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## Texas State Securities Board

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IN THE MATTER OF  
ULTRAMINING.IO AKA ULTRA BTC MINING  
LLC AKA ULTRA MINING LLC AKA ULTRA  
MINING AND LAURA BRANCH

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Order No. ENF-20-CDO-1801

ULTRAMINING.IO  
AKA ULTRA BTC MINING LLC AKA ULTRA MINING LLC AKA ULTRA MINING  
375 N. Stephanie Street, Henderson, Nevada 89014

LAURA BRANCH  
375 N. Stephanie Street, Henderson, Nevada 89014

### EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas (the "**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, Tex. Rev. Civ. Stat. Ann. arts. 581-1 to 581-45 (the "**Securities Act**").

The Enforcement Division of the Texas State Securities Board (the "**Enforcement Division**") has presented evidence sufficient for the Securities Commissioner to find that:

#### FINDINGS OF FACT

1. Ultramining.io AKA Ultra BTC Mining LLC AKA Ultra Mining LLC AKA Ultra Mining ("**Respondent Ultra Mining**") can be served with process at 375 N. Stephanie Street, Henderson, Nevada 89014.
2. Laura Branch ("**Respondent Branch**") is an agent of Respondent Ultra Mining. She can be served with process at 375 N. Stephanie Street, Henderson, Nevada 89014.

#### THE ISSUER

3. Respondent Ultra Mining claims to be a cryptocurrency cloud mining company that hosts third-party mining farms around the world.
4. It purports to provide a modern, high-efficiency platform for rental services for cryptocurrency mining.

5. It also purports to guarantee an internet connection, 24/7 access, operation without interruption, real-time mining monitoring and an easy-to-use secure platform.
6. It is now issuing investments in hash power, and investors can purchase these investments through a public internet website accessible at ultramining.io (the "Ultra Mining Website").

#### THE INVESTMENTS IN HASH POWER

7. Respondents Ultra Mining and Branch (collectively the "Respondents") are offering the investments in hash power for \$40 per 0.1 TH/s of hash power on a two-year contract.
8. Respondents are claiming Respondent Ultra Mining will connect with mining pools and use the hash power to mine Bitcoin and other cryptocurrencies.
9. Respondents are touting the profitability of the investments in hash power as follows:
  - A. Respondents are representing investors can deposit \$10,000 to purchase 250 TH/s of hash power, and they are estimating the investment will return more than \$900 per month and nearly \$10,500 per year;
  - B. Respondents are representing investors can deposit \$20,000 to purchase 500 TH/s of hash power, and they are estimating the investment will return more than \$1,750 per month and nearly \$21,000 per year; and
  - C. Respondents are representing investors can deposit \$50,000 to purchase 1,250 TH/s of hash power, and they are estimating the investment will return almost \$4,500 per month and nearly \$52,000 per year.
10. Respondents are representing Respondent Ultra Mining charges a fee, and Respondents are variously claiming this fee is equal to either two percent or four percent of profits derived from mining cryptocurrencies.

#### REFUNDS OF PRINCIPAL AND GUARANTEES OF PROFITABILITY

11. Respondents are representing Respondent Ultra Mining is affording investors the opportunity to receive refunds of principal.
12. The Ultra Mining Website is describing Respondent Ultra Mining's policy for refunding principal as follows:
  - A. The Ultra Mining Website is explaining investors may elect to receive a refund of principal within the first 30 days of the date of their purchase of investments in hash power; and
  - B. The Ultra Mining Website is also explaining Respondent Ultra Mining will refund 50 percent of principal, less the value of cryptocurrency already paid as returns on the investment.

13. Respondent Branch is describing the refunds as a guarantee of profitability. She is explaining as follows:
  - A. Investors may elect to receive a refund of principal any time after their purchase of investments in hash power, even if the investments fail to generate estimated returns; and
  - B. Respondent Ultra Mining will refund all principal at any time, less the value of cryptocurrency already paid as returns on the investment.

