

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933
Release No. 11089 / August 9, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-20952

In the Matter of

Bloom Protocol, LLC

Respondent.

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 Bloom Protocol, LLC (“Bloom” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) 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 it and the subject matter of these proceedings, which are admitted, Respondent consents 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 Respondent's Offer, the Commission finds that:

Summary

1. Bloom, a technology start up, was founded in August 2017 by three students and another individual, all of whom were living in the United States. At its founding, Bloom's purported goal was to "revolutionize" the credit scoring industry by moving identity attestations and credit scoring to a blockchain.

2. From November 14, 2017 to January 2, 2018, Bloom continuously offered and sold crypto assets known as Bloom Tokens ("BLT"), which were issued on a blockchain or distributed ledger. Bloom raised approximately \$30.9 million from 7,358 worldwide investors, including U.S. investors, through this initial coin offering ("ICO"). Bloom did not register the offering with the Commission, nor did it qualify for an exemption to the registration requirements.

3. Based on the facts and circumstances set forth below, BLT were offered and sold as investment contracts, and therefore securities, pursuant to *SEC v. W.J. Howey Co.*, 328 U.S. 293 (1946) and its progeny, including the cases referenced 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) (the "DAO Report"). A purchaser in the offering of BLT would have had a reasonable expectation of obtaining a future profit based upon Bloom's efforts in using the proceeds from the offering to create an online identity attestation system that would increase the token's value on crypto asset trading platforms. Bloom violated Sections 5(a) and 5(c) of the Securities Act by offering and selling BLT without having a registration statement filed or in effect with the Commission or qualifying for an exemption from registration with the Commission.

Respondent

4. Bloom Protocol, LLC is a Delaware limited liability company wholly owned by Bloom, Ltd., which, in turn, is wholly owned by Bloom Holdco, LLC. Bloom's principal place of business is in Florida. Bloom Ltd. formed and retained Bloom to develop the platform and manage the token sale, and Bloom employs all personnel, controls the funds, and holds the intellectual property rights. Bloom Ltd. and Bloom were under the common control of the four founders and worked together to offer and sell the securities. Bloom is not registered with the Commission in any capacity and has no prior disciplinary history.

Related Entities

5. Bloom, Ltd., is a Gibraltar company with its principal place of business in Gibraltar. Bloom, Ltd. is wholly owned by Bloom Holdco, LLC. Bloom, Ltd. is not registered with the Commission in any capacity.

6. Bloom Holdco, LLC is a Delaware limited liability company formed and wholly owned by the four founders of Bloom. Bloom Holdco, LLC owns Bloom, Ltd., which in turn, owns Bloom. Bloom Holdco, LLC is not registered with the Commission in any capacity.

Facts

7. Bloom, a technology start up, was founded in August 2017 by three students and another individual living in the United States. Bloom's purported goal has been to "revolutionize" the credit risk industry by moving identity attestation and credit scoring to a blockchain. The Bloom platform was to be comprised of three main systems: BloomID (identity attestation), BloomIQ (credit registry), and BloomScore (credit scoring) (collectively, "the platform"). Bloom also claimed that it would launch a BloomCard (a credit card that would allow consumers to spend crypto assets and build up their BloomScore). In mid-August 2017, the founders formally began to plan the Bloom ecosystem and write smart contracts to operationalize their project.

8. In order to raise money to fund the development of the platform, Bloom offered and sold BLT in an ICO, which Bloom described as a "token sale" at the time.

Bloom Promoted Its Securities Offering

9. On September 1, 2017, Bloom began promoting Bloom generally, and, on October 30, 2017, Bloom announced a public token sale opening on November 30, 2017.

10. From October 30, 2017 to January 2, 2018, Bloom engaged in general solicitation of public interest in the offering, including in the United States, by promoting the offering on its website, in blog posts, in social media, online videos, and in media targeting blockchain and crypto asset enthusiasts.

11. In its marketing, Bloom stated that it would create 150 million BLT and that the supply would be fixed. It also announced that 50% of the tokens would be distributed in the token sale, 40% would be held by Bloom for long term expenditures and network updates, and 10% would be distributed to advisors, lenders, and partners.

12. Bloom stated that it would use the funds raised in the token sale to build its lending ecosystem, fund joint ventures with established lenders, and acquire users, acknowledging that Bloom depended "on strong network effects" to succeed. As to the "road ahead," Bloom stated "many crypto projects suffer the same fate: a promising team with an interesting idea that never ends up being used by anyone. We will not let this happen to Bloom. Between aggressive user acquisition and maximizing the real-world usage of the Bloom protocol, we are well-positioned to

make a product that is loved by users.” Bloom laid out goals and milestones, with deliverables projected well out into 2018.

