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**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
SEATTLE DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

No. 2:22-cv-01563

Plaintiff,

v.

COMPLAINT

DOUVER TORRES BRAGA,
JOFF PARADISE, and
KELEIONALANI TAYLOR,

Defendants.

Plaintiff Securities and Exchange Commission (the “SEC”) alleges:

SUMMARY OF THE ACTION

1. Douver Torres Braga (“Braga”), Joff Paradise (“Paradise”), and Keleionalani Taylor (“Taylor,” collectively “Defendants”), ran or promoted a Ponzi scheme called “Trade Coin Club” that raised at least \$295 million from more than 100,000 investors between December 2016 and May 2018.

2. Trade Coin Club was a fraudulent international offering scheme that collected more than 82,000 bitcoin, worth approximately \$295 million at the time, from more than

1 100,000 worldwide investors, and was marketed as an opportunity to profit from the supposed
2 crypto asset trading activities of Trade Coin Club’s alleged crypto asset trading bot.

3 3. Defendant Braga was the creator and primary beneficiary of the Trade Coin Club
4 fraud, receiving at least 8,396 bitcoin, worth approximately \$55 million at the time, from Trade
5 Coin Club’s investors.

6 4. Braga orchestrated the fraud through his control and operation (through
7 programmers he hired) of the Trade Coin Club website, through which investors deposited their
8 bitcoin, and through his distribution and presentation of online marketing materials that made
9 numerous materially false and misleading statements to lure investors to send their bitcoin to
10 Trade Coin Club. These materials and recorded video presentations by Braga falsely claimed
11 that Trade Coin Club had successfully developed and was earning profits from an automated
12 crypto asset trading program or “bot.” Braga also falsely stated that the trading bot made
13 “millions of microtransactions” every second and had a “stop loss” feature that would assure
14 minimum daily trading profits for investors.

15 5. Among other evidence, blockchain analysis reveals that, in reality, Trade Coin
16 Club operated in a manner consistent with a Ponzi scheme. Specifically, Trade Coin Club had
17 no external source of funding for investor withdrawals or redemptions, such as profits from
18 trading. Instead, investor withdrawals were paid solely with investor deposits. Blockchain
19 analysis also confirms that at least 8,396 bitcoin, worth \$55 million at the time, was transferred
20 from Trade Coin Club investor deposits to addresses controlled by Braga at certain crypto asset
21 platforms.

22 6. To recruit new investors to join Trade Coin Club, Braga implemented a pyramid
23 scheme-like referral system to reward existing members for recruiting new investors. The Trade
24 Coin Club “membership packages” were offered and sold by Defendants as investment
25 contracts, and therefore securities, under the federal securities laws. Defendants offered and sold
26 these securities without registration, and without qualifying for any exemption from registration.

27 7. Braga recruited and trained others, including “master distributors,” to present the
28 marketing materials and repeat the false and misleading statements about the purported trading

1 bot and guaranteed daily trading profits, including Defendant Joff Paradise. Paradise, who used
2 the title “Director of the United States” for Trade Coin Club, touted Trade Coin Club
3 extensively, including at events worldwide and in numerous videos posted online that presented
4 the Trade Coin Club marketing materials and repeated the materially false and misleading
5 statements about the purported trading bot and guaranteed daily trading profits. Paradise
6 received at least 238.97 bitcoin as compensation for promoting Trade Coin Club and soliciting
7 investors, worth approximately \$1,410,164 at the time.

8 8. Paradise, in turn, recruited numerous individuals to invest in and solicit others to
9 invest in Trade Coin Club. The network Paradise recruited included Defendant Taylor, the
10 largest U.S. promoter of Trade Coin Club who, in turn, solicited a network with thousands of
11 downstream recruits and received approximately 735.54 bitcoin from Trade Coin Club, worth
12 approximately \$2,647,413 at the time. She recorded and posted online videos promoting Trade
13 Coin Club and instructed new investors how to contribute their bitcoin and navigate the online
14 user platform.

15 9. In early 2018, Trade Coin Club announced that it would discontinue services to
16 U.S. residents. Shortly thereafter, it ceased providing redemptions to any investors in bitcoin
17 and instead required investors to withdraw assets in “TCoin,” a new crypto asset issued by Trade
18 Coin Club, which ultimately became worthless.

