

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 9685 / December 8, 2014**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 73783 / December 8, 2014**

**INVESTMENT COMPANY ACT OF 1940**  
**Release No. 31366 / December 8, 2014**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16307**

**In the Matter of**

**BTC TRADING, CORP.**  
**AND ETHAN BURNSIDE,**

**Respondents.**

**ORDER INSTITUTING  
ADMINISTRATIVE AND CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT  
OF 1933, SECTIONS 15(b) AND 21C OF  
THE SECURITIES EXCHANGE ACT OF  
1934, AND SECTION 9(b) OF THE  
INVESTMENT COMPANY ACT OF 1940,  
MAKING FINDINGS, AND IMPOSING  
REMEDIAL SANCTIONS AND A CEASE-  
AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Sections 15(b), and 21C of the Securities and Exchange Act of 1934 (“Exchange Act”), and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”), against BTC Trading, Corp. (“BTC Trading”) and Ethan Burnside (“Burnside”) (collectively “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have 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 them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Administrative and Cease-and-Desist Proceedings

Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and 21C of the Exchange Act of 1934, and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents’ Offer, the Commission finds that:

#### Summary

This matter involves two enterprises -- LTC-Global Virtual Stock Exchange (“LTC-Global”) and BTC Virtual Stock Exchange (“BTCT Co.”) -- that Burnside and BTC Trading operated as unregistered, online, virtual currency-denominated securities exchanges and broker-dealers during the period from August 2012 through October 2013.<sup>1</sup> Each enterprise launched and operated its own website ([www.litecoinglobal.com](http://www.litecoinglobal.com) and [www.btct.co](http://www.btct.co)) and required interested persons to complete an online registration to open an account and access services. Registered accountholders (“users”) could buy, sell and trade securities of businesses listed on the websites using the virtual currencies Bitcoin and Litecoin, and the businesses were themselves primarily virtual currency-related enterprises. Burnside, an experienced computer programmer, and his company, BTC Trading, launched the two website enterprises during the early stages of the adoption and use of these virtual currencies. Through the websites, Burnside also offered shares in unregistered transactions in exchange for bitcoins and litecoins in LTC-Global and LTC-Mining, another virtual currency enterprise founded by Burnside.

#### Respondents

1. Burnside, age 37, resides in El Segundo, California. Burnside has a background in computer science and has extensive experience as a computer programmer and computer systems engineer. Currently, he is employed as a systems engineer and manager in Los Angeles, California, by a multiplayer online social gaming company. Burnside has never been registered with the Commission in any capacity.

2. BTC Trading, Corp. is a Belize corporation and the alter ego of Burnside that he founded in November 2012. BTC Trading’s sole business was the operation of LTC-Global and BTCT Co. BTC Trading is 100% owned and operated by Burnside and has never been registered with the Commission in any capacity.

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<sup>1</sup> For purposes of this Order, a “virtual currency” is a digital representation of value that can be digitally traded and functions as a medium of exchange; a unit of account; and/or a store of value, but does not have legal tender status (i.e., when tendered to a creditor, is a valid and legal offer of payment) in any jurisdiction. It is not issued or guaranteed by any jurisdiction, and fulfills the above functions only by agreement within the community of users of the virtual currency. Virtual currency is distinct from fiat currency, which is the coin and paper money of a country that is designated as its legal tender; circulates; and is customarily used and accepted as a medium of exchange in the issuing country. It also is distinct from e-money, which is a digital representation of fiat currency used to electronically transfer value denominated in fiat currency, i.e., e-money electronically transfers value that has legal tender status.

### **Other Entities**

3. LTC-Global Virtual Stock Exchange was founded and developed by Burnside and BTC Trading as an online, litecoin-denominated “securities exchange.” Burnside launched LTC-Global’s website ([www.litecoinglobal.com](http://www.litecoinglobal.com)) in August 2012, and offered and sold shares of LTC-Global as one of the listings on its website. LTC-Global is not an incorporated entity and has never been registered with the Commission in any capacity. In October 2013, LTC-Global ceased operating.

