

**IN THE UNITED STATES DISTRICT COURT  
FOR THE MIDDLE DISTRICT OF FLORIDA**

COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

FINTECH INVESTMENT GROUP, INC.,  
COMPCOIN LLC and ALAN FRIEDLAND,  
Defendants.

CIVIL ACTION NO: 20-cv-652

COMPLAINT FOR PERMANENT  
INJUNCTION, CIVIL MONETARY  
PENALTIES, AND OTHER ANCILLARY  
AND EQUITABLE RELIEF

**JURY TRIAL DEMANDED**

Plaintiff, Commodity Futures Trading Commission (“Commission” or “CFTC”), by its attorneys, alleges as follows:

**I. SUMMARY**

1. From at least 2016 through 2018 (the “Relevant Period”), Defendant Alan Friedland (“Friedland”) and the companies he controlled, Defendant Fintech Investment Group, Inc. (“Fintech”) and Defendant Compcoin LLC (“Compcoin LLC”) (collectively “Defendants”), fraudulently solicited customers and prospective customers to purchase the digital asset known as Compcoin (“Compcoin”), falsely promising that Compcoin would allow customers to gain access to Fintech’s allegedly proprietary foreign exchange (“forex”) trading algorithm known as ART and falsely advertising that ART would deliver high rates of return.

2. In marketing Compcoin, Defendants made untrue and materially misleading representations about the use and primary function of Compcoin and the performance of ART.

3. Significantly, despite Defendants’ knowledge that no customer could lawfully utilize ART unless and until Defendants obtained approval of their risk disclosures from the National Futures Association (“NFA”) to solicit customers as required by CFTC Regulations and NFA rules, Defendants sold Compcoin and raised over \$1.6 million on the premise that

ART “was ready for release on the open market” and that “ART’s high success rate at predicting USD/EUR [i.e., U.S. dollar/euro] forex trades, coupled with the high rate of return from these trades, will stimulate demand among investors and forex traders to purchase and use Compcoin- specifically to gain access to ART.”

4. Instead of gaining access to ART’s high success rate at predicting USD/EUR forex trades and high rate of return from the trades as promised, purchasers of Compcoin were left with a valueless asset. The NFA never approved Fintech’s risk disclosure statements. The purchasers of Compcoin never gained access to ART. Indeed, Compcoin was eventually delisted by all digital asset exchanges and is now worthless.

5. Defendants solicited customers to purchase Compcoin through various means, including a website, written solicitation materials, and verbal communications, that (i) falsely represented the use and function of Compcoin, (ii) falsely claimed that Compcoin would grant customers access to a forex trading algorithm called ART developed by Fintech, (iii) failed to disclose that Fintech was not approved to advise customers on trading forex using ART and could not trade forex for customers using ART until and unless it was approved to do such trading, and (iv) failed to include a disclosure, as required by CFTC Regulation, that Fintech and ART’s forex performance results were based largely or entirely on simulated or hypothetical performance and not actual trading results.

6. Through this fraudulent marketing and solicitation of ART, Defendants Fintech and Friedland have engaged, are engaging, or are about to engage in acts and practices which violate the Commodity Exchange Act (“Act”), including Sections 4b(a)(2)(A)-(C), 4o(1)(A), 4o(1)(B), and 6(c) of the Act, 7 U.S.C. §§ 6b(a)(2)(A)-(C), 6o(1)(A), (B), 9(1) (2018) and Commission Regulations (“Regulations”) 4.41(a) and (b), 5.2(b)(1)-(3), and 180.1, 17 C.F.R.

§§ 4.41(a), (b), 5.2(b)(1)-(3), 180.1 (2019), and Defendant Compcoin LLC has engaged, is engaging, or is about to engage in acts and practices which violate the Act and Regulations, including 7 U.S.C. §§ 4b(a)(2)(A)-(C) and 9(1) and 17 C.F.R. §§ 180.1, 4.41(b), and 5.2(b)(1)-(3), and aiding and abetting Defendants Fintech's and Friedland's violations of 7 U.S.C. §§ 6o(1)(A) and (B), and 17 C.F.R. § 4.41(a).

