

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 10961 / August 6, 2021**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 92588 / August 6, 2021**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-20453**

**In the Matter of**

**Blockchain Credit Partners  
d/b/a DeFi Money Market,  
Gregory Keough, and Derek  
Acree**

**Respondents.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS, PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT  
OF 1933 AND SECTION 21C OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
MAKING FINDINGS, AND IMPOSING A  
CEASE-AND-DESIST ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against Blockchain Credit Partners d/b/a DeFi Money Market (“DMM”), Gregory Keough, and Derek Acree (collectively, “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have each submitted an Offer of Settlement (the “Offers”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents' Offers, the Commission finds<sup>1</sup> that:

#### Summary

1. From February 2020 to February 2021 (the "Relevant Time Period"), Gregory Keough and Derek Acree and their company, Blockchain Credit Partners, operated DeFi Money Market ("DMM"). Through DMM, Respondents offered and sold more than \$30 million of securities in unregistered offerings by using smart contracts and "decentralized finance" (or "DeFi") technology to sell digital tokens. In marketing on a website, social media, and other means, Respondents made materially false and misleading statements concerning the operations and profitability of DMM.

2. Respondents stated DMM could pay investors 6.25% interest on digital assets because it would use investor assets to buy "real world" assets, like car loans, that would generate sufficient income to pay the promised interest and generate surplus profits. They sold two types of digital tokens: mTokens, which accrued 6.25% interest, and DMG tokens, which were so-called "governance tokens" that purportedly gave DMG token holders certain voting rights, a share of excess profits, and the ability to profit from DMG resales in the secondary market. Respondents promised to pay a stable interest rate to digital asset owners who purchased mTokens and said they could generate excess profit for DMG token owners. During the Relevant Time Period, they sold approximately \$17.7 million in mTokens and more than \$13.9 million in DMG tokens to the public, including U.S. investors.

3. To develop the DMM business, Respondents hired programmers to build the technological architecture underlying the smart contracts and tokens, identified assets that could generate interest for mTokens and surplus profits for DMG token holders, established an organizational structure to support the business and its growth, and deployed a protocol that allowed DMG token holders to vote on proposals. Yet, Respondents fundamentally misrepresented how they operated DMM and portrayed their vision as executed action. In offering and selling mTokens and DMG tokens, Respondents claimed that DMM had acquired profitable, income-generating assets in the form of car loans. While another company controlled by Respondents owned such assets, Respondents never transferred ownership of any of those assets to DMM.

4. Based on the facts and circumstances set forth below, the mTokens were securities because they were notes and also because they were offered and sold as investment contracts. Purchasers of mTokens would have had a reasonable expectation of obtaining a future profit from Respondents' efforts in managing DMM based on Respondents' statements that DMM would use proceeds to purchase income-generating assets and pay 6.25% interest when holders redeemed

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offers of Settlement and are not binding on any other person or entity in this or any other proceeding.

their mTokens, as well as Respondents' actions taken to make it appear as though DMM had, in fact, purchased such assets.

5. Based on the facts and circumstances set forth below, DMG tokens were offered and sold as investment contracts and thus were securities. DMG token purchasers would have had a reasonable expectation that Respondents would use DMG proceeds to operate and develop the DMM business and that they would share profits resulting from Respondents' efforts, including in generating surplus interest from income-generating assets and ensuring secondary-market liquidity of DMG tokens.

6. Respondents violated Sections 5(a) and 5(c) of the Securities Act by offering and selling these securities without having a registration statement filed or in effect with the Commission or qualifying for an exemption from registration with the Commission.

7. Respondents also violated the antifraud provisions of the federal securities laws because they made materially false statements and engaged in other deceptive acts concerning DMM's business operations and profitability. As a result, Respondents violated Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

8. Through their actions, Respondents improperly obtained assets worth millions of dollars, which they used for their own personal benefit and to bolster a secondary trading market in the DMG tokens, including by paying digital asset trading platforms to list the tokens and by buying and selling the tokens on those platforms using "DeFi" smart contracts on the Ethereum blockchain. On February 5, 2021, Respondents announced that DMM was shutting down and ceased the offerings.