13. Bloom also published a White Paper that described the platform and the BloomCard, described potential future applications, and explained that Bloom would be developed in six major phases.

Bloom Offers and Sells BLT to Raise Capital

14. From November 14, 2017 to January 2, 2018, Bloom continuously offered and sold BLT to raise \$30,912,842 of capital to further develop the Bloom platform. The token sale contracts were between investors and Bloom, Ltd. Bloom, Ltd owns Bloom and employed Bloom to develop the platform and manage the token sale. Bloom, Ltd. does not have any employees and it does not control the funds.

15. In what Bloom called the “presale” portion of its offering, Bloom raised \$9,905,439 from 29 individuals, most of whom were located in the United States, who purchased over 16 million tokens in either USD or ETH. Presale investors received the token at either a 15% or 25% discount to the public sale token price and, pursuant to contracts entered into with Bloom Ltd., were restricted from selling or trading the tokens for three months or one year, depending on the discount received. The average investment during the presale was \$340,000, and some of the investments were over \$1 million. Bloom hired a third party to ensure that all presale investors were accredited.

16. One day after the presale, with the price of BLT set in ETH, Bloom commenced the “public sale” of the offering. Between November 30, 2017 and January 2, 2018, 7329 public sale investors purchased almost 29 million tokens for 39,053 ETH, which was valued at \$21,007,403, based on the closing day value in USD of each ETH on the day it was received by Bloom. Investors in this phase of the offering received their BLT at the close of the token sale on January 2, 2018. No steps were taken to verify that investors in the public sale were accredited.

17. Bloom took no measures to restrict U.S.-based purchasers from accessing information about the token sale and directed selling efforts into the U.S. Half of the known IP addresses that purchased BLT were located in the U.S.

18. Although Bloom aimed to sell 75 million tokens, it ultimately sold only 45.5 million tokens in the sale, with the remaining 104.5 million tokens remaining under Bloom’s control. Although Bloom did not pay the founders any BLT, it did pay advisors and employees with BLT.

BLT Purchasers Had a Reasonable Expectation of Profits Based on the Efforts of Bloom

19. Although the terms of the token sale agreements that certain purchasers entered into with Bloom, Ltd. required purchasers to agree that they were buying BLT for their “utility” and not as an investment, the structure of the platform and the marketing demonstrate that the BLT purchasers had a reasonable expectation of profit through Bloom’s efforts to develop the token’s uses and increase its value.

20. Bloom’s promotional efforts for the token sale were not directed to credit industry participants and were broadly aimed at crypto asset investors and enthusiasts and the public at large, demonstrating the company’s efforts to emphasize potential profits as opposed to any consumptive use for the token. As part of the “presale,” Bloom met with venture capitalists, crypto asset funds, and wealthy individuals.

21. In its marketing, Bloom repeatedly highlighted the pedigrees, fellowships, and previous ventures of its founders, as well as each of its advisors. Bloom did not establish the pricing of any service on the platform as of the time of the token sale, nor did Bloom provide any information regarding the number of tokens necessary to use the platform.

22. In communications with the “presale” investors, both Bloom and the investors described the purchases as an “investment” with “rounds of financing,” and Bloom frequently commented to the investors that the limited presale was “oversubscribed” with Bloom “raising a hard cap of \$50m total.” During the “presale,” Bloom took steps to ensure that these investors were accredited and openly described BLT purchases as an investment, and certain of these investors stated that they bought the BLT as an investment. Many comments on social media platforms by investors that purchased in the “public sale” also demonstrate that they purchased the BLT as an investment.

23. At the close of the token sale, the product touted by Bloom in its marketing was not fully developed.

24. According to the agreement entered into with “presale” investors, the funds raised would be applied “towards the development of the Platform and other business operating expenses.” The agreement stated that the tokens were “intended to have the Token Functionality as described in the White Paper,” but that “the Bloom Platform is still under development,” noting that “although we intend for the BLT and Bloom Platform to function as described..., we may have to make changes.” The agreement stated that investors should be aware that there was a risk that Bloom would not develop the platform or create BLT.

25. In the terms and conditions provided to those who purchased in the “public” phase of the offering, Bloom similarly disclaimed any representations that “BLT shall confer any actual and/or exercisable rights of use, functionality, features, purpose, or attributes in connection with the Bloom platform.”

