

### Case Study Part 2 – “Profit”

#### 2.4 BAM Business is Legitimate Business

The word “legitimate” is defined as being in accordance with the law, with established rules, principles, or standards. It is genuine.

As Christian business owners, our business must be legitimate. More than that, our business must be beneficial, useful, and meet the needs of customers. A casino, for example, may be lawful, but it can be harmful.

God is our Provider. He provides food through farmers, butchers, bakeries, and restaurants. God provides services we need through doctors, engineers, teachers, nurses, etc. In numerous ways, God supports societies and nations through businesses. We are God’s hands and feet in the administration of His loving-kindness, mercy and provisions.

Is our business legitimate and beneficial? Does it bring benefits rather than harm?

#### Case Study: The Story of a Pastor’s Crypto Business

**DENVER, CO – January 18, 2024** - Civil fraud charges were filed against Eligio (Eli) and Kaitlyn Regalado of Denver, INDXcoin, LLC, Kingdom Wealth Exchange LLC, and others for alleged violations of the anti-fraud, licensing, and registration provisions of the Colorado Securities Act.

Eli, a pastor, and his wife Kaitlyn created, marketed and sold a cryptocurrency known as “INDXcoin” to members of the Christian community. The INDXcoin was also offered through the Kingdom Wealth Exchange (KWE), an online cryptocurrency exchange that they created, controlled, and operated.

The Regalados had no experience in cryptocurrency which was clearly evident when a third-party auditor’s report allegedly described their INDXcoin code as unsafe, insecure and riddled with serious technical problems. Despite that report, the Regalados allegedly continued to promote the INDXcoin as a low risk, high-profit investment.

“New coins and new exchanges are easy to create with open-source code. We want to remind consumers to be very sceptical.”

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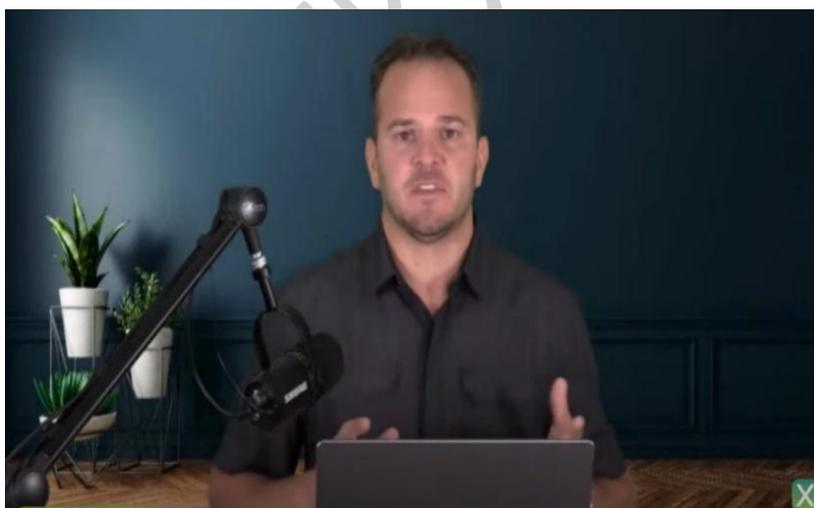
The complaint alleges that, in reality, the INDXcoin was illiquid and practically worthless; investors lost millions, and the Defendants dissipated investor funds to support their lavish lifestyles. (Colorado Dept. of regulatory agencies – 18 January 2024)

The online pastor was charged with civil fraud earlier this month after he and his wife created and sold a cryptocurrency to Christians, telling them God had directly told him they would become rich if they bought it.

He has since said that it's possible he "misheard God" and has also defended himself by saying that although it's true that he and his wife pocketed \$1.3 million, some of that was spent on a "home remodel that the Lord told us to do". (Financial Times – 28 January 2024)

As reported by the BBC, the couple also allegedly spent nearly 300 investors' funds on a Range Rover, luxury handbags, jewellery, an au pair, boat rentals, and snowmobile adventures.

Regalado insisted in the video that he still hoped investors could get their money back and that he believed "God is going to work a miracle in the financial sector."



*Eligio Regalado and his wife allegedly raked in almost \$3.2m (INDXcoin/YouTube)*

[https://youtu.be/TJjLS\\_1FUCM](https://youtu.be/TJjLS_1FUCM)

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In videos on INDXcoin's YouTube channel, Regalado quotes Bible verses, telling investors to expect a "miracle" as they wait for "God's plan" to unfold. Regalado also told investors they would "tithes" and "sow" in causes helping widows and orphans, but the funds primarily went into their own pockets, according to the complaint. (NBC News, 23 Jan 2023)

### The position of the US Securities and Exchange Commissions (SEC)

In January 2024, the SEC approved the listing of 11 spot Bitcoin exchange traded funds (ETFs).

The Commission's approval of the Bitcoin ETFs was not an endorsement of Bitcoin or cryptocurrency more broadly, but rather the result of a court ruling that found the SEC's long-standing opposition to Bitcoin ETFs — on the grounds they could be subject to fraud and manipulation — was arbitrary. (Financial Times, 28<sup>th</sup> Jan 2024)

While we approved the listing and trading of certain spot Bitcoin ETP shares today, we did not approve or endorse Bitcoin. Investors should remain cautious about the myriad risks associated with Bitcoin and products whose value is tied to cryptocurrency. SEC Chair- Gary Gensler – 10 Jan 2024

SEC's Chairman, Gensler stated that "though we're merit neutral, I'd note that ... Bitcoin is primarily a speculative, volatile asset that's also used for illicit activity, including ransomware, money laundering, sanction evasion, and terrorist financing".

### Discussion

#### **1. Business Integrity and Responsibility:**

Reflecting on Pastor Eli's initiated cryptocurrency ventures, which harmed many, how can business owners uphold and maintain integrity in their businesses that God's name will not be profaned?

**Proverbs 11:3** "The integrity of the upright guides them, but the crookedness of the treacherous destroys them" (ESV)

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**Proverbs 10:9** "Whoever walks in integrity walks securely, but he who makes his ways crooked will be found out." (ESV)

**Proverbs 16:8** "Better is a little with righteousness than great revenues with injustice." **11** "A just balance and scales are the Lord's; all the weights in the bag are his work." **12** "It is an abomination to kings to do evil, for the throne is established by righteousness." (ESV)

**Ephesians 4:28** "Let the thief no longer steal, but rather let him labour, doing honest work with his own hands, so that he may have something to share with anyone in need." (ESV)

### 2. Balancing Spiritual Guidance and Prudent Decision-Making:

Reflecting on the pastor's statement about possibly "mishearing God," how can we, as business owners, ensure we hear God correctly? Apart from seeking guidance from God's word, what other practical steps we can take to ensure we arrive at a biblically sound and well-informed decision-making process?

**Proverbs 16:3** "Commit your work to the LORD, and your plans will be established." (ESV)

**Proverbs 1:5** "Let the wise hear and increase in learning, and the one who understands obtain guidance." (ESV)

**Proverbs 12:15** "The way of a fool is right in his own eyes, but a wise man listens to advice." (ESV)