



News Release

For Release: Tuesday, September 11, 2018

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FINRA Charges Broker with Fraud and Unlawful Distribution of Unregistered Cryptocurrency Securities

First Disciplinary Action by FINRA Involving Cryptocurrencies

WASHINGTON – FINRA announced today that it filed a complaint against Timothy Tilton Ayre of Agawam, Massachusetts, charging him with securities fraud and the unlawful distribution of an unregistered cryptocurrency security called HempCoin. This case represents FINRA's first disciplinary action involving cryptocurrencies.

In the complaint, FINRA alleges that, from January 2013 through October 2016, Ayre attempted to lure public investment in his worthless public company, Rocky Mountain Ayre, Inc. (RMTN) by issuing and selling HempCoin – which he publicized as “the first minable coin backed by marketable securities” – and by making fraudulent, positive statements about RMTN's business and finances. RMTN was quoted on the Pink Market of OTC Markets Group and traded over the counter.

According to the complaint, FINRA also alleges that in June 2015, Ayre bought the rights to HempCoin and repackaged it as a security backed by RMTN common stock. Ayre marketed HempCoin as “the world's first currency to represent equity ownership” in a publicly traded company and promised investors that each coin was equivalent to 0.10 shares of RMTN common stock. Investors mined more than 81 million HempCoin securities through late 2017 and bought and sold the security on two cryptocurrency exchanges. FINRA charges Ayre with the unlawful distribution of an unregistered security because he never registered HempCoin and no exemption to registration applied.

In addition, FINRA alleges that, from January 2013 through October 2016, Ayre defrauded investors in RMTN by making materially false statements and omissions regarding the nature of RMTN's business, failing to disclose his creation and unlawful distribution of HempCoin, and making multiple false and misleading statements in RMTN's financial statements.

For more information about cryptocurrencies and the risks of investing in them, read our Investor Alert, [Don't Fall for Cryptocurrency-Related Stock Scams](#).

The issuance of a disciplinary complaint represents the initiation of a formal proceeding by FINRA in which findings as to the allegations in the complaint have not been made, and does not represent a decision as to any of the allegations contained in the complaint. Under FINRA rules, a firm or individual named in a complaint can file a response and request a hearing before a FINRA disciplinary panel. Possible remedies include a fine, censure, suspension or bar from the securities industry, disgorgement of gains associated with the violations and payment of restitution.

FINRA is a not-for-profit organization dedicated to investor protection and market integrity. It regulates one critical part of the securities industry – brokerage firms doing business with the public in the United States. FINRA, overseen by the SEC, writes rules, examines for and enforces compliance with FINRA rules and federal securities laws, registers broker-dealer personnel and offers them education and training, and informs the investing public. In addition, FINRA provides surveillance and other regulatory services for equities and options markets, as well as trade reporting and other industry utilities. FINRA also administers a dispute resolution forum for investors and brokerage firms and their registered employees. For more information, visit www.finra.org.