26. The average investment during the “presale” was \$340,000 and the average investment during the “public sale” was about \$2,000, both of which are not commensurate with consumptive use.

27. As soon as the token sale closed, Bloom’s principals took steps to make the token available for trading on crypto asset trading platforms, including submitting applications and demonstrating the product. After the token sale closed, Bloom’s principals also made numerous statements in livestreams to the effect of, “Exchanges! We know you guys want to know about this!”, “Exchanges! Obviously a key topic!,” and “We recognize that exchanges will play an important role in the ecosystem.”

Bloom’s Offers and Sales of Securities Were Not Registered

28. Bloom’s offers and sales of BLT were not registered with the Commission, nor did Bloom’s offers and sales of BLT satisfy any valid exemption from registration.

Violations

29. As a result of the conduct described above, Bloom violated Section 5(a) of the Securities Act, which states that unless a registration statement is in effect as to a security, it shall be unlawful for any person, directly or indirectly, to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or to carry or cause to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale.

30. Also as a result of the conduct described above, Bloom violated Section 5(c) of the Securities Act, which states that it shall be unlawful for any person, directly or indirectly, to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use of medium of any prospectus or otherwise any security, unless a registration statement has been filed as to such security.

Bloom’s Cooperation and Remedial Efforts

31. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Respondent and cooperation afforded the Commission staff. The financial audit of Bloom Protocol, LLC necessary for filing a Form 10 is complex, as it requires the auditor to look at three separate corporate entities, multiple government currencies, and crypto assets, including Ethereum and BLT, and there are a number of intercompany reconciliations. Bloom has already voluntarily taken steps to prepare for registration, including retaining an auditor to perform the audit, commencing the audit, and hiring 2.5 full-time employees to support the completion of the audited financials and the compliance work necessary to prepare for registration.

Undertakings

Respondent has undertaken to:

1. Within fourteen (14) days from the date of this Order, Respondent will issue a press release (the “Press Release”) in a form not objected to by Commission staff, notifying the public of this Order and containing a link to the Order. At the same time, Respondent will prominently post the Press Release, link to the Order on Bloom’s company website, and maintain it there until the “Claim Form Deadline” (as defined in Paragraph 2.c below).

2. Subsequently, Respondent will:

- a. Within 270 days of the date of this Order, file a Form 10 to register under Section 12(g) of the Securities Exchange Act of 1934 (“the 1934 Act Registration”) BLT as a class of securities;
- b. Respond promptly and in good faith to any and all comments concerning the 1934 Act Registration issued by the Division of Corporation Finance;
- c. On a date no later than sixty (60) calendar days after the date of the filing of the 1934 Act Registration, or on the date seven (7) days after the 1934 Act Registration becomes effective, whichever date is sooner (the earlier date being the “Effective Date”), distribute by electronic means reasonably designed to notify each potential claimant (“Distribution”), a notice and a claim form (the “Claim Form”), both of which shall be in a form not objected to by Commission staff, and both of which shall include a link to Bloom’s filing page on EDGAR, informing all persons and entities that purchased BLT from Respondent before and including January 2, 2018, of their potential claims under Section 12(a) of the Securities Act, including the right to sue “to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such security, or for damages if [the purchaser] no longer owns the security” and informing purchasers that they may submit a written claim on the Claim Form directly to Respondent at an address indicated on the Claim Form of a purchaser’s assertion of rights under Section 12(a) of the Securities Act, and that such claims must be submitted by a date certain (“Claim Form Deadline”); said Claim Form Deadline shall be the earlier of three (3) months from the date that the Division of Corporation Finance notifies Respondent that the Divisions review of the Form 10 has been concluded or six (6) months from the Effective Date;
- d. Simultaneously with the Distribution of the Claim Form, post the Claim Form on Respondent’s company website and maintain it there until the Claim Form Deadline; and

- e. Maintain such 1934 Act Registration and make timely filings of all reports required by Section 13(a) of the Securities Exchange Act of 1934 at least until the later of (1) the Claims Form Deadline; (2) such time as Respondent has filed all reports required for the fiscal year within which the 1934 Act Registration became effective; and (3) such time as Respondent is eligible to terminate its registration pursuant to Rule 12g-4 under the Securities Exchange Act of 1934.

