

SEC is the Latest Agency to Keep Up With the Kardashians

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In these difficult financial times, some of us may turn to our financial advisors for advice. Others may turn to Kim Kardashian. If you fall into the latter category, you may have seen that last year, Ms. Kardashian posted a story on Instagram in which she shared what her “friends just told [her] about the Ethereum Max Token.” People who read the post could swipe up to join the E-Max Community and purchase tokens. Not disclosed – but not surprising – was the fact that Ms. Kardashian was paid \$250,000 for the post.

If you read this blog, you know that the FTC requires celebrities, influencers – and even regular people – to clearly and conspicuously disclose when they have been paid to promote something. It turns out, though, that the FTC is not the only federal agency to require this. Today, the SEC announced that it had reached a settlement with Ms. Kardashian over the post, which allegedly violated the anti-touting provision of the federal securities laws.

Even though the post included #ad – which can, if clearly disclosed, satisfy the FTC’s requirements – that wasn’t enough to satisfy the SEC. Section 17(b) of the Securities Act requires an influencer to disclose the receipt of “consideration *and the amount thereof.*” SEC Chair Gary Gensler noted that the case “serves as a reminder to celebrities and others that the law requires them to disclose to the public when and how much they are paid to promote investing in securities.”

Ms. Kardashian agreed to settle the SEC’s charges, pay \$1.26 million in penalties, disgorgement, and interest, and cooperate with the Commission’s ongoing investigation. She also agreed to not promote any crypto asset securities for three years. So if you do look to Ms. Kardashian for financial advice, note that the scope of that advice will temporarily be limited. In the meantime, you can click [here](#) to learn more about our crypto practice and [here](#) to read about how the FDA has kept up with the Kardashians.