### **Respondents**

9. **Gregory Keough ("Keough")** is a founder of the DMM business and owns 50% of Blockchain Credit Partners. He is a resident of Florida. Keough is the CEO of a private Florida company (the "Florida Finance Company") that makes loans backed by vehicle liens, the "real world" assets DMM claimed to own.

10. **Derek Acree ("Acree")** is a founder of the DMM business and owns 50% of Blockchain Credit Partners. He is a resident of Florida. Acree is the Chief Legal Officer of the Florida Finance Company.

11. **Blockchain Credit Partners d/b/a DeFi Money Market ("DMM")** is a Cayman Island corporation formed in July 2019. It is owned and controlled by Keough and Acree. The company owned all of the DMG tokens when they were created and received the proceeds when they were sold. Neither the company nor its securities are registered with the Commission.

## Facts

### **A. Respondents Created DeFi Money Market to Offer Investment Opportunities in a Decentralized Manner**

12. Starting in approximately mid-2019, Keough and Acree developed a plan to start a business that sold digital assets that would provide a stable return to investors. Keough and Acree sought to implement this plan in an autonomous manner by offering and selling the digital assets through “smart contracts” created and executed on a blockchain.

13. In July 2019, Keough and Acree formed Blockchain Credit Partners to execute their plan. Developers hired by the Respondents wrote smart contracts on the Ethereum blockchain and developed code that created digital tokens to be offered for sale.

14. By early 2020, Keough and Acree had selected DeFi Money Market, or DMM, as the name for the new business to evoke the idea of a decentralized money market product in which investors provided digital assets to earn interest. They offered the public two ways to profit from DMM. First, anyone could transfer digital assets to DMM’s addresses on the Ethereum blockchain in exchange for mTokens, and holders could redeem their mTokens at any time to receive their initial investment, plus interest. DMM would hold some assets in its Ethereum addresses to pay redemptions and represented that it would convert some assets into cash to purchase assets, such as auto loans. Second, anyone could buy DMG tokens and receive the right to help make certain decisions about the DMM business and the ability to make money by sharing in DMM’s profits and/or by selling their tokens in the secondary market. Respondents claimed that DMM presented unique investment opportunities in that these investments were backed by assets, which purportedly guaranteed a stable return, protected against losses, and ensured surplus income.

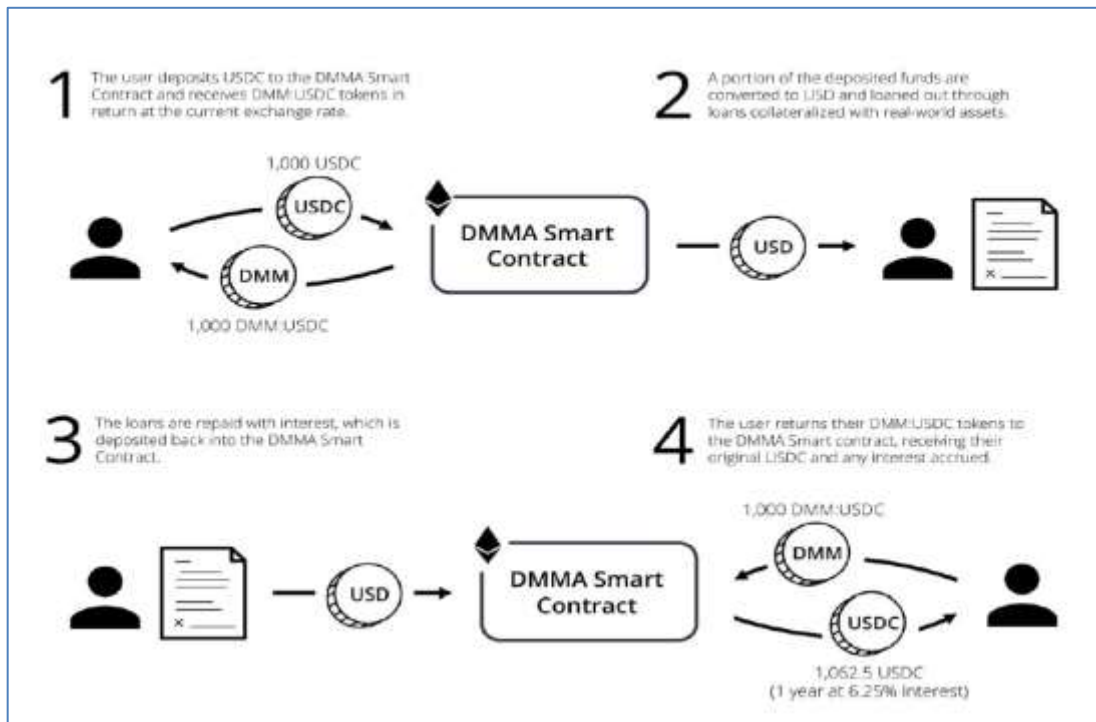
### **B. Respondents Marketed DMM’s Profitability Based on their Stated Goals, Not Reality**