3. Respondent will pay the amount due under Section 12(a) of the Securities Act, if any, to each qualified person or entity that purchased BLT from Respondent before and including January 2, 2018, and that submitted a written claim to Respondent's address by the Claim Form Deadline using the Claim Form. Within three (3) months from the Claim Form Deadline, Respondent will make all payments it deems to be due and adequately substantiated to purchasers who submitted the Claim Form by the Claim Form Deadline. Respondent may require that a claimant submit additional documentation supporting that the claimant is entitled to receive payment under Section 12(a) of the Securities Act and Paragraph 2 above. Upon receiving such a request, a claimant will have thirty (30) days to provide the requested documentation in writing to the address provided by Respondent. For any claims not paid, Respondent will provide the claimant with a written explanation for the reason for non-payment.

4. Beginning thirty (30) days after the Claim Form Deadline, Respondent will submit to Commission staff a monthly report of the claims received and the claims paid under Paragraph 3 above, including (a) identifying information about each claimant; (b) the amount of each claim; (c) the resolution of each claim, including the amount of each payment; (d) identification of all claims not paid and the reasons for all non-payment of claims; and (e) a list of all complaints received (if any) and the manner in which Respondent addressed each complaint. Respondent will provide Commission staff with any related additional information or documentation reasonably requested by Commission staff, such as documentation submitted by the claimant and documentation supporting Respondent's decision regarding the claim. In response to any objections by Commission staff to Respondent's handling of one or more claims, Respondent will reconsider its decision(s) in light of the objection and will provide a written explanation to Commission staff of its decision following such reconsideration.

5. Within four (4) months of the Claim Form Deadline, Respondent will submit to Commission staff a final report of its handling of all claims received under Paragraph 3 above, including all information listed in Paragraph 4 above (the "Final Report"),

6. Respondent will certify, in writing, compliance with the undertakings set forth above within sixty (60) days of final completion of all such undertakings. The certification shall identify the undertaking, 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 Respondent agrees to provide such evidence, as applicable. The certification and supporting material shall be submitted to Michele Layne, Regional Director, Division of Enforcement, Securities and Exchange Commission, Los Angeles Regional Office, or such other person as the Commission staff may identify, with a copy

to the Office of Chief Counsel of the Enforcement Division. The Commission staff may make reasonable requests for further evidence of compliance, and Respondent agrees to provide such evidence, as applicable.

7. If Respondent plans to file a Form 15 to terminate its registration pursuant to Rule 12g-4 under the Securities Exchange Act of 1934 on the grounds that the BLT no longer constitutes a “class of securities” under Rule 12g-4 because the BLT is no longer a “security” under Section 3(a)(10) of the 1934 Act, Respondent will notify the Commission staff at least thirty (30) days prior to such filing. Upon such notification, the Commission staff may make reasonable requests for further information, and Respondent agrees to provide such information, as applicable.

8. Respondent will retain all records and communications relating to the BLT token sale for a period of at least one year after the date it submits the certification of compliance as described in Paragraph 6 above, or until such time as otherwise required by law.

9. Respondent may apply to Commission staff for an extension of the deadlines described above before their expiration and, upon a showing of good cause by Respondent, Commission staff may, in its sole discretion, grant such extensions for whatever time period it deems appropriate.

10. In determining whether to accept the Offer, the Commission has considered these undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Bloom’s Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent Bloom cease and desist from committing or causing any violations and any future violations of Section 5(a) and 5(c) of the Securities Act.

B. Respondent shall, within 14 days of the entry of this Order, pay a civil money penalty in the amount of \$300,000 to the Securities and Exchange Commission. In the event that Respondent does not comply with all of the undertakings set forth in the Undertakings portion of this Order (with the exception of the undertaking contained in Section 2(e), provided that the reason for the noncompliance relates to subparagraph (3) of the undertaking, and with the exception of the undertakings contained in Sections 2(a), (b) and (e), provided that the reason for the alleged noncompliance is that the Staff or the Commission takes the position that financial statements or other information about a person or persons other than Respondent must be included in Respondent’s 1934 Act Registration or reports required by Section 13(a) of the Securities Exchange Act of 1934, unless such information is reasonably available to Respondent and can be

obtained by Respondent in a timely fashion without undue hardship), Respondent shall pay a civil money penalty in the amount of \$30,912,842, less any amounts already paid to the Securities and Exchange Commission or paid to token purchasers pursuant to Paragraph 3 of the undertakings according to the procedures specified below in paragraphs (i) through (vii).

