



The Federal Trade Commission has filed a civil suit against Butterfly Labs

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botolo

09-23-2014, 10:09 AM

The Federal Trade Commission has filed a civil suit against Butterfly Labs

Bad news

[Feds say Bitcoin miner maker Butterfly Labs ran](#)

vapourminer

09-23-2014, 10:24 AM

its about time.

better grab any documents/software/drivers you need for BFL hardware soonest in case the site goes down.

icon02

09-23-2014, 11:15 AM

Bad Boys, Bad Boys whata ya going to do...

[US Government Shuts Down Embattled Mining Firm Butterfly Labs](#)

Couldn't happen to nicer people :)

b-Amsterdam

09-23-2014, 12:02 PM

Quote:

*Originally Posted by **icon02** »*

Bad Boys, Bad Boys whata ya going to do...

[US Government Shuts Down Embattled Mining Firm Butterfly Labs](#)

Couldn't happen to nicer people :)

justice:D, you fucking scammers, I'm glad I received a refund around February although it was 1500 short I was glad that I received most of my money back.

I have been around since day 1. I ordered 12 singels with them on 6/23/12 And I must say I'm really pleased to see that these scammers are finally being shut down.

I feel really stupid for making another big order with them more then a year ago. I should have learned.. but I was to happy with my singels that finally arrived at the time..

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They are the best scammers I have seen to date and this should have happened a long time ago before the monarch preorders had even started.

Josh I should have hit you in the face when I saw you in the bitcoin conference in Amsterdam this year. Although I was pleased to see there where none to little interest for bfl.

Serve you right bfl, fuck you;)

ukzerosniper

09-23-2014, 12:26 PM

Anyone mining in eclipsemc at the moment? Is Eclipse considered a part of BFL? I thought @**BFL_Josh** owned the pool? Is it possible the pool may go offline without notice?

Thanks Guys.

freeAgent

09-23-2014, 12:40 PM

Josh sold EMC to BFL, so technically it is owned by BFL. It's still being run by Josh, though he is doing so in his capacity as an employee of BFL. If you are mining there, I would switch pools, withdraw all funds in your account, and GTFO **immediately**...if you still can.

ccfoo242

09-23-2014, 12:56 PM

I don't see how shutting them down at this point helps consumers. They were shipping product. And I was maybe one effing week away from receiving my refund, so now what can I do?

eXistenZ

09-23-2014, 01:46 PM

Damn it! There goes nothing...

Serj

09-23-2014, 01:59 PM

No!!!! Screw you FTC!!! You just hurt sooo many consumers with this ignorant action!!!

eyes

09-23-2014, 02:03 PM

Quote:

Originally Posted by **ccfoo242** »

I don't see how shutting them down at this point helps consumers. They were shipping product. And I was maybe one effing week away from receiving my refund, so now what can I do?

Yeah but this way all those people who weren't even involved that were slating BFL since FPGA times are now vindicated, and get to walk around telling everyone how smart they were. so that makes it all alright for us to get 100% screwed instead of just sucking up the partial loss that we were now banking on.

Because, thats the most important thing on the internet. Idiots shouting about how right they are.

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Great.

ccfoo242

09-23-2014, 02:12 PM

Looks like the article has been updated with a little more info:

UPDATE 11:17am CT: *Helen Wong, an FTC attorney, told Ars that all three principals had been served with the lawsuit and that no arrests were made. The USMS, she said, was present to "keep the peace."*

Initially, she explained, the case was sealed to prevent BFL from moving money around (or, in government parlance, to prevent "asset dissipation").

BFL is no longer in the hands of its principals but rather under a temporary court-appointed "receiver," a situation which will last until Monday, September 29. On that date, the judge can choose to extend the receivership or cancel it.

"The court granted the FTC's request to put the company under a temporary receivership," Wong said. "Basically everything is under the control of the receivership. The order allows us to locate documents and assets. The receiver has temporary custody of the company; everything is under his ownership until or unless the court decides otherwise."

Wong also noted that in this action—the FTC's first involving Bitcoin—seeks "full consumer redress," which, if successful, would result in refunds payable in US dollars.

BitBlitz

09-23-2014, 03:38 PM

Slok, or whoever is actively deleting threads and posts must have some real cojones-- given that this forum will most certainly be discoverable as part of the FTCs case.

tywe

09-23-2014, 03:54 PM

Quote:

Originally Posted by **ccfoo242** »

I don't see how shutting them down at this point helps consumers. They were shipping product. And I was maybe one effing week away from receiving my refund, so now what can I do?