15. Respondents publicly unveiled DMM in late February 2020. Throughout the Relevant Time Period, Respondents solicited prospective investors by describing DMM as a profitable business backed by “real-world” assets.

16. In late February 2020, Respondents launched a website to advertise DMM to the general public. The website featured a White Paper, which described in technical detail how DMM purportedly operated. Keough and Acree oversaw the creation of the website and White Paper. They also reviewed and signed off on other public statements made by the company.

17. As to the mTokens, the White Paper touted them as a way for investors to earn a consistent return of 6.25% on digital assets, with all yield “backed by real-world assets that generate income greater than interest owed, and all of these real-world assets [] transparently made available on the DMM Explorer,” a section of DMM’s website. It described the initial physical assets backing mTokens as “a pool of vehicles (cars, trucks, etc.) located in the United States of America ... because the core team has deep domain experience spanning several decades in this space, generating income production of between 15%–20% return over the last 5 years.”

18. DMM’s website described the steps involved in the mToken process: (1) deposit a specified digital asset (such as Ether, Dai, or USD Coin) to a smart contract in exchange for mTokens; (2) the deposited digital asset would be used to acquire income producing assets visible on chain; (3) the assets would pay out interest to DMM; and (4) mTokens “are freely swapped back” by their holders in exchange for the original digital assets deposited plus interest. The White Paper depicted this process:



19. As to the DMG tokens, the White Paper described them as a DMM “governance token” that would trade on secondary markets. The Respondents said DMG holders would control the profits created by the DMM business and vote on changes to the business. The White Paper emphasized that the “real world” assets generated between 8% and 12% interest, exceeding the 6.25% interest owed to mToken holders. The White Paper further provided that DMG token holders could also vote to use excess revenue to purchase DMG tokens from the open market and “burn” them, thereby lowering supply and increasing demand. Finally, the White Paper specified that DMG token sale proceeds would be used for purposes including operations, protocol development, business development, funding loans for the introduction of additional asset classes into the mToken ecosystem, and seeding a secondary market.

20. Respondents began offering and selling mTokens in March 2020. Capitalizing on the sales of mTokens and DMM’s purported success generating income from assets, Respondents began offering and selling DMG tokens in May 2020. Throughout the Relevant Time Period, Respondents marketed DMM, mTokens, and DMG tokens at conferences, on podcasts, in conversations with reporters, through paid advertising, and through multiple social media channels,

including Twitter, Telegram, Medium, and YouTube. Their statements about the tokens in these forums were consistent with those made on DMM’s website and in the White Paper.

