

1 no external source of funding for investor withdrawals or redemptions, such as profits from
2 trading. Instead, investor withdrawals were paid solely with investor deposits. Blockchain
3 analysis also confirms that at least 8,396 bitcoin, worth \$55 million at the time, was transferred
4 from Trade Coin Club investor deposits to addresses controlled by Braga at certain crypto asset
5 trading platforms.

6 3. To recruit new investors to join Trade Coin Club, Braga implemented a pyramid
7 scheme-like referral system to reward existing members for recruiting new investors. The
8 individuals recruited by Braga directly or indirectly included Joff Paradise (“Paradise”), who
9 used the title “Director of the United States” for Trade Coin Club, and Keleionalani Taylor
10 (“Taylor”), the largest U.S. promoter of Trade Coin Club. The SEC has filed a separate
11 complaint in this same Court alleging violations of the federal securities laws by Braga, Paradise,
12 and Taylor.

13 4. Taylor’s Trade Coin Club network included Defendant Jonathan Tetreault
14 (“Tetreault”), who received 158.78 bitcoin worth \$626,435 at the time as compensation for
15 promoting Trade Coin Club and soliciting investors.

16 5. The Trade Coin Club “membership packages” were offered and sold as
17 investment contracts, and therefore securities, under the federal securities laws. Tetreault
18 offered and sold the Trade Coin Club securities without registration, and without qualifying for
19 any exemption from registration.

20 6. In early 2018, Trade Coin Club announced that it would discontinue services to
21 U.S. residents. Shortly thereafter, it ceased providing redemptions to any investors in bitcoin
22 and instead required investors to withdraw assets in “TCoin,” a new crypto asset issued by Trade
23 Coin Club, which ultimately became worthless. By summer of 2018, many investors could no
24 longer access any assets in their Trade Coin Club accounts.

25 **JURISDICTION AND VENUE**

26 7. The SEC brings this action pursuant to Sections 20(b), 20(d), and 22(a) of the
27 Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77t(b), 77t(d), and 77v(a)] and Sections
28

1 21(d), 21(e), and 27 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§
2 78u(d), 78u(e), and 78aa].

3 8. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1),
4 and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v(a)] and Sections 21(d),
5 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

6 9. Defendant Tetreault, directly or indirectly, made use of the means or instruments
7 or instrumentalities of transportation or communication in interstate commerce, or of the mails,
8 or the facilities of a national securities exchange, in connection with the transactions, acts,
9 practices, and courses of business alleged in this complaint.

10 10. Venue is proper in this District pursuant to Section 22(a) of the Securities Act
11 [15 U.S.C. § 77v(a)] and Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]. Acts,
12 practices, transactions, and courses of business that form the basis for the violations alleged in
13 this complaint occurred within this District.

14 **DEFENDANT**

15 11. Jonathan Tetreault (“Tetreault”) is 43 years old and resides in Hubbardston,
16 Massachusetts.

17 **BACKGROUND REGARDING TRADE COIN CLUB**

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

20 12. In 2016, Braga established Trade Coin Club, a multi-level marketing program that
21 promised profits purportedly made from a proprietary crypto asset trading software or “bot,” as
22 well as commissions for recruiting new investors.

23 13. Investors participated in Trade Coin Club by creating a user account on the
24 website, identifying their sponsor (the person credited with soliciting their investment), and
25 sending bitcoin to a unique public address¹ provided to the user through the website. Investors

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.

1 who created a user account on the Trade Coin Club website could then log in to an area of the
2 website called the “Back Office,” where they could view and access details of their account. In
3 the Back Office, Trade Coin Club’s promoters (also known as “affiliates” or “distributors”)
4 could view the accounts of members they had recruited (which is known as their “downline” or
5 “network”), commissions, and other relevant information.

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

10 15. In late 2016, Braga recruited Paradise to be a founding member of Trade Coin
11 Club and the Director of Trade Coin Club’s U.S. operations. Braga also presented marketing
12 materials, including a Trade Coin Club slide deck that contained numerous materially false and
13 misleading statements about Trade Coin Club’s purported crypto asset trading operations.

14 ***Braga and Paradise Developed a Large Investor Recruiting Network, Including Taylor***
15 ***and Tetreault***

16 16. Beginning in December 2016, Braga pitched Trade Coin Club to contacts in the
17 multi-level marketing industry through online video conferences. On December 16, 2016, a
18 recorded presentation of Braga announcing the first day of Trade Coin Club’s operations was
19 posted to YouTube (the “Kickoff Video”).

20 17. In the December 16, 2016 Kickoff Video, Braga highlighted, among other things,
21 (1) that Trade Coin Club operated the first “cryptocurrency” trading “robot” in the world; (2)
22 that the Trade Coin Club bot made “millions of microtransactions” every second; and (3) that the
23 trading software had a “stop loss” feature that guaranteed minimum daily profits from trading.
24 The Trade Coin Club Back Office contained marketing materials for the program, which
25 included the Trade Coin Club slide deck that Braga presented, translated into twenty languages.

26 18. Paradise enrolled in Trade Coin Club on December 16, 2016, the day Braga’s
27 Kickoff Video was posted online. Braga and Paradise promoted Trade Coin Club widely, and a
28 number of their speeches and presentations were recorded and posted online.

1 19. In their speeches and presentations, Braga and Paradise also touted the
2 opportunity to earn lucrative commissions for recruiting new investors. They held numerous
3 videoconferences and webinars, including the videos and recordings identified above, in which
4 they trained individuals with experience promoting multi-level marketing operations on how to
5 recruit investors to Trade Coin Club.

6 20. Trade Coin Club offered three levels of membership titled “Apprentice,”
7 “Trader,” and “Senior Trader,” which provided progressively higher compensation and benefits
8 depending on the amount of initial investment. The benefits included, among other things,
9 varying levels of commissions for recruiting new members and varying levels of purported
10 minimum investment returns, which were marketed under the guise of the “stop loss” feature.

11 21. Trade Coin Club provided five categories of commissions for members who
12 brought in new investments, which was referred to as the “compensation plan.” Trade Coin
13 Club offered 10% commissions for direct recruits, additional commissions of 3% to 1% for
14 indirect (or “downstream”) recruits up to eight levels, and two different types of periodic
15 bonuses based on the size of the member’s whole network. The fifth level of the compensation
16 plan was called the “Renewal Team Bonus.”

17 22. In addition to the compensation plan, Braga announced a promotion for the first
18 500 people to invest at least 5 bitcoin, which was the minimum to qualify for the Senior Trader
19 level. Braga stated that this group of 500 people would be considered “founders” and would
20 share 2% of Trade Coin Club’s revenues every three months for 10 years.

21 ***Trade Coin Club Grew Rapidly and Then Collapsed***

22 23. From December 2016 to May 2018, Trade Coin Club collected a total of 82,648
23 bitcoin worth approximately \$295 million at the time the bitcoin was received. Trade Coin Club
24 had over 100,000 investors worldwide, including at least 2,500 investors in the United States.

25 24. Trade Coin Club investor deposits peaked in June 2017, and investor withdrawals
26 started to exceed deposits by September 2017.

27 25. In November 2017, Trade Coin Club introduced its own crypto asset named
28 TCoin. In or around January 2018, Trade Coin Club announced that it was withdrawing from

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