I am in exactly the same boat and feel the same way.. Yeah, we should have not had to wait for refunds and should already have them, but BFL was at least delivering on their promises lately and I had already received refunds for my other orders, just had one last order that was going to be refunded in a week or so and now god only knows how long I get to wait for it thanks to the FTC.. And I highly doubt they are going to give me a refund via BTC like I had asked for and was looking forward to while the price of BTC is as low as it is.. THANKS A LOT FTC, YOU HAVE NOW CAUSED ME MORE LOSS INSTEAD OF HELPING ME AT ALL! MAYBE IF YOU HAD DONE THIS A YEAR AGO IT WOULD HAVE BEEN HELPFUL, BUT NOT NOW!

FTCinfo

09-23-2014, 04:39 PM

I have just had a very nice conversation with Helen Wong at the FTC. She is the staff contact with the Division of Financial Practices regarding BFL.

The assets of BFL have been frozen pending the outcome of the hearing at 9am on Monday, September 29th. At this hearing, the court will determine the future of the company, to wit:

a. They have failed to fulfill obligations to customers and will not regain control of the company, at

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which point the FTC, courts and appointed receiver will begin working on the issuance of refunds to customers. (She was unable to speak as to whether or not the current refund queue order would be altered)

b. They have claimed they have begun to fulfill obligations to customers, but it has been found that they actually have not and will not regain control of the company, at which point the FTC, courts and appointed receiver will begin working on the issuance of refunds to customers. (Again, She was unable to speak as to whether or not the current refund queue order would be altered)

c. They have begun fulfilling obligations to customers, but in a manner that is not consistent or not in sync with consumer protection regulation at which point issuance of refunds would be overseen by the FTC and/or courts. (It was unclear as to whether this would be while under the control of a receiver or BFL)

d. They have begun fulfilling obligations to customers, are breaking no laws or regulation and no action should be taken, at which point BFL continues business as usual.

MSO

09-23-2014, 05:11 PM

Some little boys and girls must have fallen and skinned their knees, now the government is going to tuck them in bed. Nighty, night little boys and girls, big government loves you and will take your refunds in the form of fines and fees. Kiss, kiss sweetie pies.

zerocoins

09-23-2014, 05:40 PM

It looks like most have you have already started to explore this Company, I'd like to read everyone's critical reviews on them.

I Myself has had only pleasant experiences in dealing with Butterfly labz.

dropt

09-23-2014, 10:03 PM

Quote:

Originally Posted by **zerocoins** »

It looks like most have you have already started to explore this Company, I'd like to read everyone's critical reviews on them.

I Myself has had only pleasant experiences in dealing with Butterfly labz.

This is not the forum to start learning about BFL and its history. This forum has been massively censored.

navigatrix

09-23-2014, 10:40 PM

Quote:

Originally Posted by **ccfoo242** »

I don't see how shutting them down at this point helps consumers. They were shipping product. And I was maybe one effing week away from receiving my refund, so now what can I do?

I'm in total agreement. I just got a partial order last Friday and was waiting for BFL to get back to me

about completing it. Usually they got back to me within 24 hr, but I didn't hear anything. I guess this FTC case got in the way. This just delays the resolution I was waiting for. What crap timing!

ccfoo242

09-23-2014, 11:12 PM

FTC Q&A on Twitter didn't reveal much. <https://storify.com/fermuration/askftc>

ShamanAd

09-23-2014, 11:21 PM

@BFL_Updates ; @BFL_Josh ; @BFL_Jody ; @SLok ; Can Anybody from BFL confirm or deny that the current shipping of orders has stopped due to this FTC action?

Can you please confirm or deny if the production and deliveries of all Monarch cards have stopped due to this?

I am very disturbed to read this when it appeared you were progressing through Monarch orders quickly from BFL_Jodys blog.

Does this mean I have no chance of receiving the Monarch card I ordered now?

inou

09-24-2014, 12:47 AM

Well the FTC can read this: These people have done nothing but good to me, I am Very happy customer since 2013.

Dentro

09-24-2014, 01:11 AM

Saw this coming after BFL started to refund again. They knew that FTC is going to do something sooner or later if they don't change their refund policy...! But it looks it was too late.

BitBoyben

09-24-2014, 02:44 AM

Quote:

Originally Posted by **FTCinfo** [»](#)

I have just had a very nice conversation with Helen Wong at the FTC. She is the staff contact with the Division of Financial Practices regarding BFL.

The assets of BFL have been frozen pending the outcome of the hearing at 9am on Monday, September 29th. At this hearing, the court will determine the future of the company, to wit:

a. They have failed to fulfill obligations to customers and will not regain control of the company, at which point the FTC, courts and appointed receiver will begin working on the issuance of refunds to customers. (She was unable to speak as to whether or not the current refund queue order would be altered)

b. They have claimed they have begun to fulfill obligations to customers, but it has been found that the actually have not and will not regain control of the company, at which point the FTC, courts and appointed receiver will begin working on the issuance of refunds to customers. (Again, She was unable to speak as to whether or not the current refund queue order would be altered)

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c. They have begun fulfilling obligations to customers, but in a manner that is not consistent or not in sync with consumer protection regulation at which point issuance of refunds would be overseen by the FTC and/or courts. (It was unclear as to whether this would be while under the control of a receiver or BFL)

d. They have begun fulfilling obligations to customers, are breaking no laws or regulation and no action should be taken, at which point BFL continues business as usual.