21. Throughout their offers and sales of mTokens and DMG tokens, Respondents made repeated claims – on DMM’s website and social media platforms – that DMM purchased profitable, income-generating assets in the form of loans backed by vehicle liens. For example, a July 24, 2020 tweet from DMM’s Twitter account, @DMMDAO, claimed, “The DMMF will be drawing down \$300k in USDC to reimburse a portion of the \$8.7M in real world assets pledged to subsidize the initial growth of mTokens.”

22. DMM’s website had an “Explorer” page that purported to display the assets backing mTokens: a detailed list of more than 100 loans secured by vehicles, which was periodically updated at Respondents’ direction to reflect new loans. Numerous vehicles on this list linked to titles or other documents purporting to show liens held by “DMM Foundation.” By August 2020, the website listed assets exceeding \$8.9 million

23. Respondents assured investors that DMM’s assets both protected against losses and ensured surplus income. For example, in a November 2020 “Ask Me Anything” video interview posted on YouTube, Keough explained: “[T]he underlying value of the ecosystem are hard, real-world assets...[T]hey’re overcollateralized [] and we have a first lien, senior-secured position. What that means is if anything goes wrong, we actually get to recover the assets.”

24. Respondents stated that the assets generated enough income to pay the 6.25% interest owed to mToken holders. Between March 2, 2020 and February 5, 2021, when DMM announced it was ceasing operations, mToken holders redeemed mTokens and received their original assets plus interest, totaling approximately \$10.4 million.

25. Respondents also stated that the assets backing the mTokens generated surplus income for the benefit of DMG token holders and claimed to use excess interest to buy outstanding DMG tokens and “burn” them, thereby decreasing supply to try to increase the market price. A September 2020 tweet from DMM’s Twitter account said they had burned DMG tokens for the benefit of DMG token holders by using the “surplus” from assets backing mTokens. Keough retweeted the announcement, promised more burns, noted that the total number of DMG tokens was finite, and said, “I think people have not fully comprehended the impact of these burns at scale.”

### **C. Respondents Knew That DMM’s Assets Did Not Fund The mToken Interest**

26. Although DMM had an operational business and developed the technological infrastructure (including smart contracts and DMG tokens) described to investors, the company did not operate as represented by Respondents.

27. Sometime after publicly unveiling DMM, Respondents realized that their vision of using digital assets to purchase income-generating assets faced a significant roadblock: how to account for fluctuations in the value of the digital assets. While the assets Respondents intended to purchase would generate sufficient income to pay interest, there was a significant risk that the

income would not be sufficient to cover appreciation of investors' principal given a substantial increase in the price of volatile digital assets, such as Ether.

28. Rather than notifying investors of this roadblock, Respondents misrepresented how the company was operating. For example, the car loans displayed on the Explorer section of DMM's website as the assets backing mTokens were, in fact, loans held – at that time or previously – by the Florida Finance Company, which provided the loan information for DMM's use at the direction of Keough and Acree. At no time did DMM acquire an ownership interest in those loans from the Florida Finance Company. Instead, Keough and Acree directed others to alter the lien documents to conceal that the Florida Finance Company, not DMM, was the actual lienholder.

29. In addition, although Respondents advertised that \$300,000 was drawn from one of the mToken smart contract addresses to acquire assets in July 2020, these funds were actually used to make a loan, under Keough and Acree's direction, to the Florida Finance Company and were not used to purchase assets.

30. With funds from the Florida Finance Company, which generated revenues from some of the loans displayed on the DMM website, as well as personal funds, Keough and Acree paid mToken holders all principal and interest due upon redemption. This made it appear as though assets owned by DMM generated enough income to pay mToken holders 6.25% interest. Similarly, it was these funds – and not cash flows from assets actually owned by DMM, as investors were led to believe – that allowed Respondents to purchase DMG tokens for the purpose of “burning” them to decrease supply.