4. BTC Virtual Stock Exchange was founded and developed by Burnside and BTC Trading as an online, bitcoin-denominated “securities exchange.” In December 2012, Burnside launched BTCT Co’s website ([www.btct.co](http://www.btct.co)). BTCT Co. is not an incorporated entity and has never been registered with the Commission in any capacity. In October 2013, BTCT Co. ceased operating.

5. LTC-Mining is a litecoin mining business owned and operated by Burnside.<sup>2</sup> In July and September 2012, Burnside offered and sold litecoin- and bitcoin-denominated “LTC Mining bonds,” which entitled “bondholders” to share in any profits LTC Mining earned from mining litecoins. LTC Mining is not an incorporated entity and has never been registered with the Commission in any capacity. In late 2013, LTC-Mining ceased operating.

### **Respondents Operated as Unregistered Exchanges and Unregistered Broker-Dealers**

6. In August 2012, Burnside and BTC Trading launched LTC-Global ([www.litecoinglobal.com](http://www.litecoinglobal.com)) as an online, litecoin-denominated securities exchange. Through the website, in exchange for litecoins, registered users bought, sold, and traded securities in initial and secondary securities offerings of businesses (or “issuers”) listed on the website.

7. In December 2012, Burnside and BTC Trading launched BTCT Co.’s website ([www.btct.co](http://www.btct.co)) as an online, bitcoin-denominated securities exchange. BTCT Co. operated almost identically to LTC-Global, but accepted bitcoins, instead of litecoins, as payment.

8. According to its website, BTCT Co. allowed users to “experiment with virtual currency investing by purchasing stock in virtual currency” and/or “start a virtual currency company and issue stock to raise funds” for that company. Although anyone was permitted to register with either website, the websites were marketed to and popular with virtual currency enthusiasts. Issuers listed on the websites primarily were virtual currency-related businesses, such as virtual currency mining operations.

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<sup>2</sup> A virtual currency “miner” is an individual or entity that participates in a decentralized virtual currency network by running special software to solve complex algorithms in a distributed proof-of-work or other distributed proof system used to validate transactions in the virtual currency system. Certain virtual currencies (e.g., Bitcoin and Litecoin), self-generate units of the currency by rewarding miners with newly created coins.

9. Burnside launched the two websites when the exchange rates to U.S. dollars (“USD”) of Litecoin and Bitcoin were low. From August 2012 to the present, the exchange rate to USD of Litecoin has fluctuated between a low of \$0.02 per litecoin on August 27, 2012 and a high of \$40.73 per litecoin on November 28, 2013. From December 2012 to the present, the exchange rate to USD of Bitcoin has fluctuated between a low of \$12.56 per bitcoin on December 2, 2012 and a high of \$1,209.94 per bitcoin on November 30, 2013.

*Account Opening, Deposits, and Custody of Customer Funds*

10. Any individual or group was permitted to open an account and access the websites’ services after completing an online registration form. The only information required for registration was a valid email address, which allowed users of each website to maintain a certain level of anonymity. Registration was free. Once registered, users could view their account history and balance online.

11. Both websites maintained custody of users’ litecoins and bitcoins. Registered users deposited litecoins and bitcoins with each site by accessing certain computer software that allowed them to digitally transfer funds. Each website maintained custody of its users’ funds, which were co-mingled in the website’s virtual currency wallet.<sup>3</sup> Users could request to withdraw their funds at any time. Neither website, however, offered users the ability to convert virtual currency into USD or any other fiat currency.

12. Through posts on an internet website dedicated to Bitcoin known as the Bitcoin Forum ([bitcointalk.org](http://bitcointalk.org)) and other websites dedicated to virtual currency, Burnside solicited users to open accounts and access the websites’ services. During the relevant operating periods, approximately 2,655 users opened online accounts with LTC-Global and approximately 7,959 users opened online accounts with BTCT Co.

*Listing of Initial and Secondary Securities Offerings and Issuance of Shares*

13. In order to list the offer and sale of securities on either website, an issuer submitted an online application that included an “investment contract” prepared by the issuer. An investment contract typically included a description of the issuer’s operation and the investment being offered. LTC-Global and BTCT Co. charged each issuer a flat listing fee of 250 litecoins and 5 bitcoins respectively. There was also a “terms of service” for the websites that, among other provisions, required that the issuer’s business or operation was “legal in the United States.”