Well it looks like hopefully those that asked for refunds will be getting them. I hope FTC is going to send out the refunds in a timely manner.

Nnamdi

09-24-2014, 10:39 AM

Quote:

*Originally Posted by **ShamanAd** »*

I am very disturbed to read this when it appeared you were progressing through Monarch orders quickly from BFL_Jodys blog.

The latest blog update of 8/18 says "We are shipping orders from August 17..." There's nothing "quick" about BFL shipping. They're still shipping day 1 orders.

Serj

09-24-2014, 10:48 AM

In any case FTC's involvement is only hurting legit consumers! FTC get out of the way and let us start receiving the products we've ordered!!! You're only further hurting the consumer now!

SLok

09-24-2014, 12:42 PM

Quote:

*Originally Posted by **Nnamdi** »*

The latest blog update of 8/18 says "We are shipping orders from August 17..." There's nothing "quick" about BFL shipping. They're still shipping day 1 orders.

Well, if you can't even find the latest blog, with help of the "blogs" tab on top of every forum page, there's no help.

ps there is <https://forums.butterflylabs.com/bo...18-2014-a.html>

Nnamdi

09-24-2014, 02:06 PM

Quote:

*Originally Posted by **SLok** »*

Well, if you can't even find the latest blog, with help of the "blogs" tab on top of every

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forum page, there's no help.

ps there is <https://forums.butterflylabs.com/blo...18-2014-a.html>

That's exactly what I quoted. "We are shipping orders from August 17..."

Slok

09-24-2014, 02:32 PM

Quote:

Originally Posted by **Nnamdi** »

That's exactly what I quoted. "We are shipping orders from August 17..."

You said still shipping day 1 orders, which isn't true. "We are shipping orders from August 17 through November 8". A lot of them are already mining by temporary GH cloud mining till their orders arrive.

rsh426

09-24-2014, 03:09 PM

wow. i was scheduled to get my refund early next week. unbelievable.
How long does it take to get a refund from the FTC? months? years? at all?

Dreward

09-24-2014, 03:15 PM

Unfortunately the FTC is going after the visible problem but the wrong people. Butterfly labs have been offering refunds, they have shipped working product and they have made refunds (I know because I got mine a couple of weeks back). BFL may have their faults (indeed I warned them that I thought they might be courting trouble with the FTC a while back) however overall they are one of the more honest players in the the bitcoin world. By comparison to others for example AMT who have so far escaped with only class action suits being filed against them.

I think BFL would have sorted itself out in time, delivered product to those who were prepared to wait and refunds to the rest. Indeed I would go so far as to offer myself as a rebuttal witness or provide a sworn affidavit on their behalf. Yes their refund process is slow but no slower than the airlines (refunds take up to 30 days). Yes they have been consistently optimistic about delivery timescales. When I brought my singles I did not expect to wait nearly 10 months for them but fortunately in that time the value of bitcoins rose almost as fast as the difficulty meaning that I made money on my singles despite the enormous delay. I agree you can't make money on a butterfly (even at \$1800) now and I asked for an received a refund. Technological delays are not the result of miscreants but of bad engineering management practices which should not result in the commercial death penalty. FTC please return BFL to its owners, reach a consent agreement if you like, monitor them if you like. Please let BFL go so you can go after the real crooks.

rsh426

09-24-2014, 03:19 PM

Yeah I'm not screaming "FRAUD" or "SCAM" I took the risk of pre order. If BFL was slowly making shipments or refunds over the past couple of months then let the process proceed. Maybe with FTC monitoring?? Just my luck in t BTC empire haha! one step forward 5 steps back.

czach

09-24-2014, 04:19 PM

Quote:

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Originally Posted by **BitBoyben** »

Well it looks like hopefully those that asked for refunds will be getting them. I hope FTC is going to send out the refunds in a timely manner.

Indeed. As we all know the US Govt is the model, if not the pinnacle of efficiency.

But think of it this way: If this does not work out to one's satisfaction, I am sure that appropriate members of the Bitcoin community will petition the UN to come in with their blue helmets and fix the FTC for them.

C

Nnamdi

09-24-2014, 06:11 PM

Quote:

Originally Posted by **SLok** »

You said still shipping day 1 orders, which isn't true. "We are shipping orders from August 17 through November 8". A lot of them are already mining by temporary GH cloud mining till their orders arrive.