#### **D. Respondents Offered and Sold mTokens to the Public in an Unregistered Offering**

31. Through DMM, Keough and Acree hired agents to develop code that created smart contracts on the Ethereum blockchain that automatically gave persons mTokens if they transferred certain digital assets into the smart contracts. The mTokens were minted on the Ethereum blockchain and held in DMM's smart contracts until investors purchased them.

32. Starting on March 2, 2020, Respondents offered and sold mTokens to anyone who transferred an accepted type of digital asset to pay for the tokens. Each type of digital asset received was combined into a single pool held in a smart contract address corresponding to that type of asset (i.e., all Ether received was pooled together in one smart contract governing mToken transactions involving Ether). The mTokens accrued 6.25% annually.

33. From March 2, 2020, to February 5, 2021, Respondents offered mTokens to the general public to raise money for DMM and to finance purported investments in income-generating assets. During this time, they sold more than \$17.7 million worth of mTokens. Other than the \$300,000 described above, no funds were drawn down for the mToken smart contracts, and those funds remained in the smart contract – and available for redemptions – at all times.

34. Respondents did not limit mToken sales based on geography, accredited investor status, or otherwise. They publicly touted that they required no “Know Your Customer,” or

“KYC,” documentation. The mToken section of the DMM website was publicly available and was at no time password-protected or geographically restricted. U.S. persons were able to purchase mTokens and did so.

#### **E. Respondents Offered and Sold DMG Tokens to the Public in an Unregistered Offering**

35. As with the mTokens, through DMM, Keough and Acree hired agents to develop code that created DMG tokens and the infrastructure to allow holders of DMG tokens to vote on issues such as the addition of digital assets or types of collateral into the mToken business. In May 2020, 250 million DMG tokens were minted on the Ethereum blockchain. DMM owned them at the time of their creation. Respondents allocated 80 million to themselves, 20 million to other parties, and 150 million to be offered and sold over time. All of the DMG tokens granted holders the same rights and were otherwise fungible in all respects.

36. In February 2020, Respondents said that DMG tokens would trade on secondary markets and that they would help create those markets. According to the White Paper, they would create “liquidity pools on DEXs [so-called “decentralized exchanges”] including but not limited to Uniswap” by contributing Respondents’ DMG tokens and proceeds raised from the sales.

37. In May and June 2020, Respondents offered and sold 25 million DMG tokens in an initial coin offering (“ICO”) operated through DMM’s website. In the first stage of the ICO, they sold about 8.7 million DMG tokens, primarily to investors who received a password from Respondents. In the second stage, they sold about 16.3 million DMG tokens to the general public in an auction. In those sales, Respondents received digital assets worth about \$8.9 million that were pooled together in a blockchain address controlled by Respondents and their agents.

38. In or about September 2020, two high-frequency trading entities approached Keough and Acree and inquired about purchasing DMG tokens to make a market in the tokens. Keough and Acree sold discounted DMG tokens to those market makers for \$5 million. DMM received the proceeds and then lent the entire amount to Keough and Acree.

39. From late 2020 to February 2021, Respondents also offered and sold DMG tokens using Uniswap code on the Ethereum blockchain. DMM transferred DMG tokens and another digital asset into a blockchain address, sometimes referred to as a “liquidity pool,” enabling anyone to trade into and out of DMG tokens with other digital assets. Respondents thereby purchased and sold DMG tokens using the smart contract controlling that liquidity pool.

40. As with the mTokens, Respondents made no efforts to offer and sell DMG tokens to only accredited investors or to take reasonable steps to verify accredited investor status. Nor did they require any KYC documentation. Respondents expressly invited U.S. persons to participate in the first stage of the ICO, but attempted to limit the second stage of the ICO to non-U.S. residents by using an IP blocker, which failed to work. Ultimately, U.S. persons purchased DMG tokens in both stages of the ICO.



41. Respondents held the proceeds of the DMG token ICO in addresses that they controlled on the Ethereum blockchain, pooled by the type of digital asset received for the tokens (i.e., all Ether received was pooled together). They used the proceeds to develop and operate the DMM business, including to pay for operating expenses like salaries and marketing.

