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PRESS RELEASE

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SEC Charges NovaTech and its Principals and Promoters with \$650 Million Crypto Fraud

Multi-level marketing company promoted scheme to defraud more than 200,000 investors worldwide

FOR IMMEDIATE RELEASE | 2024-95

Washington D.C., Aug. 12, 2024 — The Securities and Exchange Commission today announced charges against Cynthia and Eddy Petion, along with their company, NovaTech Ltd., for operating a fraudulent scheme that raised more than \$650 million in crypto assets from more than 200,000 investors worldwide, including many in the Haitian-American community. The SEC also charged Martin Zizi, Dapilinu Dunbar, James Corbett, Corrie Sampson, John Garofano, and Marsha Hadley for their roles in promoting NovaTech to investors.

According to the SEC’s complaint, the Petions operated NovaTech as a multi-level marketing (MLM) and crypto asset investment program from 2019 through 2023. They lured investors by claiming NovaTech would invest their funds on crypto asset and foreign exchange markets. Cynthia Petion assured investors that their investments would be safe and promised that “[i]n this program, you are in profit from day one, because again you have access to that capital.” In reality, NovaTech used the majority of investor funds to make payments to existing investors and to pay commissions to promoters, using only a fraction of investor funds for trading. The complaint further alleges that the Petions siphoned millions of dollars of investor assets for themselves. When NovaTech ultimately collapsed, most investors were not able to withdraw their investments, resulting in substantial losses, according to the complaint.

“NovaTech and the Petions caused untold losses to tens of thousands of victims around the world,” said Eric Werner, Director of the SEC’s Fort Worth Regional Office. “As we allege, MLM schemes of this size require promoters to fuel them, and today’s action demonstrates that we will hold accountable not just the principal architects of these massive schemes, but also promoters who spread their fraud by unlawfully soliciting victims.”

The SEC’s complaint alleges that NovaTech’s top promoters, Zizi, Dunbar, Corbett, Sampson, Garofano, and Hadley, each recruited a wide network of investors and promoters. NovaTech paid them substantial commissions for the investors they and their networks recruited. When Zizi, Dunbar, Corbett, and Sampson became aware of certain red flags about NovaTech, including regulatory actions taken against it by U.S. and Canadian regulators, they continued recruiting investors and downplayed the red flags.

The SEC’s complaint, filed in the U.S. District Court for the Southern District of Florida, charges NovaTech, the Petions, Zizi, Dunbar, Corbett, and Sampson with violating the antifraud provisions of the federal securities laws and all of the defendants with registration violations. The complaint seeks permanent injunctive relief, disgorgement of ill-gotten gains, and civil penalties. Without admitting or denying the allegations, Zizi agreed to partially settle the SEC’s charges by consenting to a \$100,000 civil penalty and to be permanently enjoined from future violations of the charged provisions, with the amount of other monetary remedies to be determined at a later date. The partial settlement is subject to court approval.

The SEC’s investigation was conducted by Catherine Rowsey, Todd Baker, and Jamie Haussecker of the Fort Worth Regional Office, with assistance from Sejal Bhakta of the Crypto Assets and Cyber Unit, under the supervision of Nikolay Vydashenko and B. David Fraser. The litigation is being conducted by Patrick Disbennett and supervised by Keefe Bernstein.

The Commission appreciates the assistance of the Office of the New York Attorney General’s Investor Protection Bureau, the California Department of Financial Protection and Innovation, the British Columbia Securities Commission, and the Ontario Securities Commission.

The SEC’s Office of Investor Education and Advocacy and the Division of Enforcement’s Retail Strategy Task Force has issued an [Investor Alert on Fraudulent Digital Asset and “Crypto” Trading Websites](#), an [Investor Alert: Affinity Fraud](#), an [Investor Alert on Crypto-Scams](#), and an [Investor Alert on Pyramid Schemes Posing as Multi-Level Marketing Programs](#). Investors can find additional information about digital asset and crypto investment schemes, including the warning signs of fraud, at [Investor.gov](#).

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