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Texas Court Hits 17 CryptoFX Agents With Penalties Over $300M Ponzi Scheme

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By Michael A. Mora

Seventeen former sales agents at CryptoFX LLC were hit with a default judgment in Houston federal court after the U.S. Securities and Exchange Commission alleged they acted as unregistered brokers in a $300 million Ponzi scheme targeting Latino investors for investments in digital assets and foreign currency exchanges.

U.S. District Judge George C. Hanks Jr. of the Southern District of Texas entered the order Friday in a case that the SEC alleged involved a company that left "a trail of thousands upon thousands of victims stretching across ten states and two foreign countries." In September 2022, the SEC sued CryptoFX and its alleged principals, Mauricio Chavez and Giorgio Benvenuto.

According to the complaint, CryptoFX operated a multilevel marketing structure in which sales agents earned commissions based on the investments they solicited, as well as on any investments their referrals made. The sales agents guaranteed a 15% to 100% return and the return of principal even in the event of a "world war," according to the complaint.

However, the SEC alleged that nearly all of the money went toward Ponzi-like payments to investors and sales commissions and bonuses, with less than 1% allocated to trading. Within two years of the 2022 lawsuit, Chavez and Benvenuto agreed to settle the charges against them.

The SEC charged 17 former sales agents in 2024, alleging that six of the defendants also misappropriated investor funds and continued soliciting investors after the initial SEC lawsuit. All of the defendants were properly served, while none of them filed an answer, appeared, or contested the allegations against them, court records show.

Hanks concluded that the investment agreements sold by the defendants constituted unregistered securities and that none of the defendants was licensed as a broker. As part of the ruling, the court ordered the defendants to disgorge amounts ranging from roughly $16,500 to more than $548,000, representing commissions and bonuses tied to the scheme.

Hanks also imposed prejudgment interest and civil penalties, including third-tier penalties for defendants whose conduct involved fraud and resulted in substantial investor losses. The judge further found that a defendant attempted to impede investor communications with the SEC by conditioning assistance on the withdrawal of prior statements to regulators.

“The outcome highlights that the SEC’s earlier settlement with CryptoFX’s principals did not shield downstream promoters, reinforcing that sales agents can face independent liability for unregistered broker activity, even after a case against organizers has been resolved,” said Nicolle Lafosse, of counsel at the international law firm Diaz Reus, who is not involved in the case.

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