

**RICHARD R. BEST**  
**REGIONAL DIRECTOR**  
Lara Shalov Mehraban  
John O. Enright  
Jorge G. Tenreiro  
Mark R. Sylvester  
Michael Baker  
Gwen Licardo  
Pamela Sawhney  
Attorneys for Plaintiff  
**SECURITIES AND EXCHANGE COMMISSION**  
New York Regional Office  
Brookfield Place  
200 Vesey Street, Suite 400  
New York, New York 10281-1022  
(212) 336-9145 (Tenreiro)  
TenreiroJ@sec.gov

**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**-against-**

**TREVON BROWN,  
CRAIG GRANT,  
JOSHUA JEPPESEN,  
RYAN MAASEN, and  
MICHAEL NOBLE,**

**Defendants,**

**-and-**

**LAURA MASCOLA,**

**Relief Defendant.**

**COMPLAINT**

**21 Civ. 4791**

**JURY TRIAL DEMANDED**

Plaintiff Securities and Exchange Commission (“SEC”), for its Complaint against Defendants Trevon Brown (“Brown”), Craig Grant (“Grant”), Joshua Jeppesen (“Jeppesen”), Ryan Maasen (“Maasen”), and Michael Noble (“Noble”) (collectively, “Defendants”) and Relief Defendant Laura Mascola (“Mascola”), alleges as follows:

## SUMMARY

1. From approximately January 2017 to January 2018, BitConnect, an unincorporated organization, raised approximately \$2 billion by conducting an unregistered offering and sale of securities in the form of investments into BitConnect’s “lending program.” Defendants Brown, Grant, Maasen, and Noble, along with BitConnect itself and others, offered and sold the lending program as securities without registering the offering with the SEC as required by the federal securities laws and without a valid exemption from this registration requirement. Defendant Jeppesen aided and abetted BitConnect’s unregistered offer and sale of these securities.

2. To raise over \$2 billion from these unregistered offers and sales of securities, BitConnect used a network of promoters—including Brown, Grant, Maasen, and Noble—who advertised the merits of investing in BitConnect’s lending program to prospective retail investors and in return received a percentage of the invested funds they obtained. They did so without being registered as broker-dealers with the SEC, as the federal securities laws require.

3. To conduct its offer and sale of securities, BitConnect told investors it would deploy investor funds to trade in and profit from the volatility of Bitcoin. In return, BitConnect promised to pay investors the resulting profits, which BitConnect promised could be as high as approximately 40% per month. BitConnect also offered referral commissions to existing investors who referred new investors to the lending program.

4. Brown, Grant, Maasen, and Noble promoted and touted investments into the lending program to potential retail investors, including by creating “testimonial”-style videos advertising the merits of investing in the program and then publishing the videos on YouTube, sometimes multiple times a day, with a referral link to the BitConnect lending program.

5. For each new loan that Brown, Grant, Maasen, or Noble brought in, BitConnect paid the respective promoter a percentage of that new investment as “referral commissions.” The

referral commissions initially ranged between 0.2% and 7% and later ranged between 2% and a maximum of 5%.

6. BitConnect also awarded its top promoters—including Brown, Grant, Maasen, and Noble, who were among BitConnect’s most successful promoters in the United States—an additional sales commission it called “development funds.” The “development funds” were paid weekly and were calculated as a certain percentage of new loans made during that week by certain investors (typically those recruited by the individual promoter, or by investors that the individual promoter’s investors had recruited).

7. Brown obtained at least \$480,000, Grant over \$1.3 million, Maasen over \$475,000, and Noble over \$730,000 as “referral commissions” and “development funds” from promoting and touting investments into BitConnect’s lending program to retail investors.

8. As BitConnect’s “Continental Promoter,” Jeppesen served as a liaison between BitConnect and the national promoters appointed by BitConnect to manage the promoter networks within their own countries and represented BitConnect at conferences and promotional events.

9. By aiding and abetting BitConnect’s unregistered offers and sales of its lending program investments, Jeppesen obtained over \$2.6 million, of which he transferred over \$500,000 to Mascola, his fiancée.

## VIOLATIONS

10. By virtue of the foregoing conduct and as alleged further herein, Defendants Brown, Grant, Maasen, and Noble violated Section 5 of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77e(a)] and Section 15(a) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78o(a)]; and Defendant Jeppesen aided and abetted BitConnect’s violations of Section 5 of the Securities Act [15 U.S.C. § 77e(a)].

11. Unless Defendants are restrained and enjoined, they will engage in the acts, practices,

transactions, and courses of business set forth in this Complaint or in acts, practices, transactions, and courses of business of similar type and object.

### **NATURE OF THE PROCEEDINGS AND RELIEF SOUGHT**

12. The SEC brings this action pursuant to the authority conferred upon it by Securities Act Section 20(b) and Section 20(d) [15 U.S.C. §§ 77t(b) and 77t(d)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)].

13. The SEC seeks a final judgment: (a) permanently enjoining Defendants from violating the federal securities laws and rules this Complaint alleges they have violated; (b) permanently enjoining Defendants as specified in the Prayer for Relief below; (c) ordering Defendants and Mascola to disgorge all ill-gotten gains and/or unjust enrichment they received as a result of the violations alleged herein and to pay prejudgment interest thereon, pursuant to Exchange Act Sections 21(d)(5) and 21(d)(7) [15 U.S.C. §§ 78u(d)(5) and 78u(d)(7)]; (d) ordering Defendants to pay civil money penalties pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and, with respect to Defendants Brown, Grant, Maasen, and Noble, pursuant to Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]; and (e) ordering any other and further relief the Court may deem just and proper.

### **JURISDICTION AND VENUE**

14. This Court has jurisdiction over this action pursuant to Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa].

15. Defendants, directly and indirectly, have made use of the means or instrumentalities of interstate commerce or of the mails in connection with the transactions, acts, practices, and courses of business alleged herein.

16. Venue lies in this District under Securities Act Section 22(a) [15 U.S.C. § 77v(a)] and Exchange Act Section 27 [15 U.S.C. § 78aa]. Certain of the acts, practices, transactions, and courses

of business alleged in this Complaint occurred within this District. Defendants Brown, Grant, Maasen, and Noble solicited investors in this District. In addition, during the relevant time period, each Defendant maintained one or more accounts at a digital asset exchange and custodian company that is a New York trust company headquartered in the District. To obtain payment from BitConnect for the conduct alleged herein, each Defendant transacted in Bitcoin between wallet addresses controlled by BitConnect and wallet addresses associated with their own individual accounts at the New York digital asset exchange and custodian company.

### DEFENDANTS

17. **Brown**, age 31, resides in Myrtle Beach, South Carolina. He was a regional promoter for BitConnect. Brown invoked his right against self-incrimination during portions of his testimony to the SEC in the investigation leading up to the filing of this case.

18. **Grant**, age 46, resides in Kissimmee, Florida. He was a regional promoter for BitConnect.

19. **Jeppesen**, age 37, resides in East Falmouth, Massachusetts. Jeppesen was a “Continental Promoter” for BitConnect, and, starting in late October 2017, BitConnect’s “Second United States National Promoter.”

20. **Maasen**, age 39, resides in Tulsa, Oklahoma. He was a regional promoter for BitConnect.

21. **Noble**, age 51, resides in Pacific Palisades, California. He was a regional promoter for BitConnect.

### RELIEF DEFENDANT

22. **Laura Mascola (“Mascola”)**, age 33, resides in East Falmouth, Massachusetts. She became Jeppesen’s girlfriend before he started working with BitConnect in 2017 and is now Jeppesen’s fiancée.

# Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

## Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

## Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

## Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

## API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

## LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

## FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

## E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.