42. Respondents also used DMG token sale proceeds to ensure market liquidity, including by paying other companies to list the tokens on digital token trading platforms. Respondents further sought to ensure a liquid market in DMG tokens in other ways, including through the sales to the market makers and Uniswap users.

#### **F. Respondents Voluntarily Ceased DMM Operations in February 2021 and Paid Investors All Principal and Interest Owed**

43. On February 5, 2021, Respondents announced on DMM’s website that DMM was shutting down. They voluntarily ceased offering and selling mTokens by disabling the DMM website and redirecting website visitors to a page where they could redeem outstanding mTokens. Following this announcement, the value of DMG tokens on the secondary market decreased substantially.

44. Respondents took steps to return and/or preserve DMM assets for the benefit of mToken and DMG holders. Using funds from their personal accounts and the Florida Finance Company, Keough and Acree provided sufficient funding to the mToken smart contracts to enable the redemption of all outstanding mTokens for the original digital asset amount and interest accrued. Respondents also withdrew the DMG tokens from the liquidity pool on the Ethereum blockchain to which they had contributed the tokens.

### **Legal Analysis**

#### **A. The DMG Tokens Were Offered and Sold as Investment Contracts**

45. Under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act, a security includes “an investment contract.” *See* 15 U.S.C. §§ 77b & 78c. An investment contract is an investment of money in a common enterprise with a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others. *See SEC v. Edwards*, 540 U.S. 389, 393 (2004); *SEC v. W.J. Howey Co.*, 328 U.S. 293, 301 (1946); *see also United Housing Found., Inc. v. Forman*, 421 U.S. 837, 852–53 (1975) (The “touchstone” of an investment contract “is the presence of an investment in a common venture premised on a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others.”). Courts have also found the existence of an investment contract when investors reasonably relied on the promoters’ efforts to create a secondary trading market for an instrument, even if that instrument would not have been a security on its own. *See Gary Plastic Packaging Corp. v. Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 756 F.2d 230 (2d Cir. 1985).

46. Applying *Howey* and its progeny, including the cases discussed by the Commission in its Report of Investigation Pursuant To Section 21(a) Of The Securities Exchange Act of 1934: The DAO (Exchange Act Rel. No. 81207) (July 25, 2017), DMG tokens were offered and sold as

investment contracts. The DMG tokens were offered in exchange for an investment of money in the form of U.S. dollars and digital assets.

47. Respondents pooled the proceeds from the May and June 2020 DMG sales to fund DMM, create profit for DMG holders, and boost the value of the investment. Each investor's fortune was tied to the fortunes of the other investors.

48. Respondents created a reasonable expectation that purchasers of the tokens would earn profits derived from Respondents' essential efforts managing the DMM business and creating a trading market for DMG tokens. Respondents, who ran DMM's day-to-day business, told DMG investors that they would profit from DMM's mTokens business. They touted their experience and claimed assets backing the business would generate income to pay 6.25% interest on redeemed mTokens plus excess interest for DMG holders. Although DMG holders had the right to vote on some proposals to change DMM's business – such as the digital assets to accept from investors – DMG holders had no role in running DMM's core business, which involved identifying, buying and servicing loans and then using the proceeds to pay mToken holders. In addition, Respondents said that DMG tokens would trade on secondary markets and worked to ensure trading liquidity, including by paying trading platforms to list the tokens, paying other companies to make markets in the tokens, and using their own DMG tokens to create a market on the Ethereum blockchain.

49. Even if DMG gave owners the right to vote on some aspects of the DMM business, it would not preclude the token from being a security. Determining whether a transaction involves a security does not turn on labelling – such as characterizing a token as “governance token” – but instead requires an assessment of “the economic realities underlying a transaction.” *Forman*, 421 U.S. at 849. All of the relevant facts and circumstances are considered in making that determination. *See id.* (purchases of “stock” solely for purpose of obtaining housing not purchase of “investment contract”); *see also SEC v. C.M. Joiner Leasing Corp.*, 320 U.S. 344, 352–53 (1943) (indicating the “test . . . is what character the instrument is given in commerce by the terms of the offer, the plan of distribution, and the economic inducements held out to the prospect”).

