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**UNITED STATES DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE COMMISSION,
 Plaintiff,
 vs.
 WILLIAM K. ICHIOKA,
 Defendant.

Case No.
 COMPLAINT

1 Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

2 **SUMMARY OF THE ACTION**

3 1. Defendant William K. Ichioka (“Defendant” or “Ichioka”) directly and through his
4 unregistered investment fund, Ichioka Ventures LLC (“Ichioka Ventures”), engaged in the
5 fraudulent offer and sale of securities. From at least June 2019 through October 2021, Defendant
6 raised over \$25 million from approximately 75 investors located primarily in California and
7 Oregon.

8 2. Defendant raised investor funds under the false premise that he was a successful
9 stock and crypto asset trader who was able to pay investors a rate of return of 10% every 30
10 business days while guaranteeing investors’ principal.

11 3. Defendant further invested only a portion of the funds he received from investors
12 and he misappropriated large sums of investors’ money that he used for personal expenses such as
13 luxury watches, cars, gambling, and a penthouse apartment. Moreover, lacking profits from
14 trading, Defendant used investors’ principal to pay other investors’ redemptions or withdrawals.

15 4. By at least late 2021, Ichioka Ventures became unable to meet investor withdrawal
16 requests and the fund currently owes investors millions of dollars in principal.

17 5. As a result of the conduct alleged in this Complaint, Defendant violated Section
18 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a); Section 10(b) and Rule
19 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. § 78j(b), 17 C.F.R.
20 § 240.10b-5; and Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (“Advisers
21 Act”), 15 U.S.C. §§ 80b-6(1) and 80b-6(2).

22 6. In this action, the Commission seeks permanent injunctions; disgorgement of ill-
23 gotten gains with prejudgment interest; and a civil monetary penalty. The Commission also seeks
24 an order (1) restraining and enjoining Defendant from directly or indirectly, including, but not
25 limited to, through any entity owned or controlled by him, participating in the issuance, purchase,
26 offer, or sale of any securities, provided however, that such injunction shall not prevent him from
27 purchasing or selling securities for his own personal account; and (2) imposing an officer and
28 director bar.

JURISDICTION AND VENUE

1
2 7. The Commission brings this action pursuant to Sections 20(b), 20(d), and 22(a) of
3 the Securities Act [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)], Sections 21(d), 21(e), and 27 of the
4 Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa], and Section 209(d) of the Advisers Act [15
5 U.S.C. § 80b-9(d)].

6 8. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1),
7 and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)], Sections 21(d), 21(e),
8 and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa], and Sections 209(d), 209(e),
9 and 214 of the Advisers Act [15 U.S.C. §§ 80b-9(d), 80b-9(e), and 80b-14].

10 9. Defendant, directly or indirectly, made use of the means and instrumentalities of
11 interstate commerce or of the mails in connection with the acts, transactions, practices, and courses
12 of business alleged in this Complaint.

13 10. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [15
14 U.S.C. § 77v(a)], Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)], and Section 214 of the
15 Advisers Act [15 U.S.C. § 80b-14]. Acts, transactions, practices, and courses of business that form
16 the basis for the violations alleged in this Complaint occurred in this District.

17 11. Under Civil Local Rule 3-2(d), this civil action should be assigned to the San
18 Francisco Division because a substantial part of the events or omissions which give rise to the
19 claims alleged herein occurred in San Francisco County.

20 **DEFENDANT**

21 12. **William K. Ichioka**, age 29, resides in New York, New York. At the time he
22 created Ichioka Ventures in mid-2019, Ichioka resided in San Francisco, California. Ichioka is the
23 founder, CEO, and sole member of Ichioka Ventures, an unregistered investment fund he used to
24 solicit investors. Ichioka is not registered with the Commission, and holds no securities licenses.

