UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10836 / September 11, 2020

ADMINISTRATIVE PROCEEDING
File No. 3-19990

In the Matter of

CLIFFORD HARRIS, JR.,
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 Clifford Harris, Jr., a/k/a "T.I." and "Tip" ("Harris" or "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 him 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’s Offer, the Commission finds\(^1\) that:

**Summary**

1. From August 20 through September 20, 2017, Harris, a well-known musician, actor, and producer, participated in the offer and sale of digital asset securities called FLiK tokens in an unregistered initial coin offering (the “FLiK ICO”). Posts on Harris’ social media accounts, and on the FLiK website and FLiK social media accounts, inaccurately referred to Harris as a co-owner of FLiK and encouraged investors to participate in the FLiK ICO. These posts also provided links to the FLiK ICO website to facilitate investor participation in the FLiK ICO. Harris further arranged for his friend, a well-known actor, comedian, and producer, to promote the FLiK ICO on his friend’s social media accounts. Harris provided his friend with language that referred to the FLiK ICO as Harris’ “new venture.” Harris violated Sections 5(a) and 5(c) of the Securities Act by offering and selling securities without having a registration statement filed or in effect or qualifying for an exemption from registration.

**Respondent**

2. **Harris**, age 39, is an Atlanta-based musician, actor, and producer.

**Facts**

3. From August 20 through September 20, 2017, Harris participated in the offer and sale of FLiK tokens in the FLiK ICO. During this time, investors were able to purchase FLiK tokens by sending consideration in the form of ether to a FLiK smart contract. After the close of the FLiK ICO, investors, as a result of FLiK’s efforts, were able to buy and sell FLiK tokens on at least two digital asset trading platforms using ether and bitcoin.

4. The FLiK website and social media accounts included a whitepaper and other marketing materials, and solicited potential investors from around the world, including the United States. FLiK also purchased Facebook advertising campaigns that promoted the FLiK ICO and specifically targeted male users, ages 18-50, located in the United States and other locations with an interest in “investment, Ico, token coin, investor.” Hundreds of U.S.-based individuals viewed these advertisements.

5. FLiK tokens were offered and sold as investment contracts, and therefore were securities under Section 2(a)(1) of the Securities Act. FLiK token purchasers invested money, in the form of ether, and had a reasonable expectation of profits from their investment in FLiK. Promotional materials described FLiK as “Netflix on the blockchain”—a company that would

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\(^1\) The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.
provide a streaming media platform with products and services that could be purchased with FLiK tokens. According to the FLiK whitepaper, the funds raised in the FLiK ICO would be pooled together and used to build the streaming media platform and license digital content for streaming on the platform. As the FLiK promotional materials made clear, the successful creation of the platform, and licensing of content, would increase the value of the FLiK tokens. FLiK’s promotional materials further promised that FLiK tokens would be redeemable on the FLiK platform for increasing amounts over the first year, with each FLiK redeemable for $3.99 after the first 3 months, $9.99 after 12 months, and $14.99 after 15 months. No FLiK platform ever existed.

6. FLiK promotional materials highlighted the film-industry background of its founder, as well as the extensive industry connections of its purported co-owner, Harris, who had recently acted in a major movie produced by one of the largest film studios in the world. FLiK promotional materials described numerous ways in which the value of FLiK tokens would increase as a result of the efforts of Harris and FLiK’s founder, including referencing non-existent negotiations with major production studios and a purportedly pre-committed customer base of millions of subscribers.

7. In addition, FLiK heavily advertised its efforts to get the FLiK token “listed” on digital asset trading platforms, and suggested that investors wait until FLiK tokens reached a sufficiently high price point before selling their tokens on such platforms.

8. Harris participated in the offer and sale of FLiK tokens. He significantly amplified the reach of the FLiK ICO when he, through a business agent, began promoting it on his own social media accounts, encouraging investors to purchase FLiK tokens, and providing a hyperlink through which they could do so. Although FLiK’s paid Facebook advertisements reached thousands of users, Harris had millions of followers on social media. Harris further arranged for another celebrity to promote the FLiK ICO, reaching tens of millions more.

9. The references in FLiK promotional materials to Harris as a “co-owner” of FLiK, and of the FLiK ICO as Harris’ “new venture” lent further legitimacy to the FLiK ICO. Harris never became a co-owner of FLiK.

10. Harris’ social media posts included links to the FLiK ICO website, through which investors could invest directly in the FLiK ICO.

**Harris Violated Sections 5(a) and 5(c) of the Securities Act**

11. Section 5 of the Securities Act makes it unlawful for any person, directly or indirectly, to make use of interstate commerce to (a) sell a security without a registration statement in effect; or (c) offer to sell a security for which no registration statement has been filed. Harris violated Sections 5(a) and (c) of the Securities Act when he offered and sold FLiK digital asset securities without a registration statement being filed or in effect, and the offering did not qualify for any exemption from registration.
Undertakings

12. Respondent has undertaken:

(a) to refrain from participating, directly or indirectly, in any offer or sale of any digital asset security for a period of five years; and

(b) to certify, in writing, compliance with the undertakings. The certification shall identify the undertaking, provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence. The certification and supporting material shall be submitted to John O. Enright, Assistant Regional Director, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than sixty (60) days from the date of the completion of the undertakings.

13. In determining whether to accept the Offer, the Commission has considered these undertakings.

IV.

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

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent cease and desist from committing or causing any violations and any future violations of Sections 5(a) and (c) of the Securities Act.

B. Respondent shall comply with the undertaking enumerated in Section III, paragraph 12(a), above.

C. Respondent shall pay a civil money penalty in the amount of $75,000.00 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: (1) $15,000 within 10 days of entry of this Order; (2) $15,000 within 90 days of entry of this Order; (3) $15,000 within 180 days of entry of this Order; (4) $15,000 within 270 days of entry of this Order; and (5) the remaining amount, including all accrued post-order interest, within 365 days of entry of this Order. Payments shall be applied first to post order interest, which accrues 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.

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 Harris 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 Carolyn Welshhans, Division of Enforcement, Securities and Exchange Commission, 100 F St., NE, Washington, DC 20549-5012.

   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, he shall not argue that he is entitled to, nor shall he 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 he 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.

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 Respondent, and further, any debt for disgorgement, prejudgment interest, civil penalty or other
amounts due by Respondent 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 Respondent 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.

Vanessa A. Countryman
Secretary