7. Unless restrained and enjoined by this Court, Defendants are likely to continue to engage in the acts and practices alleged in this Complaint, or in similar acts and practices. Accordingly, the CFTC brings this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1 (2018), to enjoin Defendants' unlawful acts and practices and to compel their compliance with the Act and the Regulations. In addition, the Commission seeks restitution, civil monetary penalties, permanent trading and registration bans, and such other statutory, injunctive, or equitable relief as this Court may deem necessary and appropriate.

## II. JURISDICTION AND VENUE

8. Jurisdiction. This Court possesses jurisdiction over this action under 28 U.S.C. § 1331 (2018) (codifying federal question jurisdiction) and 28 U.S.C. § 1345 (2018) (providing that U.S. district courts have original jurisdiction over civil actions commenced by the United States or by any agency expressly authorized to sue by Act of Congress). In addition, Section 6c of the Act, 7 U.S.C. § 13a-1 (2018), provides that the Commission may bring actions for injunctive relief or to enforce compliance with the Act in the proper district court of the United States whenever it shall appear to the Commission that such person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of the Act or any rule,

regulation, or order thereunder. The Commission has jurisdiction over the forex solicitations and transactions at issue pursuant to Section 2(c)(2)(C) of the Act, 7 U.S.C. § 2(c)(2)(C) (2018).

9. Venue. Venue lies properly in this District pursuant to 7 U.S.C. § 13a-1(e), because Defendants transacted business in this District and certain transactions, acts, practices, and courses of business alleged in this Complaint occurred within this District.

### **III. THE PARTIES**

10. Plaintiff Commodity Futures Trading Commission is an independent federal regulatory agency charged by Congress with the administration and enforcement of the Act and the Regulations promulgated thereunder. The Commission maintains its principal office at 1155 21<sup>st</sup> Street NW, Washington, DC 20581.

11. Defendant Alan Friedland is the founder and sole owner of Fintech and Compcoin LLC. During the Relevant Period, Friedland controlled and directed the activities of Fintech and Compcoin LLC. Friedland was an officer, employee, and agent of Fintech, and in those capacities he solicited Fintech customers' and prospective customers' discretionary accounts. Upon information and belief, Friedland currently resides in or around Winter Park and/or Orlando, Florida. Friedland is the listed Principal of Fintech and is registered with the Commission as an associated person thereof.

12. Defendant Fintech Investment Group, Inc. was a Florida company during the Relevant Period and used as a mailing address 100 E. New York Ave, Suite 330, Deland, FL 32724. Fintech was established as a corporation on March 29, 2016, and was dissolved on September 27, 2019. At all times since 2016, Fintech has been registered with the Commission as a commodity trading advisor.

13. Defendant Compcoin LLC was a Florida limited liability company during the Relevant Period and used as a mailing address 100 E. New York Ave, Suite 335, Deland, FL 32724. Compcoin LLC was formed as a limited liability company on June 4, 2015, and dissolved on September 27, 2019. Compcoin LLC has never been registered with the Commission.

#### **IV. STATUTORY AND REGULATORY BACKGROUND**

##### **A. Forex Fraud**

14. Section 4b(a)(2)(A)-(C) of the Act, 7 U.S.C. § 6b(a)(2)(A)-(C) (2018), in part, makes it unlawful for any person to: (A) cheat or defraud or attempt to cheat or defraud another person, (B) willfully make a false report or statement to another person, or (C) willfully deceive or attempt to deceive another person by any means whatsoever in connection with a contract of sale of a commodity for future delivery.

15. Section 2(c)(2)(C)(iv) of the Act, 7 U.S.C. § 2(c)(2)(C)(iv) (2018), makes retail forex subject to Section 4b of the Act “as if the agreement, contract, or transaction were a contract of sale of a commodity for future delivery.”

16. Regulation 5.2(b)(1)-(3), 17 C.F.R. § 5.2(b)(1)-(3) (2019), makes it unlawful for any person, by use of the mails or any means or instrumentality of interstate commerce, to: (1) cheat or defraud or attempt to cheat or defraud another person, (2) willfully make a false report or statement to another person, or (3) willfully deceive or attempt to deceive another person by any means whatsoever in connection with any forex transaction.

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