## **B. The mTokens Were Notes and Also Were Offered and Sold as Investment Contracts**

50. Under Section 2(a)(1) of the Securities Act and Section 3(a)(10) of the Exchange Act, a security includes any “note.” *See* 15 U.S.C. §§ 77b & 78c. A note is presumed to be a security unless it falls into certain judicially-created categories of financial instruments that are not securities, or if the note in question bears a “family resemblance” to notes in those categories based on a four-part test. *See Reves v. Ernst & Young*, 494 U.S. 56, 64–66 (1990); *SEC v. Thompson*, 732 F.3d 1151, 1159 (10th Cir. 2013); *McNabb v. SEC*, 298 F.3d 1126, 1130–31 (9th Cir. 2002).

51. Applying the *Reves* four-part analysis, the mTokens are securities. First, Respondents sold mTokens to raise funds for the general use of its business, namely to purchase income-generating assets to pay interest on redeemed mTokens and excess interest to DMG token holders, and purchasers bought mTokens solely to earn 6.25% interest on their digital assets. Second, mTokens were offered and sold to the general public. Third, Respondents promoted mTokens as an investment, specifically as a way to earn a consistent return of 6.25% on digital

assets. Fourth, no alternative regulatory scheme or other risk reducing factors exist with respect to the mTokens.

52. The mTokens also were securities because they were offered and sold as investment contracts. Respondents sold mTokens in exchange for the investment of money in the form of digital assets.

53. Respondents pooled mToken proceeds in smart contracts and said they would use those combined proceeds to buy assets that would generate income. That income would be split among those smart contracts, and mToken holders would be able to redeem their tokens with interest whenever they wanted.

54. Respondents created a reasonable expectation that purchasers would earn profits derived from their efforts managing the DMM business. They marketed mTokens as providing a stable interest rate and protecting against losses. Respondents claimed their experience combined with their selection of assets for purchase would generate interest for token holders. Furthermore, Respondents made it appear as though assets were generating sufficient income to pay 6.25% interest. In reality, Respondents were paying this interest through other sources.

### **C. Respondents Made Unregistered Offers and Sales of Securities**

55. Respondents did not have a registration statement filed or in effect with the Commission for the mToken and DMG token offerings, nor did they qualify for an exemption from registration with the Commission.

56. As a result of the conduct described above, Respondents violated Sections 5(a) and 5(c) of the Securities Act when they offered and sold these securities.

### **D. Respondents Violated the Antifraud Provisions of the Federal Securities Laws**

57. As described above, Respondents engaged in a course of conduct that deceived prospective investors during their offers and sales of mTokens and DMG tokens. Respondents misled investors about how DMM operated and misrepresented its ownership of assets underlying the mTokens through the following deceptive acts and false statements:

- misrepresenting, including on DMM's website, in DMM social media accounts they controlled, and in videos published on YouTube, that DMM assets backing mTokens included car loans exceeding \$8.9 million, when in fact those loans were owned by the Florida Finance Company;
- displaying liens for some of the vehicles displayed on DMM's website after Keough and Acree had them altered to replace the Florida Finance Company with "DMM Foundation" as the lienholder;
- personally funding payments to redeeming mToken holders to make it appear that DMM assets generated interest; and

- causing the Florida Finance Company to borrow \$300,000 in mToken proceeds in a loan and falsely claiming those funds were used to buy” assets.

58. Keough and Acree knew that their actions and false statements deceived investors about DMM’s operations and profitability. As DMM’s control persons, their scienter is imputed to the company.