14. LTC-Global shareholders had to approve a new listing application through an online voting process operated by Burnside. Once a listing application was approved, registered users of either website could create issuances of stock and list initial and secondary offerings of securities. The shares of stock were uncertified; the issuance and subsequent ownership of shares by shareholders was reflected in the online account statements that the website maintained

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<sup>3</sup> A virtual currency wallet is a means (software application or other mechanism/medium) for holding, storing and transferring virtual currency.

for all registered users. The website provided each issuer with a list of its shareholders and their holdings every 12 hours so that the issuer could continue to operate its listing if either website ever shut down.

15. Issuers could also advertise their listing by posting a prospectus and business plan online. Issuers could directly post notifications on the websites and, if they did so, all shareholders in that particular issuer automatically received a copy of the notification by email. Although issuers were responsible for posting and updating their content online, Burnside maintained limited moderator-type rights over the websites.

16. Burnside regularly posted information on the Bitcoin Forum and other websites dedicated to virtual currency advertising LTC-Global and BTCT Co.'s listing services. Through these posts, Burnside solicited issuers to utilize the websites' listing services. As a result, during the relevant operating periods, approximately 52 issuers entered into contracts to list their shares with LTC-Global and paid a total of 11,450 litecoins in listing fees and approximately 69 issuers entered into contracts to list their shares with BTCT Co. and paid a total of 210 bitcoins in listing fees. None of the issuers registered a class of securities with the Commission under the Exchange Act, and none of the issuers registered an offering of securities with the Commission under the Securities Act.

#### Trading, Trade Execution, and Trade Reporting

17. In addition to providing a platform to invest in securities offerings, registered users could initiate and place different types of trades, including options trades, through each website. In exchange for these services, Burnside and BTC Trading received transaction-based compensation based directly on the size or type of securities transaction.

18. In order to initiate and place a trade, registered users entered "bids" and "asks" through an online order book maintained on each website, and each website used a non-discretionary system to match and execute trades according to price and time priority. Neither website received any external orders for securities or routed orders to any other online virtual currency exchange. Both websites reported and publicly displayed all trades, quotes and dividends paid. The websites also reported trading volume for each listed security.

19. Through posts on the Bitcoin Forum and other websites dedicated to virtual currency, Burnside and BTC Trading solicited users to place trades in listed securities in exchange for transaction-based compensation. As a result, during the relevant operating periods, LTC-Global users executed approximately 60,496 trades through LTC-Global's website, paying a total of 12,081 litecoins in transaction-based compensation and BTCT Co. users executed approximately 366,490 trades through BTCT Co.'s website, paying a total of 2,141 bitcoins in transaction-based compensation.

#### **Burnside Winds Down LTC-Global and BTCT Co.**

20. Beginning in September 2013, shortly after the Commission staff contacted Burnside, he began an orderly wind down of the operations of both websites. This included disabling the registration and trading functions of the websites while maintaining the users'

ability to request the withdrawal of their funds. Burnside provided the websites' users with advance notice of the wind down and established procedures intended to prevent user losses. During the wind down period, users withdrew funds totaling approximately 200,000 litecoins and 20,000 bitcoins, which were held in virtual currency wallets maintained by each website. By October 31, 2013, both websites had ceased operating.

### **The Offering of Shares in Unregistered Transactions**

21. In separate unregistered transactions, Burnside offered to sell and buy shares of two virtual currency enterprises that he owned and operated.

#### *Offer and Sale of LTC-Global Securities*

22. From August 2012 through August 2013, Burnside offered and sold 1,322 dividend-paying shares of LTC-Global, with a maximum of 951 shares outstanding at any given time. The price of the shares ranged between 25 and 399 litecoins per share, and four shares sold for 2 bitcoins per share. The shares were offered on LTC-Global's website as one of its stock listings.

23. Burnside made general solicitations to sell shares of LTC-Global over the Internet, which included posts on the Bitcoin Forum and other Bitcoin-related websites.

24. Burnside raised 109,387 litecoins and 8 bitcoins from the sale of LTC-Global shares. At the time Burnside sold the shares, the total USD value of the litecoins and bitcoins he raised was approximately \$92,954.