#### THE ALLEGED SALES TO TEXAS RESIDENTS

14. Respondent Ultra Mining is offering the investments in hash power on a worldwide basis, without restriction to countries or states.
15. It is also claiming to have already sold investments in hash power to multiple Texas residents, and it is further claiming to have received more than \$18 million from these investors.

#### THE AFFILIATE PROGRAM

16. Respondent Ultra Mining is engaging persons to act as "Affiliates" in its "Affiliate Program."
17. Affiliates are responsible for recruiting new investors.
18. Respondents are claiming Respondent Ultra Mining is paying commissions to Affiliates equal to between five percent and twenty percent of the deposits received from new investors.

#### THE PARTNER PROGRAM

19. Respondent Ultra Mining is engaging persons to act as "Partners" in its "Partner Program."
20. Partners are responsible for advertising Respondent Ultra Mining in videos published through YouTube.
21. Respondents are claiming Respondent Ultra Mining is compensating Partners with a "Partnership Bonus" ranging from 500 GH/s of hash power to 2 TH/s of hash power.
22. Respondents are also claiming Respondent Ultra Mining is paying commissions to Partners, and the commissions may be equal to as much as 20 percent of the deposits received from new investors.

## REPRESENTATIONS REGARDING CHANGES IN THE ECONOMY

23. Respondents are touting the results of a survey published on March 27, 2020, that claims, regardless of changes to the economy, Bitcoin is still in a bull market and the price of Bitcoin may increase to \$22,866 per token.
24. Respondents are offering to provide additional mining power to new investors due to "hard times" derived from changes in the economy. They are claiming investors depositing \$10,000 will receive an extra 30 percent of purchased mining power.

## REPRESENTATIONS RELATING TO COVID-19

25. As part of their pitch, Respondents are volunteering information about Respondent Ultra Mining's efforts to "fight COVID-19." They are claiming Respondent Ultra Mining donated \$100,000 to Unicef, the money will mostly be used to purchase medical equipment and the donation will "help people around the world."
26. Respondents are also representing Respondent Ultra Mining "will again donate for COVID-19 and fight in this hard time."
27. Although Respondents are telling potential investors that Respondent Ultra Mining has donated and will continue to donate money for COVID-19 relief, they are expressly refusing to provide any information that verifies the donation, that potential investors can rely upon to independently verify the donation or that demonstrates their financial ability to donate the money.

## REGISTRATION VIOLATIONS

28. Respondent Ultra Mining has not been registered with the Securities Commissioner as a dealer at any time material hereto.
29. Respondent Branch has not been registered with the Securities Commissioner as an agent of Respondent Ultra Mining at any time material hereto.
30. The investments in hash power have not been registered by qualification, notification or coordination at any time material hereto, and no permit has been granted for their sale in Texas at any time material hereto.

## FRAUD AND THE FAILURE TO DISCLOSE INFORMATION RELATING TO PRINCIPALS AND MANAGERS

31. In connection with the offer of investments in hash power, Respondents are intentionally failing to disclose the following material facts relating to the principals and managers of Respondent Ultra Mining:
  - A. Respondent Branch is intentionally failing to disclose the identity of the principals and managers of Respondent Ultra Mining; and

- B. Respondent Ultra Mining is intentionally failing to disclose the identity, business repute, qualifications and experience of the principals and managers of Respondent Ultra Mining.

**FRAUD AND THE FAILURE TO DISCLOSE  
THE PRINCIPAL OFFICE OF RESPONDENT ULTRA MINING**

- 32. In connection with the offer of investments in hash power, Respondents are intentionally failing to disclose the address of the principal office of Respondent Ultra Mining, and this information constitutes a material fact.