59. As a result of the conduct described above, Respondents violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

#### **E. Disgorgement and Prejudgment Interest**

60. The disgorgement and prejudgment interest ordered in Section IV is consistent with equitable principles, does not exceed Respondents’ net profits from their violations and is awarded for the benefit of and will be distributed to harmed investors, if feasible. The Commission will hold funds paid pursuant to Section IV in an account at the United States Treasury pending a decision whether the Commission in its discretion will seek to distribute funds. If a distribution is determined feasible and the Commission makes a distribution, upon approval of the distribution final accounting by the Commission, any amounts remaining that are infeasible to return to investors, and any amounts returned to the Commission in the future that are infeasible to return to investors, may be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act.

#### **F. Remedial Efforts**

61. In determining to accept Respondents’ Offers, the Commission considered remedial acts promptly undertaken by the Respondents and cooperation afforded the Commission staff.

#### **Undertakings**

62. Respondents have undertaken to maintain the assets currently held in the mToken smart contracts and provide any assistance in order to allow mToken holders to redeem their tokens, not to withdraw any assets from the mToken smart contracts except with the written consent of the Commission staff, and, at any time requested by Commission staff, to certify, in writing, compliance with this undertaking. The certification shall identify the undertaking(s), provide written evidence of compliance in the form of a narrative, and be supported by exhibits sufficient to demonstrate compliance. The Commission staff may make reasonable requests for further evidence of compliance, and Respondents agree to provide such evidence. The certification and supporting material shall be submitted to Daniel Michael, Division of Enforcement, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281-1022, with a copy to the Office of Chief Counsel of the Enforcement Division, no later than fourteen (14) days from the Commission staff’s request.

63. Respondents Keough and Acree have undertaken to refrain for five (5) years from the date of the Order from participating, directly or indirectly, in any offering of a digital asset security; provided, however, that undertaking shall not prevent Keough and Acree from purchasing or selling digital asset securities for their own personal accounts.

64. Respondent DMM has undertaken to refrain from participating, directly or indirectly, in any offering of a digital asset security.

#### IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in the Respondents' Offers.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act and Section 21C of the Securities Exchange Act, Respondents shall cease and desist from committing or causing any violations and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

B. Respondents Keough and Acree be, and hereby are prohibited for five (5) years from the date of the Order from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 781, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d).

C. Respondents shall pay a total of disgorgement of \$12,849,354 and prejudgment interest of \$258,052 to the Securities and Exchange Commission. Payment shall be made in the following installments: 1) Respondents shall pay, joint and severally, \$7,320,960 within 10 days of the entry of this Order, along with \$258,052 in prejudgment interest calculated on the total disgorgement of \$12,849,354, 2) Keough shall pay \$2,263,156 in disgorgement within eight months of the entry of this Order, and 3) Acree shall pay \$3,265,238 in disgorgement within eight months of the entry of this Order.

D. Respondent Keough shall, within eight months of the entry of this Order, pay a civil money penalty in the amount of \$125,000 to the Securities and Exchange Commission.

E. Respondent Acree shall, within eight months of the entry of this Order, pay a civil money penalty in the amount of \$125,000 to the Securities and Exchange Commission.

Payments shall be applied first to post order interest, which accrues pursuant to SEC Rule of Practice 600 and/or pursuant to 31 U.S.C. § 3717. Prior to making the final payments, Respondents shall contact the staff of the Commission for the amount due. If Respondents fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any

payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

Payment must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying the person paying as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Daniel Michael, Division of Enforcement, Securities and Exchange Commission, Brookfield Place, 200 Vesey Street, Suite 400, New York, NY 10281-1022.

F. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, a Fair Fund is created for the disgorgement, prejudgment interest, and penalties referenced in paragraphs IV(C)-(E) above. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondent's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondent by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

G. Respondents shall comply with the second and third undertakings enumerated in Section III above that involve the “offering of a digital asset security.”

V.

It is further Ordered that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondents, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondents under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondents of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary