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11 **UNITED STATES DISTRICT COURT**  
12 **NORTHERN DISTRICT OF CALIFORNIA**  
13 **SAN FRANCISCO DIVISION**  
14

15 SECURITIES AND EXCHANGE COMMISSION,  
16 Plaintiff,  
17 v.  
18 NAC Foundation, LLC and ROWLAND MARCUS  
ANDRADE,  
19 Defendants.  
20

Case No.

**COMPLAINT**

21  
22  
23 Plaintiff Securities and Exchange Commission (the "Commission") alleges:

24 **SUMMARY OF THE ACTION**

25 1. This case involves the fraudulent and unregistered offer and sale of digital asset  
26 securities by Defendant NAC Foundation, LLC ("NAC"), a company that was in early-stage  
27 development of a blockchain-based digital token called AML BitCoin, which NAC claimed was  
28 superior to the original bitcoin because it had purported anti-money laundering, know-your-

1 customer, and other security features encoded in the smart contracts for the token and was  
2 purportedly compliant with regulatory requirements relating to cryptocurrencies, including in the  
3 United States. NAC's founder and Chief Executive Officer, Defendant Rowland Marcus  
4 Andrade ("Andrade"), was the primary architect and beneficiary of the fraudulent offering, and  
5 with lobbyist and consultant Jack Alan Abramoff ("Abramoff"), NAC and Andrade promoted  
6 the offering and raised at least \$5.6 million from approximately 2,400 retail investors, primarily  
7 in the United States, from at least August 2017 through December 2018. The Commission has  
8 filed a separate action against Abramoff.

9 2. The tokens NAC offered and sold during the offering, including through an initial  
10 coin offering ("ICO") phase to the general public between October 2017 and February 2018,  
11 constituted a "security" under the federal securities laws. The definition of "security" includes a  
12 range of investment vehicles, including "investment contracts." Investment contracts are  
13 instruments involving the investment of money in a common enterprise with the reasonable  
14 expectation of profits to be derived from the entrepreneurial or managerial efforts of others.  
15 Investors in Defendants' offering reasonably viewed the offering as an opportunity to profit if  
16 NAC and Andrade were successful in further developing the advertised features of the token and  
17 blockchain.

18 3. NAC's offering materials falsely stated that while the proprietary anti-money  
19 laundering, know-your-customer, and other security features of AML BitCoin had already been  
20 developed, certain additional features of the token and NAC's "privately regulated public  
21 blockchain" were still being completed. As a result, NAC stated that it would initially issue  
22 tokens with the symbol ABTC ("ABTC tokens") that could eventually be exchanged one-for-one  
23 for functional AML BitCoin tokens. NAC issued the ABTC tokens in May 2018, and NAC took  
24 steps to make the tokens available for trading on third-party digital asset trading platforms. The  
25 ABTC tokens became available for trading on at least one such platform beginning in May 2018.

26 4. At no time did the ABTC tokens have any use. NAC did not have a platform  
27 where the ABTC tokens could be used to purchase goods or services or transact any business,  
28

1 they could only be exchanged for other digital assets or fiat currencies on certain third-party  
2 digital asset trading platforms. NAC marketed the ABTC tokens to investors who reasonably  
3 viewed them as a speculative, tradeable investment vehicle that might appreciate in value based  
4 on NAC's and Andrade's managerial and entrepreneurial efforts. The AML BitCoin White  
5 Paper, which Andrade wrote and posted on the AML BitCoin website, stated that AML BitCoin  
6 could "appreciate in value through speculative trading ... ."

7 5. NAC and Andrade deceived investors in the offering by making it appear as if  
8 NAC had successfully developed the anti-money laundering, know-your-customer, and other  
9 security features of the AML BitCoin token. In reality NAC had not developed any of these  
10 features and the company needed to raise significant funds for such development. They deceived  
11 investors by, among other things, making false and misleading statements in press releases,  
12 social media posts, and other promotional materials regarding the status of the technology and  
13 governmental agencies' interest in using AML BitCoin in their payment systems. Many of these  
14 false and misleading statements were also disseminated through paid articles that Abramoff  
15 arranged and helped write, which purported to be written by independent authors rather than  
16 disclosing that they were paid promotions of NAC.

