

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 10638 / May 14, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19164

In the Matter of

NEXTBLOCK GLOBAL LTD.
and
ALEX TAPSCOTT,

Respondents.

**ORDER INSTITUTING CEASE-AND-DESIST
PROCEEDINGS PURSUANT TO SECTION
8A OF THE SECURITIES ACT OF 1933,
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”) against NextBlock Global Ltd. (“NextBlock”) and Alex Tapscott (“Tapscott”) (collectively “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted Offers of Settlement (the “Offers”), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceeding brought by or on behalf of the Commission, or to which the Commission is a party, Respondents admit the Commission’s jurisdiction over them and the subject matter of these proceedings, and consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, 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 that:

Respondents

1. **NextBlock Global Ltd.** is a Canadian corporation with its principal place of business in Toronto, Ontario, Canada. Neither NextBlock nor its securities has ever been registered with the Commission in any capacity.

2. **Alex Tapscott**, age 33, co-founded and was a co-owner, a director, and the chief executive officer (“CEO”) of NextBlock. Tapscott resides in Toronto. Prior to founding NextBlock, Tapscott held Series 37 and 63 licenses.

Facts

3. Tapscott and three co-founders formed NextBlock in June 2017 for the purpose of investing in blockchain companies and related digital assets.

4. In June and July 2017, NextBlock and Tapscott solicited investment through a private placement of convertible debentures. As CEO at the time, Tapscott led this fundraising effort. He had ultimate responsibility for communicating with prospective investors and for creating and maintaining the slide decks used to describe NextBlock’s business and to market the debenture offering.

5. NextBlock’s convertible debenture offering raised approximately \$20 million CAD (then approximately \$16 million USD) from more than 100 investors in Canada, in the United States, and elsewhere. NextBlock filed a Form D Notice of Exempt Offering of Securities with the Commission on August 11, 2017 that indicated that approximately \$2.4 million USD of the convertible debentures were sold to U.S. investors. Tapscott signed the Form D as NextBlock’s CEO.

6. In slide decks used to solicit investment in Canada, in the United States, and elsewhere, NextBlock and Tapscott falsely represented that as many as four individuals who are prominent in the blockchain industry—three of whom are based in the United States—were serving as advisors to NextBlock. These misrepresentations were part of the selling point of NextBlock’s fundraising effort: that NextBlock and Tapscott had access to, and unparalleled relationships with, opinion-makers, the best entrepreneurs, and the highest profile figures in the blockchain community. NextBlock and Tapscott knew or should have known that the statements to investors regarding these advisors were inaccurate.

7. NextBlock invested the proceeds of the convertible debenture offering in digital assets consistent with disclosures to investors. As an officer and co-owner of the company, Tapscott was entitled to receive a share of any profits generated by NextBlock’s digital asset investments.

8. NextBlock and Tapscott then initiated a second fundraising round. NextBlock hired two Canadian investment banks to advise it on a fundraising to facilitate a public listing on the Toronto Stock Exchange.

9. In November 2017, while this second fundraising effort was underway, press reports disclosed for the first time that NextBlock and Tapscott had made misrepresentations to investors during the convertible debenture offering.

10. Following disclosure of the misrepresentations, NextBlock cancelled its second fundraising round and abandoned the planned public listing. NextBlock then voluntarily initiated court proceedings in Ontario to wind up the company, liquidate the existing digital asset holdings, and return to the debenture holders their principal investment plus profits

(approximately 140% as of March 2019). Through the Ontario court proceedings, Tapscott voluntarily surrendered his right to collect his more than \$2 million USD share of NextBlock's profits that resulted from NextBlock's investment of the offering proceeds. This amount was retained by NextBlock and formed part of the distributions to debenture holders.

Violations

11. As a result of the conduct described above, Respondents violated Section 17(a)(2) of the Securities Act, which prohibits any person in the offer or sale of securities from obtaining money or property by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made not misleading.

Respondents' Remedial Efforts and Related Settlement

12. In determining to accept the Offers, the Commission considered remedial acts promptly undertaken by the Respondents.

13. NextBlock and Tapscott have entered into a settlement agreement with the Ontario Securities Commission ("OSC") that acknowledges responsibility for conduct relating to certain of the findings in the Order.

14. Respondent NextBlock acknowledges that the Commission is not imposing a civil penalty based upon NextBlock's payment of a \$700,000 CAD (approximately \$520,000 USD) administrative penalty as part of its settlement agreement with the OSC.

IV.

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

Accordingly, pursuant to Section 8A of the Securities Act, it is hereby ORDERED that:

A. Respondents NextBlock and Tapscott cease and desist from committing or causing any violations and any future violations of Section 17(a)(2) of the Securities Act.

B. Respondent Tapscott shall pay a civil money penalty in the amount of \$25,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934. Payment shall be made in the following installments: \$12,500 within 14 days of the entry of this Order; and \$12,500 within 180 days of the entry of this Order. Payments shall be applied first to post-order interest, which accrues pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent Tapscott shall contact the staff of the Commission for the amount due. If Respondent Tapscott fails 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.

C. 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 Alex Tapscott as 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 Adam S. Aderton, Co-Chief, Asset Management Unit, Division of Enforcement, Securities and Exchange Commission, 100 F Street N.E., Washington, D.C. 20549-5012.

D. 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 Respondents' 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 one or more Respondents 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.

V.

It is further Ordered that, solely 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 Respondent Tapscott, and further, any debt for disgorgement, prejudgment interest, civil penalty, or other amounts due by Respondent Tapscott 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 Respondent Tapscott 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
Acting Secretary