, 2019;
- (2) \$16,812.38 on or before October 31, 2019;
- (3) \$16,812.38 on or before November 30, 2019;
- (4) \$16,812.38, plus post-order interest, on or before December 31, 2019. Contact the Commission to confirm amount due to be paid on or before December 31, 2019.

Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and pursuant to 31 U.S.C. 3717. Prior to making the final payment set forth herein, Respondent shall contact the staff of the Commission for the amount due. If Respondent fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

C. Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or

- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying ICO Rating as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Melissa Hodgman, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549.

D. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondent agrees that it shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary