



U.S. Securities and Exchange Commission

U.S. SECURITIES AND EXCHANGE COMMISSION

Litigation Release No. 23852 / June 5, 2017

Securities and Exchange Commission v. Homero Joshua Garza, GAW Miners, LLC, and ZenMiner, LLC, No. 15-cv-01760 (D. Conn. filed Dec. 1, 2015)

SEC Obtains Final Judgment Against Two Bitcoin Mining Companies

On June 2, 2017, the U.S. District Court for the District of Connecticut entered a final default judgment against two Connecticut-based companies, GAW Miners, LLC and ZenMiner, LLC, in a case alleging that these companies and their principal conducted a Ponzi scheme that used the lure of quick riches from virtual currency to defraud investors. The judgment followed the court's May 29, 2017 order finding that the SEC established liability as to both defendants and adequately supported its requests for injunctive relief, disgorgement, and civil penalties.

[The SEC's complaint](#), filed on December 1, 2015, alleged that GAW Miners and ZenMiner, along with their principal, Homero Joshua Garza, purported to offer shares to investors in their digital bitcoin mining operation. Mining for bitcoin or other virtual currencies means applying computer power to try to solve complex equations that verify a group of transactions in that virtual currency. The first computer or collection of computers to solve an equation is awarded new units of that virtual currency. According to the SEC's complaint, GAW Miners and ZenMiner did not own enough computing power for the mining they promised to conduct, so most investors paid for a share of computing power that never existed. Returns allegedly paid to some investors came from proceeds generated from sales to other investors.

The final judgment against GAW Miners and ZenMiner permanently enjoins each of them from violating Sections 5 and 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder; and orders each of them to pay, jointly and severally, \$10,384,099 in disgorgement and prejudgment interest. The final judgment also requires each entity to pay a civil penalty of \$1,000,000. Both GAW Miners and ZenMiner have ceased their former business operations.

The SEC's litigation continues against Garza.

<https://www.sec.gov/litigation/litreleases/2017/lr23852.htm>