



North Carolina Department of the Secretary of State

Hon. Elaine F. Marshall, Secretary

Securities Division



PO Box 29622 | Raleigh NC | 27626-0622 | (919) 814-5400 | (800) 688-4507 | www.sosnc.gov

INVESTOR ALERT: Investment Scheme Involving BitClub Network

The North Carolina Secretary of State's Securities Division is issuing this alert to warn investors of an investment scheme being offered by BitClub Network.



BitClub Network purports to be a “global distribution network to help people from all over the world accumulate digital assets and participate in blockchain technology.” It claims that “[b]y combining a crowd-funded mining pool with the power of an affiliate structure we have an opportunity for members to leverage their earning potential unlike anything else in this space.” BitClub Network is selling pooled cryptocurrency mining contracts.

The Securities Division determined that the BitClub Network mining contracts are securities. These securities are not registered, nor are they covered under federal law or exempt from registration. Further, BitClub Network is not registered to sell them in North Carolina.

Currently, BitClub Network prohibits the sale of its mining contracts to United States residents, and it uses geo-blocking software on its website to enforce this policy. However, the Securities Division has found that there are promoters of this scheme in North Carolina and they are providing instructions to enable investors to circumvent the geo-blocking technology.

On **May 21, 2018**, the North Carolina Secretary of State issued a **Letter of Caution** to a promoter of BitClub Network who resides in North Carolina. Since receiving our Letter of

Caution, the promoter has deactivated the website. While the Securities Division will continue to monitor this arena, investors in North Carolina are reminded to be diligent in researching investments before investing.

Other Resources

NC Department of the Secretary of State Securities Division

- [NC Securities Division Investor Alert: Investment Schemes Involving Cryptocurrencies](#)
- [Are You an Informed Investor? Be Cautious of the Crypto Investment Craze](#)
- [Are You an Informed Investor? What to Know about ICOs](#)

US Securities and Exchange Commission (SEC)

- [The SEC Has an Opportunity You Won't Want to Miss: Act Now!](#)
 - [HoweyCoins.com](#) (The SEC's educational website mimicking a fraudulent ICO scheme)
- [SEC Statement on Cryptocurrencies and Initial Coin Offerings](#)

US Commodity Futures Trading Commission (CFTC)

- [CFTC Issues First Pump-and-Dump Virtual Currency Customer Protection Advisory](#)
- [A CFTC Primer on Virtual Currencies](#)
- [CFTC Customer Advisory: Understand the Risks of Virtual Currency Trading](#)

North American Securities Administrators Association (NASAA)

- [State and Provincial Securities Regulators Conduct Coordinated International Crypto Crackdown](#)
- [NASAA Reminds Investors to Approach Cryptocurrencies, Initial Coin Offerings and Other Cryptocurrency-Related Investment Products with Caution](#)
- [Get in the Know About ICOs](#) (video)

Financial Industry Regulatory Authority (FINRA)

- [Don't Fall for Cryptocurrency-Related Stock Scams](#)