19 10. By summer of 2018, Braga and Paradise ceased promoting Trade Coin Club, and
20 many investors could no longer access any assets in their Trade Coin Club accounts.

21 **JURISDICTION AND VENUE**

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

26 12. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1),
27 and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)] and Sections 21(d),
28 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

1 13. Defendants, directly or indirectly, made use of the means or instruments or
2 instrumentalities of transportation or communication in interstate commerce, or of the mails, or
3 the facilities of a national securities exchange, in connection with the transactions, acts,
4 practices, and courses of business alleged in this complaint.

5 14. Venue is proper in this District pursuant to Section 22(a) of the Securities Act
6 [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Acts,
7 practices, transactions, and courses of business that form the basis for the violations alleged in
8 this complaint occurred within this District. Defendants Braga, Paradise, and Taylor solicited
9 investors in this District. During the relevant time period, Taylor also resided in this District.
10 Pursuant to LCR 3(e)(1), assignment to the Seattle Division is appropriate because a substantial
11 part of the relevant conduct occurred in King County.

12 **DEFENDANTS**

13 15. **Douder Torres Braga** (“Braga”) is 45 years old and resided in Florida during the
14 period of Trade Coin Club’s operations but currently resides in Brazil. Braga created and
15 controlled Trade Coin Club.

16 16. **Joff Paradise** (“Paradise”) is 60 years old and resided in Nevada during most of
17 the period of Trade Coin Club’s operations but currently resides in Panama. Paradise described
18 himself as the Director of the United States for Trade Coin Club.

19 17. **Keleionalani Taylor** (“Taylor”) is 42 years old and resides in Mililani, Hawaii.
20 Taylor was the highest compensated U.S.-based promoter of Trade Coin Club and resided in
21 Sammamish, Washington, during most of the period of Trade Coin Club’s operations.

22 **FACTUAL ALLEGATIONS**

23 ***Braga Established Trade Coin Club and Recruited Paradise as the Lead Promoter in***
24 ***the United States.***

25 18. Braga and Paradise met in or around 2015 through their work promoting a multi-
26 level marketing company that sold skincare and wellness products, which also paid commissions
27 for recruiting new participants.

28

1 19. In 2016, Braga established Trade Coin Club, a multi-level marketing program that
2 promised profits purportedly made from a proprietary crypto asset trading software or “bot,” as
3 well as commissions for recruiting new investors. Braga hired a software development company
4 in Brazil to build the record system that supported Trade Coin Club. The programmers hired by
5 Braga registered and paid for the dedicated, cloud-based server that hosted the Trade Coin Club
6 website, www.tradecoinclub.com.

7 20. Investors participated in Trade Coin Club by creating a user account on the
8 website, identifying their sponsor (the person credited with soliciting their investment), and
9 sending bitcoin to a unique public address¹ provided to the user through the website. Investors
10 who created a user account on the Trade Coin Club website could then log in to an area of the
11 website called the “Back Office,” where they could view and access details of their account. In
12 the Back Office, Trade Coin Club’s promoters (also known as “affiliates” or “distributors”)
13 could view the accounts of members they had recruited (which is known as their “downline” or
14 “network”), commissions, and other relevant information.

15 21. The Trade Coin Club Back Office displayed what appeared to be up-to-date
16 account information, including purported trading profits. Through the Trade Coin Club Back
17 Office, investors could also request redemptions and specify a public address at which they
18 could receive bitcoin from Trade Coin Club.

19 22. Braga made arrangements for an office space and a small staff in Belize, which he
20 identified as Trade Coin Club’s headquarters.

21 23. Braga shared the office and staff with a company called “Trade by Trade,” a
22 newly formed crypto asset trading platform. Braga depicted the two organizations as one
23 combined business and created the false impression that Trade by Trade conducted crypto asset
24 trading activities for Trade Coin Club. Braga also falsely represented to Trade Coin Club
25 investors that Trade by Trade’s owner was also Trade Coin Club’s owner and president.

26
27 ¹ A public address on the Bitcoin blockchain is a unique identifier that is associated with the amount of bitcoin
28 recorded as having been sent to or received by that address. It is the “public key” half of a pair of keys generated by
a cryptographic process and is generally between 24 and 34 alphanumeric characters in length when compressed.
The other half of the pair is a “private key” that is then used to “sign” or authorize a transfer of funds from the
associated public address to another public address on the Bitcoin blockchain.

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