

1 no external source of funding for investor withdrawals or redemptions, such as profits from
2 trading. Instead, investor withdrawals were paid solely with investor deposits. Blockchain
3 analysis also confirms that at least 8,396 bitcoin, worth \$55 million at the time, was transferred
4 from Trade Coin Club investor deposits to addresses controlled by Braga at certain crypto asset
5 trading platforms.

6 3. To recruit new investors to join Trade Coin Club, Braga implemented a pyramid
7 scheme-like referral system to reward existing members for recruiting new investors. The
8 individuals recruited by Braga directly or indirectly included Joff Paradise (“Paradise”), who
9 used the title “Director of the United States” for Trade Coin Club, and Keleionalani Taylor
10 (“Taylor”), the largest U.S. promoter of Trade Coin Club. The SEC has filed a separate
11 complaint in this same Court alleging violations of the federal securities laws by Braga, Paradise,
12 and Taylor.

13 4. Taylor’s Trade Coin Club network included Defendant Jonathan Tetreault
14 (“Tetreault”), who received 158.78 bitcoin worth \$626,435 at the time as compensation for
15 promoting Trade Coin Club and soliciting investors.

16 5. The Trade Coin Club “membership packages” were offered and sold as
17 investment contracts, and therefore securities, under the federal securities laws. Tetreault
18 offered and sold the Trade Coin Club securities without registration, and without qualifying for
19 any exemption from registration.

20 6. In early 2018, Trade Coin Club announced that it would discontinue services to
21 U.S. residents. Shortly thereafter, it ceased providing redemptions to any investors in bitcoin
22 and instead required investors to withdraw assets in “TCoin,” a new crypto asset issued by Trade
23 Coin Club, which ultimately became worthless. By summer of 2018, many investors could no
24 longer access any assets in their Trade Coin Club accounts.

25 **JURISDICTION AND VENUE**

26 7. The SEC brings this action pursuant to Sections 20(b), 20(d), and 22(a) of the
27 Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections
28

1 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§
2 78u(d), 78u(e), and 78aa].

3 8. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1),
4 and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)] and Sections 21(d),
5 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

6 9. Defendant Tetreault, directly or indirectly, made use of the means or instruments
7 or instrumentalities of transportation or communication in interstate commerce, or of the mails,
8 or the facilities of a national securities exchange, in connection with the transactions, acts,
9 practices, and courses of business alleged in this complaint.

10 10. Venue is proper in this District pursuant to Section 22(a) of the Securities Act
11 [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Acts,
12 practices, transactions, and courses of business that form the basis for the violations alleged in
13 this complaint occurred within this District.

14 **DEFENDANT**

15 11. Jonathan Tetreault (“Tetreault”) is 43 years old and resides in Hubbardston,
16 Massachusetts.

17 **BACKGROUND REGARDING TRADE COIN CLUB**

18 *Braga Established Trade Coin Club and Recruited Paradise as the Lead Promoter in*
19 *the United States.*

20 12. In 2016, Braga established Trade Coin Club, a multi-level marketing program that
21 promised profits purportedly made from a proprietary crypto asset trading software or “bot,” as
22 well as commissions for recruiting new investors.

23 13. Investors participated in Trade Coin Club by creating a user account on the
24 website, identifying their sponsor (the person credited with soliciting their investment), and
25 sending bitcoin to a unique public address¹ provided to the user through the website. Investors

26 _____
27 ¹ A public address on the Bitcoin blockchain is a unique identifier that is associated with the amount of bitcoin
28 recorded as having been sent to or received by that address. It is the “public key” half of a pair of keys generated by
a cryptographic process and is generally between 24 and 34 alphanumeric characters in length when compressed.
The other half of the pair is a “private key” that is then used to “sign” or authorize a transfer of funds from the
associated public address to another public address on the Bitcoin blockchain.

1 who created a user account on the Trade Coin Club website could then log in to an area of the
2 website called the “Back Office,” where they could view and access details of their account. In
3 the Back Office, Trade Coin Club’s promoters (also known as “affiliates” or “distributors”)
4 could view the accounts of members they had recruited (which is known as their “downline” or
5 “network”), commissions, and other relevant information.

6 14. The Trade Coin Club Back Office displayed what appeared to be up-to-date
7 account information, including purported trading profits. Through the Trade Coin Club Back
8 Office, investors could also request redemptions and specify a public address at which they
9 could receive bitcoin from Trade Coin Club.

10 15. In late 2016, Braga recruited Paradise to be a founding member of Trade Coin
11 Club and the Director of Trade Coin Club’s U.S. operations. Braga also presented marketing
12 materials, including a Trade Coin Club slide deck that contained numerous materially false and
13 misleading statements about Trade Coin Club’s purported crypto asset trading operations.

14 ***Braga and Paradise Developed a Large Investor Recruiting Network, Including Taylor***
15 ***and Tetreault***

16 16. Beginning in December 2016, Braga pitched Trade Coin Club to contacts in the
17 multi-level marketing industry through online video conferences. On December 16, 2016, a
18 recorded presentation of Braga announcing the first day of Trade Coin Club’s operations was
19 posted to YouTube (the “Kickoff Video”).

20 17. In the December 16, 2016 Kickoff Video, Braga highlighted, among other things,
21 (1) that Trade Coin Club operated the first “cryptocurrency” trading “robot” in the world; (2)
22 that the Trade Coin Club bot made “millions of microtransactions” every second; and (3) that the
23 trading software had a “stop loss” feature that guaranteed minimum daily profits from trading.
24 The Trade Coin Club Back Office contained marketing materials for the program, which
25 included the Trade Coin Club slide deck that Braga presented, translated into twenty languages.

26 18. Paradise enrolled in Trade Coin Club on December 16, 2016, the day Braga’s
27 Kickoff Video was posted online. Braga and Paradise promoted Trade Coin Club widely, and a
28 number of their speeches and presentations were recorded and posted online.

1 19. In their speeches and presentations, Braga and Paradise also touted the
2 opportunity to earn lucrative commissions for recruiting new investors. They held numerous
3 videoconferences and webinars, including the videos and recordings identified above, in which
4 they trained individuals with experience promoting multi-level marketing operations on how to
5 recruit investors to Trade Coin Club.

6 20. Trade Coin Club offered three levels of membership titled “Apprentice,”
7 “Trader,” and “Senior Trader,” which provided progressively higher compensation and benefits
8 depending on the amount of initial investment. The benefits included, among other things,
9 varying levels of commissions for recruiting new members and varying levels of purported
10 minimum investment returns, which were marketed under the guise of the “stop loss” feature.

11 21. Trade Coin Club provided five categories of commissions for members who
12 brought in new investments, which was referred to as the “compensation plan.” Trade Coin
13 Club offered 10% commissions for direct recruits, additional commissions of 3% to 1% for
14 indirect (or “downstream”) recruits up to eight levels, and two different types of periodic
15 bonuses based on the size of the member’s whole network. The fifth level of the compensation
16 plan was called the “Renewal Team Bonus.”

17 22. In addition to the compensation plan, Braga announced a promotion for the first
18 500 people to invest at least 5 bitcoin, which was the minimum to qualify for the Senior Trader
19 level. Braga stated that this group of 500 people would be considered “founders” and would
20 share 2% of Trade Coin Club’s revenues every three months for 10 years.

21 ***Trade Coin Club Grew Rapidly and Then Collapsed***

22 23. From December 2016 to May 2018, Trade Coin Club collected a total of 82,648
23 bitcoin worth approximately \$295 million at the time the bitcoin was received. Trade Coin Club
24 had over 100,000 investors worldwide, including at least 2,500 investors in the United States.

25 24. Trade Coin Club investor deposits peaked in June 2017, and investor withdrawals
26 started to exceed deposits by September 2017.

27 25. In November 2017, Trade Coin Club introduced its own crypto asset named
28 TCoin. In or around January 2018, Trade Coin Club announced that it was withdrawing from

1 the United States and closing U.S. residents' accounts. In February 2018, Trade Coin Club
2 announced that it would no longer pay withdrawals in bitcoin but would require investors to
3 withdraw funds in TCoin instead.

4 26. Many Trade Coin Club investors were unable to withdraw their crypto assets
5 before Trade Coin Club collapsed and lost most or all of the principal they invested.

6 ***Blockchain Analysis Confirms That Trade Coin Club Operated as a Ponzi Scheme***

7 27. Blockchain analysis confirms that Trade Coin Club operated consistent with a
8 Ponzi scheme. Specifically, 99.96% of investors' bitcoin withdrawals were funded by other
9 investor deposits. This evidence confirms that Trade Coin Club did not earn returns from any
10 crypto asset trading, let alone a trading "bot" that could guarantee daily trading profits.

11 28. Trade Coin Club maintained custody of the bitcoin directly and processed
12 transactions directly on the Bitcoin blockchain.

13 **THE TRADE COIN CLUB MEMBERSHIP INTERESTS WERE SECURITIES**

14 ***The Trade Coin Club Membership Interests Were Offered and Sold as Investment***
15 ***Contracts, and Therefore Securities, Under the Federal Securities Laws***

16 29. The membership interests in Trade Coin Club that Tetreault offered and sold
17 constituted "securities" under the federal securities laws. The definition of "security" includes a
18 range of investment vehicles, including "investment contracts." Investment contracts are
19 instruments involving the investment of money in a common enterprise with the reasonable
20 expectation of profits to be derived from the entrepreneurial or managerial efforts of others.