25. Pursuant to the investment contract with LTC-Global shareholders, Burnside distributed to LTC-Global shareholders 100% of the profits earned from the operation of both websites as dividends. Burnside, who owned approximately 90.5% of the shares of LTC-Global, received dividends totaling 67,751 litecoins. The total USD value of the dividends received by Burnside at the time the dividends were paid was approximately \$102,653.

26. Beginning in August 2012, in another unregistered transaction, Burnside began buying back outstanding shares of LTC-Global from investors who wished to sell them, some of which he resold to other investors. In September 2013, in connection with Burnside's decision to shut down the operations of both websites, Burnside agreed to buy back all outstanding shares of LTC-Global from investors. During the period from August 2012 through November 2013, Burnside purchased a total of 1,278 shares for a total of 54,798 litecoins (an average of approximately 43 litecoins per share) and 44 shares for a total of 11 bitcoins (0.25 bitcoins per share). Due to the significant rise in the exchange rate of litecoin, the total USD amount paid to investors in the buy-back transactions (approximately \$142,457) exceeded the total USD amount raised (approximately \$92,954).

#### *Offer and Sale of LTC-Mining Securities*

27. In two unregistered transactions in July and September 2012, Burnside offered for sale "LTC-Mining bonds," which entitled "bondholders" to an interest in the profits LTC Mining

earned from mining litecoins. Although Burnside called the investment a bond, it was in essence preferred stock that paid dividends.

28. In the first of these unregistered transactions, Burnside offered and sold 789 LTC-Mining shares for 0.43 bitcoins per share. The shares were first listed on the Global Bitcoin Stock Exchange (“GLBSE”), which purported to run a bitcoin-denominated stock exchange<sup>4</sup> and later on BTCT Co.’s website.<sup>5</sup>

29. Burnside solicited investors in the first offering by regularly posting information on the Bitcoin Forum in a thread titled “The First Perpetual LTC-Mining Bond.” Burnside provided certain disclosures as part of this offering, posting extensive information about himself, how the mining operation worked, his involvement in the operation, and the terms of the offering.

30. The first LTC-Mining offering raised 339 bitcoins. Burnside used the proceeds of the offering to buy computers and specialized graphic cards to support his mining operation. At the time of the offering, 339 bitcoins were worth approximately \$2,644.

31. In a second unregistered transaction in September 2012, Burnside offered and sold an additional 500 shares of “LTC-Mining bonds” for an average of 129.74 litecoins per share. Burnside offered the bonds on LTC-Global, his newly launched litecoin-denominated stock exchange and in contrast to the first unregistered LTC-Mining bond offering, sought payment in litecoins rather than bitcoins.

32. Burnside solicited investors in the second LTC-Mining bond offering through posts he made on the Bitcoin Forum. On September 27, 2012, Burnside posted that the litecoin and bitcoin-denominated LTC-Mining bonds were identical and that the only difference between the two offerings was that “you get paid [dividends] in LTC instead of BTC.”

33. The second LTC-Mining bond offering raised 64,870 litecoins, which was worth approximately \$2,834 at the time of the offering.

34. In June 2013, in a third unregistered transaction and almost a year after the first LTC-Mining bond offering, Burnside offered to buy back the “bonds” from all existing bondholders due to the unprofitability of the investment and the rise in value of bitcoins and litecoins. In connection with the buy-back transactions, Burnside paid LTC-Mining shareholders a total of 33,100 litecoins and 236 bitcoins. Due to the significant rise in the exchange rate of bitcoins and litecoins, the total USD amount paid to investors in the buy-back transactions (approximately \$59,504) exceeded the total USD amount raised (approximately \$5,490). Also,

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<sup>4</sup> In October 2012, GLBSE ceased operations.

<sup>5</sup> Burnside launched BTCT Co. shortly after the GLBSE ceased operating and offered GLBSE issuers the ability to transfer their stock listings and holdings from the GLBSE to BTCT Co. at no charge. Burnside transferred his listing of LTC-Mining from GLBSE to BTCT Co. and created user accounts for all LTC-Mining shareholders.

shareholders who purchased shares in the IPO received approximately a 10% return on their investment.