**FRAUD AND THE FAILURE TO DISCLOSE  
INFORMATION RELATING TO THE OPERATIONS OF RESPONDENT ULTRA MINING**

- 33. In connection with the offer of investments in hash power, Respondent Ultra Mining is intentionally failing to disclose the following material facts about its operations:
  - A. The identity, business repute and qualifications of persons responsible for managing Respondent Ultra Mining's hardware and mining operations;
  - B. Information about the costs of powering its hardware and mining operations, including the average electricity costs accrued by its hardware and the ratio of average power cost to computational hash rate;
  - C. Their strategy or procedures for overcoming hardware failures, power outages or network disconnections;
  - D. Information about the security of the premises of its mining farms and any other facility that maintains custody of hardware or other equipment involved in cryptocurrency mining; and
  - E. Information about the security of hardware used to custodialize cryptocurrencies secured through mining, including whether cryptocurrencies are stored in a "cold" wallet or a "hot" wallet.

**MISLEADING AND DECEPTIVE STATEMENTS RELATING TO MINING POOLS**

- 34. Respondents are representing that Respondent Ultra Mining connects with mining pools, and this statement is materially misleading or otherwise likely to deceive the public in light of the following undisclosed information:
  - A. Respondents are not disclosing the identity, business repute, qualifications and experience of the mining pools or the operators of the mining pools; and
  - B. Respondents are not disclosing any agreements or formal relationships with the mining pools or among members of the mining pools, and they are not disclosing the fees paid to the operators of the mining pools.

35. Respondents are describing Respondent Ultra Mining's procedure for compensating Affiliates and Partners. These statements are materially misleading or otherwise likely to deceive the public in light of the following undisclosed information:
- A. Persons who offer and sell securities in Texas, including the investments in hash power, are typically required to be registered pursuant to Section 12 of the Securities Act; and
  - B. Persons who offer and sell the investments in hash power in Texas are offering and selling securities in violation of Section 7 of the Securities Act.

**MISLEADING AND DECEPTIVE STATEMENTS  
RELATING TO REFUNDS OF PRINCIPAL AND GUARANTEES OF PROFITABILITY**

36. Respondent Ultra Mining is representing Respondent Ultra Mining is affording investors the opportunity to receive refunds of their principal, less returns paid, within thirty days of their purchase of investments in hash power. Respondent Branch is representing Respondent Ultra Mining is affording investors the opportunity to receive refunds of their principal, less returns paid, anytime after their purchase of investments in hash power. These statements are materially misleading or otherwise likely to deceive the public because:
- A. Respondent Ultra Mining and Respondent Branch are describing the policy using different and contradictory terms; and
  - B. Respondents are not disclosing the assets, liabilities or capitalization of Respondent Ultra Mining or any other financial information that reflects its ability to refund principal to investors.

**MISLEADING AND DECEPTIVE STATEMENTS RELATING TO COVID-19**

37. As part of their pitch, Respondents are volunteering information to potential investors that reflects Respondent Ultra Mining has donated \$100,000 to Unicief to fight COVID-19, and Respondents are telling potential investors that Respondent Ultra Mining will continue donating money for relief efforts tied to COVID-19. These statements are materially misleading or otherwise likely to deceive the public in light of the following undisclosed information:
- A. Respondents are using the statements as part of their offer of securities but they are expressly refusing to provide any information that verifies the donation or that potential investors can rely upon to independently verify the donation; and
  - B. Respondents are not disclosing the assets, liabilities or capitalization of Respondent Ultra Mining or any other financial information that reflects its ability to donate such funds.

## CONCLUSIONS OF LAW

1. The investments in hash power are "securities" as that term is defined in Section 4.A of the Securities Act.
2. Respondents are violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with or permitted by the Securities Commissioner.
3. Respondents are violating Section 12 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Securities Act.
4. Respondents are engaging in fraud in connection with the offer for sale of securities.
5. Respondents are making an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts and practices threaten immediate and irreparable public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

## ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until they are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

**NOTICE**

Pursuant to Section 23-2 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Securities Act is a criminal offense punishable by a fine of not more than \$10,000, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 8<sup>th</sup> day of April, 2020.

  
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TRAVIS J. ILES  
Securities Commissioner