

Unicoin Case Reveals SEC's Evolving Enforcement Posture

By **David Zaslowsky** (June 6, 2025)

On May 20, the U.S. Securities and Exchange Commission filed a sweeping enforcement action against Unicoin Inc., a New York-based crypto company and several of its senior executives, in the U.S. District Court for the Southern District of New York.

The lawsuit, which alleges a \$100 million fraud scheme affecting thousands of investors, stands as one of the most high-profile crypto enforcement actions of the year. It also offers a revealing lens into the SEC's evolving enforcement posture under the Trump administration's second term.



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Background

According to the SEC's complaint, Unicoin and its leadership — including CEO Alex Konanykhin, former President and Board Chair Silvina Moschini, and former Chief Investment Officer Alex Dominguez — engaged in a fraudulent scheme to market and sell "rights certificates" that purportedly entitled holders to future Unicoin tokens.

The SEC seeks permanent injunctive relief, disgorgement and civil penalties. Notably, the company's general counsel, Richard Devlin, was also charged, underscoring the SEC's broad reach. Devlin settled for a \$37,500 civil penalty without admitting or denying the allegations.

The SEC alleges a pattern of material misrepresentations and omissions, specifically the following.

Misrepresentation of Asset Backing

The defendants allegedly misled investors about the fundamental nature of Unicoin tokens and rights certificates. They claimed the tokens would be backed by billions in real-world assets, including international real estate and equity in pre-initial public offering companies.

In reality, the SEC contends, these assets were worth only a fraction of the stated value, and Unicoin never intended to back the tokens with them. For example, purported property acquisitions totaling \$1.4 billion across Argentina, Thailand, Antigua and the Bahamas largely failed to close, with actual asset values not exceeding \$300 million.

False Claims of Regulatory Compliance

Unicoin allegedly promoted its offerings as SEC-compliant, SEC-registered or U.S. registered, despite the fact that neither the tokens nor the rights certificates were registered with the commission.

Inflated Fundraising Figures

The company claimed to have raised \$500 million by mid-2023, \$2 billion by early 2024 and over \$3 billion by June 2024. The SEC asserts that actual proceeds totaled no more than \$110 million.

Misleading Financial Stability

Unicoin allegedly misrepresented its financial runway, suggesting decades of operational capacity when it often had only months of liquidity. The company also engaged in aggressive marketing campaigns — across airports, taxis and television — promising implausible returns, including one claim of a 9 million percent return.

Unregistered Securities Offerings

Beyond the fraud allegations, the SEC charged Unicoin and Konanykhin with unregistered offers and sales of securities, depriving investors of critical disclosures required under federal law.

A Shift in Enforcement Philosophy

The Unicoin case originated with a Wells notice under the prior administration. Unlike many enforcement actions initiated during that period and later dropped, the SEC has chosen to pursue this case — highlighting a key distinction in the agency's current enforcement priorities.

Under Chairman Paul Atkins, appointed by President Donald Trump, the SEC has pivoted away from the regulation-by-enforcement approach that characterized former Chairman Gary Gensler's tenure.

Gensler's SEC aggressively pursued cases based on the premise that most digital assets were securities under the Howey test, often without issuing prior guidance. In contrast, the Atkins-led SEC has deprioritized nonfraud cases involving unregistered offerings, opting instead to focus on clear-cut fraud, Ponzi schemes and investor harm.

The Unicoin case exemplifies this recalibrated strategy. It is not a nuanced debate over the classification of a digital asset — it is a traditional fraud case, grounded in allegations of deception, inflated valuations and false assurances.

At a macro level, the Trump administration has articulated a desire to foster innovation in the digital asset space, as evidenced by executive orders and a general rhetoric that supports American leadership in digital financial technology.

By focusing enforcement resources on clear-cut fraud, the SEC is attempting to create a more trustworthy ecosystem that, at least in theory, will encourage responsible development and investment. The Unicoin case, by targeting alleged fraudulent practices, aims to clean up the market and thus, indirectly, facilitate more legitimate innovation by rooting out bad actors that undermine investor confidence.

On a more micro level, the Unicoin case is entirely consistent with the emerging enforcement principles under the new, Republican-led SEC. First is the central focus on fraud. The SEC's complaint against Unicoin centers primarily on allegations of fraud rather

than a debate over whether the token qualifies as a security.

While the commission does cite unregistered offerings, the heart of the case lies in claims that Unicoin misled investors with false assurances about asset backing and exaggerated sales data. This approach reflects the SEC's current enforcement strategy, which prioritizes tackling blatant investor deception.

Second, by taking decisive action against Unicoin and its leadership, the SEC is underscoring its commitment to investor protection. The case sends a strong signal that, regardless of ongoing regulatory uncertainty around digital assets, fraudulent behavior will be met with serious consequences. This serves as a deterrent to others in the crypto industry who might consider similar misconduct.

Third is a shift from technical violations. Unlike previous enforcement actions that focused heavily on registration failures or technical violations involving nonfraudulent tokens, the Unicoin case is rooted in substantive allegations of fraud. This marks a strategic shift away from more controversial interpretations of securities law and toward clear-cut cases of investor harm, aligning with the SEC's broader enforcement priorities.

Finally, there is reinforcement of market integrity. By targeting those who allegedly mislead investors about the very nature and value of their offerings, the SEC is working to uphold the integrity of the capital markets, whether traditional or digital.

This aligns with the broader goal of fostering a more trustworthy environment for innovation, as legitimate projects need to operate in a market free from widespread deception.

A Broader Regulatory Realignment

The winds of change have been sweeping through the SEC since Trump's inauguration, particularly in relation to the cryptocurrency industry. The day after the inauguration, acting Chairman Mark Uyeda announced the formation of the crypto task force, led by Republican Commissioner Hester Peirce — long regarded as an ally of the crypto sector.

According to the Jan. 21 announcement, the task force aims to "help the Commission draw clear regulatory lines, provide realistic paths to registration, craft sensible disclosure frameworks, and deploy enforcement resources judiciously."

Just two days later, the SEC rescinded Staff Accounting Bulletin 121, easing restrictions on the custody of crypto assets. This was followed by the SEC pausing several ongoing crypto-related lawsuits.

Soon after, the commission voluntarily dismissed its appeals of rulings that had overturned the SEC's February 2024 dealer rule. Another major development was the SEC's decision to drop its appeal in the long-standing lawsuit against Ripple Labs Inc. concerning the XRP token, along with the dismissal of several other high-profile cases, as previously noted.

These moves by the SEC signal a more innovation-friendly regulatory environment — but not a deregulatory free-for-all. The administration has emphasized that, while it supports digital asset development, it will not tolerate fraud. The Unicoin case embodies this balance: a clear message that while the SEC may step back from litigating gray areas, it will act decisively against bad actors.

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