### **Legal Analysis**

35. Section 5(a) of the Securities Act provides that, unless a registration statement is in effect as to a security, it is unlawful for any person, directly or indirectly, to engage in the unregistered offer or sale of securities in interstate commerce. Section 5(c) of the Securities Act provides a similar prohibition against offers to sell, or offers to buy, unless a registration statement has been filed. Thus, both Sections 5(a) and 5(c) of the Securities Act prohibit the unregistered offer or sale of securities in interstate commerce, unless the offerings are exempt. *See* 15 USC §77e.

36. As described above, Burnside offered to buy and sell shares of LTC-Global and LTC-Mining over the Internet and was required to register the offerings with the Commission or qualify for an exemption. No registration statement was filed for the LTC-Global or LTC-Mining offerings, and no exemption from registration was applicable to these transactions. As a result, Burnside willfully violated Sections 5(a) and 5(c) of the Securities Act.

37. Section 5 of the Exchange Act makes it unlawful for any broker, dealer, or exchange, directly or indirectly, to effect any transaction in a security, or to report any such transaction, in interstate commerce, unless the exchange is registered as a national securities exchange under Section 6 of the Exchange Act, or is exempted from such registration. *See* 15 USC §78e. Section 3(a)(1) of the Exchange Act defines an “exchange” as “any organization, association, or group of persons, whether incorporated or unincorporated, which constitutes, maintains, or provides a market place or facilities for bringing together purchasers and sellers of securities or for otherwise performing with respect to securities the functions commonly performed by a stock exchange as that term is generally understood . . . .” 15 USC §78c(a)(1). Exchange Act Rule 3b-16 further defines an exchange to mean an organization, association, or group of persons that: (1) brings together the orders for securities of multiple buyers and sellers; and (2) uses established, non-discretionary methods (whether by providing a trading facility or by setting rules) under which such orders interact with each other, and the buyers and sellers entering such orders agree to the terms of the trade. 17 CFR 240.3b-16(a). The Commission has also stated that “an exchange or contract market would be required to register under Section 5 of the Exchange Act if it provides direct electronic access to persons located in the U.S.” Exchange Act Rel. No. 34-60194 (June 30, 2009), 74 FR 32200, 32204 (July 7, 2009) (order granting exemptions).

38. As described above, Burnside and BTC Trading operated LTC-Global and BTCT Co. as “virtual stock exchanges.” Section 5 of the Exchange Act required them to register both enterprises with the Commission or obtain a formal exemption from registration. Both LTC-Global and BTCT Co. operations provided issuers the ability to create and list initial and secondary securities offerings through their websites in exchange for a flat listing fee. During the relevant time period, approximately 52 issuers entered into contracts to list their shares with LTC-Global and they paid a total of 11,450 litecoins in listing fees. Approximately 69 issuers entered into contracts with BTCT Co. and paid a total of 210 bitcoins in listing fees. Registered users could also invest and trade in any listed security through each website, which used a non-



discretionary system to match and execute trades. By failing to register LTC-Global and BTCT Co. as national securities exchanges, or to obtain an exemption from such registration, Burnside and BTC Trading willfully violated Section 5 of the Exchange Act.

39. Subject to limited exceptions and exceptions not applicable to Burnside and BTC Trading, Section 15(a)(1) of the Exchange Act makes it unlawful for any broker or dealer “to make use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale, of any security ... unless such broker or dealer is registered” in accordance with Section 15(b) of the Exchange Act. 15 USC §78o. Section 3(a)(4) of the Exchange Act defines a “broker” as a person, including a company, engaged in the business of effecting transactions in securities for the account of others. A person is engaged in the business of effecting securities transactions if he or she regularly “participates in securities transactions at key points in the chain of distribution.” *See Massachusetts Fin. Servs., Inc. v. Sec. Investor Prot. Corp.*, 411 F. Supp. 411, 415 (D. Mass. 1976), *aff’d*, 545 F.2d 754 (1<sup>st</sup> Cir. 1976). Such participation includes, among other activities, assisting an issuer to structure prospective securities transactions, helping an issuer to identify potential purchasers of securities, and soliciting securities transactions. *See Strengthening the Commission’s Requirements Regarding Auditor Independence*, Exch. Act Rel. No. 34-47265 (Jan. 28, 2003), 68 FR 6006, 6014-15 n.82 (Feb. 5, 2003) (adopting release).