25 **OTHER RELEVANT ENTITY**

26 13. **Ichioka Ventures LLC** (“Ichioka Ventures”) is a Delaware limited liability
27 company formed by Ichioka in August 2019. Ichioka is the sole member of Ichioka Ventures.
28

1 Ichioka Ventures is not registered with the Commission, and has not filed any exemption from
2 registration of any securities offering with the Commission.

3 **FACTUAL ALLEGATIONS**

4 **A. Ichioka's Investment Fund, Ichioka Ventures**

5 14. Around June 2019, Defendant created an investment fund he called Ichioka
6 Ventures, and began soliciting investors. Ichioka did not form the fund as a legal entity until
7 August 2019, but began soliciting and receiving investor money before then. Prior to this time,
8 Ichioka had been investing money from friends and family, and viewed the fund as an extension of
9 these earlier investment efforts.

10 15. The Ichioka Ventures website informed potential investors that Ichioka was “a self-
11 made investor who began his quest at a very early age and has already amassed a multimillion
12 dollar fortune.” The website went on to explain that Ichioka was “[r]egarded as a savant in his
13 craft,” and that “he seeks to deliver a consistent enhanced total return through his ability to identify
14 and execute immediately on global market opportunities.” It further provided that “Ichioka
15 Ventures is a direct extension of William’s vision and strategy for maximizing growth” and that
16 “[t]he fund provides accessibility and exposure to his personal avenues of capital generation.”

17 16. Ichioka offered investors in the fund a return of 10% every 30 business days and
18 provided investors with a right to reinvest or withdraw the returns and/or outstanding principal.
19 Ichioka Ventures entered into promissory notes or other investment agreements with investors
20 reflecting these terms.

21 17. Consistent with these terms, Ichioka’s website further informed investors: “The
22 investment term is 30 business days with a 10% return. Principal and profits are distributed
23 directly into account balance and can easily be withdrawn or reinvested.” In addition, based on
24 representations from Defendant, investors understood that their principal was guaranteed. Ichioka
25 also told investors that he would keep as compensation any profits he received above the 10%
26 returns every 30 business days.

27 18. Defendant received investments either in the form of U.S. dollars or crypto assets,
28 such as bitcoin. For U.S. dollar investments, Ichioka directed investors to wire money to either

1 | personal accounts in his name or business accounts under Ichioka Ventures. In these accounts,
2 | Ichioka comingled millions of dollars of investor funds with personal money, and paid for personal
3 | expenses through these same accounts. For investments made with crypto assets, investors sent
4 | crypto assets to wallet addresses controlled by Ichioka. Ichioka also comingled his own personal
5 | crypto assets with those of investors.

6 | 19. Defendant did not provide investors with a private placement memorandum or
7 | other type of offering document. Instead, apart from the Ichioka Ventures website, Defendant
8 | informed investors about the details of the fund directly in person or through telephone calls,
9 | emails, or text messages.

10 | 20. Based upon Ichioka's communications with them, investors understood generally
11 | that Defendant invested in a mix of crypto assets, publicly traded stock, and foreign currency.

12 | 21. Defendant controlled where to invest fund assets. He directed a portion of the
13 | funds he received into crypto assets (including crypto asset securities) and other crypto asset
14 | investment opportunities. Defendant also invested money received from investors into equity in
15 | start-up companies and precious metals.

16 | 22. The investment opportunities offered to investors, either through the promissory
17 | notes or investment agreements, were securities within the meaning of the federal securities laws.

18 | **B. Defendant Misled Investors and Engaged in Deceptive Acts During the**
19 | **Offering and While Operating the Fund**

20 | 1. False Statements Regarding Investing Success

21 | 23. To earn investors' trust, Defendant falsely informed investors that he was an
22 | accomplished investor who had been successfully investing in stock and crypto assets for a number
23 | of years. In reality, Ichioka's investing activity had not performed as touted. He further falsely
24 | claimed to investors that he was consistently able to earn the 10% returns he promised to investors
25 | every 30 business days.

26 | 24. While Defendant claimed that he was "self-made," he used investor money to
27 | create the appearance of success from his investing activity. Investors were impressed with his
28 | appearance of success and noted his luxury cars, fancy watches, and penthouse apartment.

1 25. On December 26, 2019, over six months after starting Ichioka Ventures, Defendant
2 admitted in a text message to his employee that his fund “hasn’t made any money since we
3 started,” and acknowledged that “the reality is I can’t keep the fund open if we’re not making
4 money.” However, Ichioka continued fundraising under false pretenses of success, and on the
5 following day, December 27, 2019, texted “I’m getting a lot of investors this coming two weeks.
6 Few M.”

7 26. Ichioka’s crypto asset and other investing activity for his fund never provided the
8 promised 10% return every 30 business days.

9 2. False Statements Regarding Investment Risk and Other Deceptive Conduct

10 27. Ichioka also made other false and misleading statements to downplay the risk of
11 investing in his fund. Many investors understood from Defendant that there was little to no risk on
12 their investment in that their principal was guaranteed.

13 28. Ichioka led investors who purchased promissory notes from Ichioka Ventures to
14 believe that they could withdraw their principal and interest at any time. The promissory note
15 terms included a right to demand repayment at the end of the 30 business-day period, and the
16 Ichioka Ventures website included a “withdraw” option for investors to request money back.
17 However, Defendant was at times unable to honor such requests, and many investors experienced
18 delays in receiving repayment. Repayment of investor principal and interest by Defendant was
19 often only possible through payments using new investor money.

20 29. To conceal this fraud, Ichioka continued to post false 10% returns every 30
21 business days to investors’ accounts that were viewable through the Ichioka Ventures website.
22 Investors relied on these accounts as a representation of their income earned, and many investors
23 reinvested or wired Defendant additional funds based on the belief that their investments were
24 performing as promised.

25 30. Defendant also sent investors falsified documents showing inflated asset balances
26 to create an appearance of successful investments. For example, Defendant sent one investor a
27 doctored bank account statement to show a substantially higher account balance and a doctored
28

1 | screenshot of an account at a crypto asset trading platform to similarly show a crypto asset balance
2 | significantly in excess of the actual value of crypto assets held in the account.

3 | 31. Defendant's misrepresentations described in Paragraph Nos. 23-30 above were
4 | material to persons who invested with Defendant and through Ichioka Ventures.

5 | **C. Misappropriation of Fund Assets**

6 | 32. Defendant misappropriated investor funds invested with Ichioka Ventures for
7 | personal use.

8 | 33. During the period from mid-2019 through 2021, Ichioka spent millions of dollars
9 | on apartment rentals, luxury cars, high-end watches and jewelry, and on other personal expenses
10 | such as meals, entertainment, clothing, and travel. Ichioka used investor money to help pay for
11 | these personal expenses.

12 | 34. Ichioka also gambled and lost significant amounts of investor funds.

13 | 35. Defendant knew, or was reckless or negligent in not knowing, that he was
14 | misappropriating investor funds.

15 | 36. The misappropriations described in Paragraph Nos. 32-35 above were material to
16 | persons who invested with Defendant and through Ichioka Ventures.

17 | **FIRST CLAIM FOR RELIEF**

18 | *Violations of Section 10(b) of the Exchange Act and Rule 10b-5*

19 | 37. The Commission re-alleges and incorporates by reference Paragraph Nos. 1
20 | through 36.

21 | 38. Defendant, by engaging in the conduct described above, directly or indirectly, in
22 | connection with the purchase or sale of securities, by use of means or instrumentalities of interstate
23 | commerce, or of the mails, with scienter:

- 24 | a. Employed devices, schemes, or artifices to defraud;
- 25 | b. Made untrue statements of material facts or omitted to state material facts
26 | necessary in order to make the statements made, in the light of the
27 | circumstances under which they were made, not misleading; and
- 28 |

1 c. Engaged in acts, practices, or courses of business which operated or would
2 operate as a fraud or deceit upon other persons, including purchasers of
3 securities.

4 39. By reason of the foregoing, Defendant violated, and unless restrained and enjoined
5 will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5
6 thereunder [17 C.F.R. § 240.10b-5].

7 **SECOND CLAIM FOR RELIEF**

8 *Violations of Section 17(a) of the Securities Act*

9 40. The Commission re-alleges and incorporates by reference Paragraph Nos. 1
10 through 36.

11 41. Defendant, by engaging in the conduct described above, directly or indirectly, in
12 the offer or sale of securities, by use of the means of instruments of transportation or
13 communication in interstate commerce or by use of the mails:

- 14 a. with scienter, employed devices, schemes, or artifices to defraud;
- 15 b. obtained money or property by means of untrue statements of material fact
16 or by omitting to state a material fact necessary in order to make the
17 statements made, in light of the circumstances under which they were
18 made, not misleading; and
- 19 c. engaged in transactions, practices, or courses of business which operated or
20 would operate as a fraud or deceit upon purchasers.

21 42. By reason of the foregoing, Defendant violated, and unless restrained and enjoined
22 will continue to violate, Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

23 **THIRD CLAIM FOR RELIEF**

24 *Violations of Sections 206(1) and 206(2) of the Advisers Act*

25 43. The Commission re-alleges and incorporates by reference Paragraph Nos. 1
26 through 36.

27 44. At all relevant times, Defendant was an “investment adviser” within the meaning of
28 Section 202(a)(11) of the Advisers Act [15 U.S.C. § 80b-2(a)(11)]. Defendant was in the business

1 of providing investment advice concerning securities for compensation and was also an investment
2 adviser due his management and control of Ichioka Ventures.

3 45. As set forth above, Defendant, by use of the mails or any means or instrumentality
4 of interstate commerce, directly or indirectly: (a) acting intentionally, knowingly, or recklessly,
5 employed devices, schemes, or artifices to defraud clients and/or potential clients; or (b) engaged
6 in transactions, practices, or courses of business which operate as a fraud or deceit upon a client or
7 prospective client.

8 46. By reason of the foregoing, Defendant directly or indirectly violated, and unless
9 restrained and enjoined will continue to violate, Sections 206(1) and 206(2) of the Advisers Act
10 [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

11 **PRAYER FOR RELIEF**

12 WHEREFORE, the Commission respectfully requests that the Court:

13 **I.**

14 Permanently enjoin Defendant from directly or indirectly violating Section 10(b) of the
15 Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder, Section
16 17(a) of the Securities Act [15 U.S.C. § 77q(a)], and Sections 206(1) and 206(2) of the Advisers
17 Act [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

18 **II.**

19 Permanently enjoin Defendant from directly or indirectly, including, but not limited to,
20 through any entity owned or controlled by him, participating in the issuance, purchase, offer, or
21 sale of any securities, provided however, that such injunction shall not prevent him from
22 purchasing or selling securities for his own personal account.

23 **III.**

24 Issue an order barring Defendant from serving as an officer or director of any company that
25 has a class of securities registered with the Commission pursuant to Section 12 of the Exchange
26 Act [15 U.S.C. § 78I].
27
28

1 **IV.**

2 Issue an order requiring Defendant to disgorge all ill-gotten gains or unjust enrichment
3 derived from the activities set forth in this Complaint, together with prejudgment interest thereon.

4 **V.**

5 Issue an order requiring Defendant to pay a civil monetary penalty pursuant to Section
6 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d) of the Exchange Act [15 U.S.C. §
7 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

8 **VI.**

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

13 **VII.**

14 Grant such other and further relief as this Court may determine to be just and necessary.

15
16 Dated: June 22, 2023

Respectfully submitted,

17
18 /s/ Erin E. Wilk

Erin E. Wilk

Attorney for Plaintiff

SECURITIES AND EXCHANGE COMMISSION