21 30. Investors in the Trade Coin Club offering reasonably viewed the offering as an
22 opportunity to profit from the purported crypto asset trading software that was described in the
23 Trade Coin Club slide deck and other promotional materials. The potential success of the
24 investments depended on the success of Trade Coin Club's operations, namely trading crypto
25 assets.

1 period”) in which the “running of any statute of limitations applicable to any action or
 2 proceeding against [the defendant] authorized, instituted, or brought by or on behalf of the
 3 Commission or to which the Commission is a party arising out of the investigation (‘any
 4 proceeding’), including any sanctions or relief that may be imposed therein, is tolled and
 5 suspended for the period beginning on January 28, 2022 through July 28, 2022” The tolling
 6 agreement further provides that Tetreault and any of his agents or attorneys “shall not include the
 7 tolling period in the calculation of any running of the statute of limitations or for any other time-
 8 related defense applicable to any proceeding, including any sanctions or relief that may be
 9 imposed therein, in asserting or relying upon any such time-related defense.”

10 38. On September 1, 2022, Defendant Tetreault signed a second tolling agreement
 11 with the Commission and his counsel signed the agreement approving as to form on September
 12 2, 2022. The second tolling agreement set forth the same substantive terms described above and
 13 specified an additional tolling period of August 19, 2022 through November 19, 2022.

FIRST CLAIM FOR RELIEF

Violations of Sections 5(a) and 5(c) of the Securities Act

16 39. The SEC re-alleges and incorporates by reference paragraph numbers 1 through
 17 388.

18 40. By reason of the foregoing, (a) without a registration statement in effect as to that
 19 security, Defendant Tetreault, directly and indirectly, made use of the means and instruments of
 20 transportation or communications in interstate commerce and of the mails to sell securities
 21 through the use of means of a prospectus, and (b) made use of the means and instruments of
 22 transportation or communication in interstate commerce and of the mails to offer to sell through
 23 the use of a prospectus, securities as to which no registration statement had been filed.

24 41. By reason of the foregoing, Defendant Tetreault directly or indirectly violated,
 25 and unless restrained and enjoined will continue to violate, Sections 5(a) and 5(c) of the
 26 Securities Act [15 U.S.C. §§ 77e(a) and (c)].

SECOND CLAIM FOR RELIEF

Violations of Section 15(a) of the Exchange Act

42. The SEC re-alleges and incorporates by reference paragraph numbers 1 through 388.

43. By engaging in the conduct described above, Defendant Tetreault, directly or indirectly, through use of the means or instruments of transportation or communication in interstate commerce or the mails, acted as a broker and/or effected transactions in, and induced or attempted to induce the purchase or sale of, securities (other than an exempted security or commercial paper, bankers' acceptances or commercial bills) without being registered with the Commission in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)].

44. By reason of the foregoing, Defendant Tetreault violated, and unless restrained and enjoined will continue to violate, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

PRAYER FOR RELIEF

WHEREFORE, the SEC respectfully requests that this Court:

I.

Permanently restrain and enjoin Defendant Tetreault from, directly or indirectly, violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and (c)] and Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

II.

Permanently restrain and enjoin the Defendant Tetreault from directly or indirectly (1) offering, operating, or participating in any marketing or sales program in which the participant is compensated or promised compensation solely or primarily for (a) inducing another person to become a participant in the program; or (b) if such induced person induces another to become a participant in the program; and (2) participating directly or indirectly in any offering of crypto asset securities for a period of five years; provided, however, that such injunction shall not prevent him from purchasing or selling crypto asset securities for his own personal accounts.

1 III.

2 Order Defendant Tetreault to disgorge all ill-gotten gains he received directly or
3 indirectly, with prejudgment interest thereon, as a result of the alleged violations, pursuant to
4 Section 21(d)(3), (5), and (7) of the Exchange Act [15 U.S.C. §§ 78u(d)(3), (5), and (7)].

5 IV.

6 Order Defendant Tetreault to pay civil monetary penalties pursuant to Section 20(d) of
7 the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §
8 78u(d)(3)].

9 V.

10 Retain jurisdiction of this action in accordance with the principles of equity and the
11 Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and
12 decrees that may be entered, or to entertain any suitable application or motion for additional
13 relief within the jurisdiction of this Court.

14 VI.

15 Grant such other and further relief as this Court may deem just, equitable, and necessary.

16 Dated: November 3, 2022

17 Respectfully submitted,

18 s/ Serafima Krikunova McTigue
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21 83.1(c)(2))
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