40. As described above, LTC-Global’s and BTCT Co.’s business, directed by Burnside, was to effect transactions in securities for the accounts of others. BTC Trading, directed by Burnside, actively solicited the public to open accounts by advertising the websites on the Bitcoin Forum and other websites dedicated to virtual currency. As a result of these solicitation efforts, during the relevant operating periods, approximately 2,655 users opened online accounts with LTC-Global and executed approximately 60,496 trades through the website, paying a total of 12,081 litecoins in transaction-based compensation. Approximately 7,959 users opened online accounts with BTCT Co. and executed approximately 366,490 trades through the website, paying a total of 2,141 bitcoins in transaction-based compensation. As a result of this conduct, Burnside and BTC Trading were required to register with the Commission as a broker or dealer. By failing to register as a broker or dealer and as a result of their conduct described in this Order, Burnside and BTC Trading willfully violated Section 15(a) of the Exchange Act.

### **Respondents’ Remedial Efforts**

In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondents and cooperation afforded the Commission staff. Beginning in September 2013, in immediate response to the Commission staff’s investigation, Burnside began an orderly wind down of both websites. Since September 2013, users have withdrawn funds totaling approximately 200,000 litecoins and 20,000 bitcoins, and in October 2013, both websites ceased operating. Throughout the investigation, Burnside fully cooperated with the Commission staff, providing early and substantial assistance. He made himself available to Commission staff upon request, translated data into accessible formats while producing the raw data to permit independent verification, and he retained financial audit experts to assist in the generation and formatting of reports in order to enable the staff to quickly ascertain the scope and operation of

his enterprises. Burnside's efforts facilitated the staff's investigation involving an emerging technology.

#### IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondents' Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Sections 15(b), and 21C of the Exchange Act, and Section 9(b) of the Investment Company Act, it is hereby ordered that:

A. Respondent Burnside cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

B. Respondents Burnside and BTC Trading cease and desist from committing or causing any violations and any future violations of Sections 5 and 15(a) of the Exchange Act.

C. Respondent Burnside be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock;

with the right to apply for reentry after two (2) years to the appropriate self-regulatory organization, or if there is none, to the Commission.

D. Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

E. Respondent Burnside shall pay disgorgement, which represents profits gained as a result of the conduct described herein, of \$55,000 and prejudgment interest of \$3,387.07, for a total of \$58,387.07, to the Securities and Exchange Commission for transfer to the United States Treasury. Payments shall be made in the following installments.

- (1) \$10,000 within ten days of the entry of this Order;
- (2) \$24,193.54 within 180 days of entry of the Order; and
- (3) \$24,193.54 plus prejudgment interest on the payments described in Section IV.E(2) and IV.E.(3) pursuant to SEC Rule of Practice 600, within 360 days of entry of the Order.

Prior to making the payment described in Section IV.E(3), Respondent Burnside shall contact the Commission staff to ensure the inclusion of prejudgment interest. If any payment is not made by the date the payment is required by this Section IV.E, the entire outstanding balance of disgorgement, prejudgment interest, plus any additional interest accrued pursuant to SEC Rule 600, shall be due and payable immediately, without further application.

F. Respondent Burnside shall, within 10 days of this Order, pay civil money penalties of \$10,000 to the Securities and Exchange Commission for transfer to the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

G. Payments under this Order 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 Ethan Burnside and BTC Trading, Corp. as Respondents 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 Valerie A. Szczepanik, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281-1022, or such other person or address as the Commission staff may provide.

H. Respondents acknowledge that the Commission is not imposing a civil penalty in excess of \$10,000 based upon their cooperation in a Commission investigation. If at any time following the entry of the Order, the Division of Enforcement (“Division”) obtains information indicating that Respondents knowingly provided materially false or misleading information or materials to the Commission or in a related proceeding, the Division may, at its sole discretion and with prior notice to the Respondents, petition the Commission to reopen this matter and seek an order directing that the Respondents pay an additional civil penalty. Respondents may contest by way of defense in any resulting administrative proceeding whether it knowingly provided materially false or misleading information, but may not: (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, the findings in this Order are true and admitted by Burnside, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Burnside under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Burnside of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

By the Commission.

Brent J. Fields  
Secretary