17 6. NAC, Andrade, and Abramoff also deceived investors by making false and  
18 misleading statements in press releases and other promotional materials suggesting they were on  
19 the verge of airing a Super Bowl commercial for AML BitCoin that they falsely claimed was  
20 rejected by the National Football League and NBC because of its political content.

21 7. Andrade also directly made false and misleading statements to investors and  
22 potential investors about many aspects of NAC's business, including the development status of  
23 the AML BitCoin token, NAC's financial condition, and purported interest by and negotiations  
24 with governmental agencies for use of AML BitCoin in their payment systems. These  
25 statements were made with the intent to deceive or with reckless disregard for the truth.  
26  
27  
28

1 8. NAC and Andrade also misrepresented to investors that NAC's technology was  
2 superior to the original bitcoin, compliant with regulatory requirements, and nearly ready for use  
3 in payment systems.

4 9. At all times, however, NAC and Andrade were aware, and during the ICO  
5 Abramoff became aware, that NAC had not developed any of the claimed features of the AML  
6 BitCoin tokens and that NAC only had introductory meetings with governmental agencies, none  
7 of which had led to follow-up meetings or negotiations about potential use of the tokens in the  
8 agencies' systems. NAC, Andrade, and Abramoff also were aware at least by January 2018 that  
9 NAC could not pay for a Super Bowl advertisement, and that the commercial they produced for  
10 AML BitCoin had not been rejected by the National Football League or NBC.

11 10. Andrade also took steps to manipulate the market for ABTC tokens and  
12 artificially increase the trading volume and value of the ABTC tokens on digital asset trading  
13 platforms.

14 11. During the offering, Andrade misappropriated approximately \$1.1 million of the  
15 offering proceeds for his personal use, including approximately \$747,000 to purchase a personal  
16 residence, \$69,000 to buy a Cadillac Escalade, \$60,000 to buy a Ford F250 truck, and \$226,150  
17 to buy a property for his father.

18 12. In this action, the Commission seeks injunctions; disgorgement of ill-gotten  
19 gains, with prejudgment interest; civil monetary penalties; and other appropriate relief. Unless  
20 NAC and Andrade are permanently restrained and enjoined, they will continue to engage in the  
21 acts, practices, and courses of business set forth in this complaint and in acts, practices, and  
22 courses of business of similar type and object.

### 23 JURISDICTION AND VENUE

24 13. The Commission brings this action pursuant to Sections 20(b), 20(d), and 22(a)  
25 of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and  
26 Sections 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 ("Exchange Act")  
27 [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].  
28

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

4 15. Defendants, directly or indirectly, made use of the means and instrumentalities of  
5 interstate commerce or of the mails in connection with the acts, transactions, practices, and  
6 courses of business alleged in this complaint.

7 16. Venue is proper in this District pursuant to Section 22(a) of the Securities Act  
8 [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Acts,  
9 transactions, practices, and courses of business that form the basis for the violations alleged in  
10 this complaint occurred in this District. Defendants met with and solicited prospective investors  
11 in this District, and offers and sales of securities took place in this District.

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

15 **DEFENDANTS**

16 18. **NAC Foundation, LLC** is a Nevada limited liability company formed in 2014  
17 with its principal place of business in Las Vegas, Nevada. NAC is wholly owned and controlled  
18 by Andrade.

19 19. **Rowland Marcus Andrade**, age 42, of Missouri City, Texas, is the Chief  
20 Executive Officer (“CEO”), President, founder, and sole owner of NAC.

21 **OTHER RELEVANT INDIVIDUAL**

22 20. **Jack Alan Abramoff**, age 61, of Silver Spring, Maryland, is a lobbyist and  
23 consultant who provided services to NAC during the offering.

24 **FACTUAL ALLEGATIONS**

25 **A. The Securities Registration Requirements and NAC’s Offering**

26 21. Congress enacted the Securities Act of 1933 to regulate the offer and sale of  
27 securities. In contrast to ordinary commerce, which often operates under the principle of caveat  
28

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