Are you claiming that every single Aug 17th order has either been delivered or is mining by the GH?

MrSwadge

09-25-2014, 08:50 AM

I am from the UK, so any insight on how to keep track of developments and what the FTC intervention means would be appreciated.

Meanwhile, I found this while researching what is going on and thought people might find it interesting.

Quote:

Originally Posted by **Butterfly Labs Response to FTC Allegations**

Butterfly Labs Response to FTC Allegations

September 23, 2014 03:25 PM Eastern Daylight Time

LEAWOOD, Kan.--(BUSINESS WIRE)--The following statement is from Butterfly Labs, in response to the Federal Trade Commission allegations:

"Butterfly Labs is disappointed in the heavy-handed actions of the Federal Trade Commission. In a rush to judgment, the FTC has acted as judge, jury and executioner, contrary to our intended system of governmental checks and balances. The FTC's current actions are negatively impacting our thousands of customers and our dozens of employees. Their current media campaign should only further alarm a knowing citizenry and raise questions as to why the FTC wouldn't simply let this case play out through the judicial system. That is what Butterfly Labs intends to do.

"It appears the FTC has decided to go to war on bitcoin overall and is starting with Butterfly Labs. Butterfly Labs is being portrayed by the FTC as a bogus and fake company. To the contrary, Butterfly Labs is very real. As pointed out in court filings Butterfly Labs made last night, Butterfly Labs has shipped more than \$33 million in products to customers and

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voluntarily granted refunds approximating \$17 million to customers for cancelled orders. Butterfly Labs was literally in the midst of shipping out completed products to fulfill the remaining millions of dollars of orders on our books and issuing requested refunds when the FTC effectively closed the doors of Butterfly Labs without any chance to be heard in court. "At this time, Butterfly Labs is cooperating fully with the Temporary Receiver appointed by the Court. A hearing is set for September 29 and Butterfly Labs has asked the Court to allow it to present testimony from key witnesses for the company. Butterfly Labs intends to defend our business and our nascent and promising industry. The government wants to shut Butterfly Labs down, and we are not going away without a fight to vindicate bitcoin, our company, and our employees. Our continued focus is our customers and finding a way to continue to deliver products and processing refunds for those who have requested them."

Contacts

Blanc & Otus, on behalf of Butterfly Labs
Charles Zinkowski, 646-578-4519
Charles.Zinkowski@blancandotus.com

Read in full here: [Butterfly Labs Response to FTC Allegations | Business Wire](#)

tywe

09-25-2014, 05:19 PM

Sure enough, it's now going to be AT LEAST several months before we see any refunds thanks to this stupid FTC bullshit:

[FTC on shutdown of fraudulent Bitcoin equipment company - Podcasts - WSAU News/Talk 550AM 99.9FM](#)

I really don't see how this is helping consumers at all, BFL has been delivering and providing refunds.. It may have been slow, but it was happening and NOW it's not thanks to the FTC. And on top of it, we might not even get our full refunds anymore if the FTC manages to spend enough of it on their own expenses before giving whats left back to the consumers.

I really hope the judge on Monday is a smart one and gives control back to BFL, but I'm sure not counting on it. Guess it will depend on how good BFL and their lawyers can present their case. I really don't see what they have done wrong though from my perspective. My 65nm orders took awhile to get last year, but they delivered them and I had recovered my costs within a couple months and made a lot of profit afterwards. All my Monarch orders have been refunded (except one) even though I agreed to pre-order terms with no guarantees of anything, including a no refund policy. No clue how they are saying Monarchs are worthless now either, other than a "room heater", since they are still efficient miners with better efficiency than most, if not all, of the competition. The compensation at \$1.97/GH was not enough for me to keep my orders, but it's still better than what I originally ordered and is quite capable of mining bitcoins for the foreseeable future.

I'd be willing to bet that this would be a whole different story if BTC price has continued it's uptrend last year instead of being where it is now. But even at the current price a Monarch can still generate more than what it costs to run it, and if BTC price goes back to \$1k+ in the near future then it could easily turn into a very profitable device. People just clearly don't understand what risk is and want to cry to the FTC when it didn't work out like they had dreamed of when they rushed to order in the first place, and the FTC just looks at all the complaints and says "yep, it must be fraud!".

Of course, if they find that BFL has had these devices built and mining for themselves for months while making us wait, then that's a different story, but I'll be surprised if that's the case. And even then, they didn't disappear with our money and are giving full refunds or increased hardware, so WTF.

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Oh, and spending corporate funds on personal expenses is not our problem unless it caused them to not have money to fund the development or something like that, but I highly doubt that's the case either. This is an IRS problem, not a consumer fraud protection problem.

All times are GMT -5. The time now is 05:53 PM.

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Digital Point modules: **Sphinx-based search**