- i. If Commission staff believe that Respondent has not complied with all of the undertakings, it shall promptly notify Respondent. Respondent shall have 30 days from such notice to cure any failure to comply, and the parties agree to promptly meet and confer thereafter to discuss any claimed uncured breach.
- ii. If Commission staff believe that Respondent has failed to cure the breach, the Division of Enforcement may, at any time following entry of this Order, recommend that the Commission issue the Order Making Findings and Imposing a Civil Money Penalty (“Penalty Order”) attached as Addendum A to this Order directing the payment of a civil money penalty in the amount of \$30,912,842, less any amounts already paid to the Securities and Exchange Commission or paid to token purchasers pursuant to Paragraph 3 of the undertakings.
- iii. In the event that Commission staff propose to recommend that the Commission issue the Penalty Order attached as Addendum A to this Order, the staff shall first provide Respondent with a written statement of the reasons for such recommendation. The Respondent shall then have 30 days from such notice to submit a written statement in response, which shall be presented to the Commission with a recommendation from the staff. The Commission staff, in its sole discretion, may request additional submissions or information from the Respondent for presentation to the Commission. In its written statement in response, the Respondent agrees that it may not, by way of defense to any such recommendation, (1) contest the findings in the Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense or other defense based on the passage of time.
- iv. The Commission, in its sole discretion, may determine that Respondent has not complied with all undertakings and thereupon enter, without further notice, the Penalty Order attached as Addendum A to this Order directing the payment of a civil money penalty in the amount of \$30,912,842, less any amounts already paid to the Securities and Exchange Commission or paid to token purchasers pursuant to Paragraph 3 of the undertakings.
- v. For purposes of the Commission’s consideration of any Commission staff recommendation under paragraph iii and iv above, Respondent waives: (i) such provisions of the Commission’s Rules of Practice or other requirements of law as may be construed to prevent any member of the Commission’s staff from participating in the preparation of or advising the Commission as to the entry of the Penalty Order attached as Addendum A to this Order; (ii) any right to claim bias or

prejudgment by the Commission.

- vi. The entry of the Penalty Order attached as Addendum A to this Order shall be final. There shall be no review by any federal court.
- vii. The Commission finds that a total civil money penalty in the amount of \$30,912,842 is appropriate in light of the violations alleged in this Order and the total civil penalty amount would have been ordered absent Respondent's agreement to the Undertakings portion of this Order.

C. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

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 Bloom 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 Michele Layne, Division of Enforcement, Securities and Exchange Commission, Los Angeles Regional Office.

D. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, 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, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it 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, Respondent agrees that it 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.

By the Commission.

Vanessa A. Countryman
Secretary

ADDENDUM A

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. [] / DATE

ADMINISTRATIVE PROCEEDING

File No.

In the Matter of

Bloom Protocol, LLC

Respondent.

**ORDER MAKING FINDINGS AND
IMPOSING A CIVIL PENALTY**

I.

The Securities and Exchange Commission (“Commission”) issues this Order Making Findings and Imposing a Civil Penalty (“Penalty Order”) pursuant to the Offer of Settlement submitted by Respondent Bloom Protocol, LLC (“Bloom” or “Respondent”) (“Offer of Settlement”), which was accepted by the Commission in its 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 on [MONTH, DAY], 2021 (the “Settlement Order”).

II.

Respondent Bloom admits the Commission’s jurisdiction over it, and over the subject matter of, this proceeding and any proceeding to enforce or that seeks to challenge this Penalty Order or the Settlement Order. In addition, Bloom consents to the entry of this Penalty Order, as set forth below.

III.

On the basis of this Penalty Order, Bloom's Offer of Settlement, and the Settlement Order, the Commission finds that:

32. In its Offer of Settlement, Bloom offered certain undertakings, as set forth in Section III, Undertakings of the Settlement Order.

33. In determining whether to accept the Offer of Settlement and impose the Settlement Order, the Commission considered these undertakings.

34. In the Settlement Order, the Commission ordered that, in the event that Respondent did not comply with all of the undertakings set forth in the Undertakings portion of the Settlement Order (with the exception of the undertaking contained in Section 2(e), provided that the reason for the noncompliance relates to subparagraph (3) of the undertaking, and with the exception of the undertakings contained in Sections 2(a), (b) and (e), provided that the reason for the alleged noncompliance is that the Staff or the Commission takes the position that financial statements or other information about a person or persons other than Respondent must be included in Respondent's 1934 Act Registration or reports required by Section 13(a) of the Securities Exchange Act of 1934, unless such information is reasonably available to Respondent and can be obtained by Respondent in a timely fashion without undue hardship), Respondent shall pay a civil money penalty in the amount of \$30,912,842, less any amounts already paid to the Securities and Exchange Commission or paid to token purchasers pursuant to Paragraph 3 of the undertakings according to the procedures specified below in paragraphs (i) through (vii).

- viii. If Commission staff believe that Respondent has not complied with any of the undertakings, it shall promptly notify Respondent. Respondent shall have 30 days from such notice to cure any failure to comply, and the parties agree to promptly meet and confer thereafter to discuss any claimed uncured breach.
- ix. If Commission staff believe that Respondent has failed to cure the breach, the Division of Enforcement may, at any time following entry of the Settlement Order, recommend that the Commission issue this Penalty Order directing the payment of a civil money penalty in the amount of \$30,912,842, less any amounts already paid to the Securities and Exchange Commission or paid to token purchasers pursuant to Paragraph 3 of the undertakings in the Settlement Order.
- x. In the event that Commission staff propose to recommend that the Commission issue the Penalty Order, the staff shall first provide Respondent with a written statement of the reasons for such recommendation. The Respondent shall then have 30 days from such notice to submit a written statement in response, which shall be presented to the Commission with a recommendation from the staff. The Commission staff, in its sole discretion, may request additional submissions or

information from the Respondent for presentation to the Commission. In its written statement in response, the Respondent agrees that it may not, by way of defense to any such recommendation, (1) contest the findings in the Settlement Order; or (2) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense or other defense based on the passage of time.

- x. The Commission, in its sole discretion, may determine that Respondent has not complied with all undertakings and thereupon enter, without further notice, the Penalty Order directing the payment of a civil money penalty in the amount of \$30,912,842, less any amounts already paid to the Securities and Exchange Commission or paid to token purchasers pursuant to Paragraph 3 of the undertakings in the Settlement Order.
- xii. For purposes of the Commission's consideration of any Commission staff recommendation under paragraph iii and iv above, Respondent waives: (i) such provisions of the Commission's Rules of Practice or other requirements of law as may be construed to prevent any member of the Commission's staff from participating in the preparation of or advising the Commission as to the entry of the Penalty Order; (ii) any right to claim bias or prejudice by the Commission.
- xiii. The entry of the Penalty Order shall be final. There shall be no review by any federal court.
- xiv. The Commission finds that a total civil money penalty in the amount of \$30,912,842 is appropriate in light of the violations alleged in the Settlement Order and the total civil penalty amount would have been ordered absent Respondent's agreement to the Undertakings portion of the Settlement Order.

35. On [DATE], Commission Staff notified the Respondent that it believed that Respondent had not complied with the undertakings. On [DATE], the staff provided Respondent with a written statement of the reasons it was recommending to the Commission that it issue the Penalty Order. Respondent had an opportunity to submit a written statement on its behalf.

36. On [DATE], the Commission, in its sole discretion, determined that Respondent had not complied with the undertakings.

IV.

In view of the foregoing, the Commission deems it appropriate to impose on Respondent Bloom the remedy agreed to in Bloom's Offer of Settlement, and required by the Settlement Order.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondent shall, within 14 days of the entry of this Penalty Order, pay a civil money penalty in the amount of [AMOUNT] (which is \$30,912,842, less amounts paid to the Securities and Exchange Commission and amounts paid to token purchasers pursuant to Paragraph 3 of the undertakings of the Settlement Order) to the Securities and Exchange Commission.

C. The Commission may distribute civil money penalties collected in this proceeding if, in its discretion, the Commission orders the establishment of a Fair Fund pursuant to 15 U.S.C. § 7246, Section 308(a) of the Sarbanes-Oxley Act of 2002. The Commission will hold funds paid pursuant to this paragraph in an account at the United States Treasury pending a decision whether the Commission, in its discretion, will seek to distribute funds or, subject to Exchange Act Section 21F(g)(3), transfer them to the general fund of the United States Treasury. If timely payment is not made, additional interest shall accrue pursuant to 31 U.S.C. §3717.

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 Bloom 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 Michele Layne, Division of Enforcement, Securities and Exchange Commission, Los Angeles Regional Office.

D. Regardless of whether the Commission in its discretion orders the creation of a Fair Fund for the penalties ordered in this proceeding, amounts ordered to be paid as civil money penalties pursuant to this Penalty 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, Respondent agrees that in any Related Investor Action, it shall not argue that it is entitled to, nor shall it 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, Respondent agrees that it 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 Settlement Order instituted by the Commission in this proceeding.

By the Commission.

Vanessa A. Countryman
Secretary