

TRAVIS J. ILES
SECURITIES COMMISSIONER



CLINTON EDGAR
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300
Facsimile: (512) 305-8310

Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.texas.gov

E. WALLY KINNEY
CHAIR

MIGUEL ROMANO, JR.
MEMBER

KENNY KONCABA
MEMBER

ROBERT BELT
MEMBER

MELISSA TYROCH
MEMBER

IN THE MATTER OF §
ESCOCAPITAL AKA ESCO CAPITAL AND § **Order No. ENF-21-CDO-1839**
ANTHONY JEROME AKA ANTHONY VITALE §

EscoCapital aka Esco Capital

2950 Buskirk Avenue, Walnut Creek, California 94597

Anthony Jerome aka Anthony Vitale

2950 Buskirk Avenue, Walnut Creek, California 94597

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. 581-1-581-45 (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:

FINDINGS OF FACT

1. EscoCapital aka Esco Capital ("**Respondent EscoCapital**") may be served by certified mail, return receipt requested, addressed to 2950 Buskirk Avenue, Walnut Creek, California 94597.
2. Anthony Jerome aka Anthony Vitale ("**Respondent Jerome**") may be served by certified mail, return receipt requested, addressed to 2950 Buskirk Avenue, Walnut Creek, California 94597.

THE ADVERTISEMENT

3. Respondent Jerome maintains an account through Dealstream, an online global marketplace with more than 500,000 members in 100 countries involved in the buying and selling of businesses, real estate, oil and gas assets, and private investments.

4. Respondent Jerome published an advertisement through Dealstream titled "Covid-19 Financial Freedom."
5. The advertisement is specifically targeting persons adversely impacted by economic changes caused by COVID-19. It reads in part as follows:

Due to the impact of the Covid-19 Pandemic on the World's Economy, you can create a whole new world of Financial empire to give you a well deserved rest of mind. We are poised to ensure that for you. By Investing with a minimum amount of \$500 and start earning up to \$9000 within 5 working days.

6. The advertisement directs these persons to contact Respondent Jerome for further details.

THE INVESTMENT PLANS

7. Respondent Jerome has been responding to inquiries by directing potential investors to Respondent EscoCapital.
8. Respondent EscoCapital is advertising investments in investment plans through a website publicly accessible at www.escocapital.com (the "**EscoCapital Website**").
9. The EscoCapital Website describes Respondent EscoCapital as a hedge fund that offers investment plans, manages investment portfolios, and provides financial consulting.
10. The EscoCapital Website is publicly soliciting investments tied to binary options, cryptocurrency, stock trading, and cryptocurrency mining.
11. The EscoCapital Website refers to its investment plans as the Standard, Bronze, Golden, and Ultimate Plans (collectively the "**Investment Plans**") and describes them as follows:
 - A. Investors can purchase an investment in the Standard Plan for a minimum principal investment of \$3,400 and receive a return of 20% per week;
 - B. Investors can purchase an investment in the Bronze Plan for a minimum of \$5,000 and receive a return of 28.5% per week;
 - C. Investors can purchase an investment in the Golden Plan for a minimum of \$10,000 and receive a return of 32% per week; and
 - D. Investors can purchase an investment in the Ultimate Plan for a minimum of \$20,000 and receive a return of 18% per month.

12. The EscoCapital Website is also offering additional investments to investors registering accounts through the website. The EscoCapital Website refers to these investments by various and often contradictory terms.

RISKS AND GUARANTEES

13. Respondents are claiming there are no risks associated with the Investment Plans but are also promising that Respondent EscoCapital will bear all risks associated with the Investment Plans.
14. Respondents are also claiming Respondent EscoCapital maintains "backup insurance" with regulated insurance companies.

REGISTRATION VIOLATIONS

15. Respondents have not been registered with the Securities Commissioner as a dealer or agent at any time material hereto.
16. The Investment Plans have not been registered by qualification, notification, or coordination, and no permit has been granted for their sale in Texas.

FRAUD AND FAILURE TO DISCLOSE INFORMATION RELATING TO PRINCIPALS

17. In connection with the offer of the Investment Plans, Respondents are intentionally failing to disclose the identity of the principals of Respondent EscoCapital, and this information constitutes a material fact.
18. In connection with the offer of the Investment Plans, Respondent EscoCapital is intentionally failing to disclose the business repute and qualifications of its principals, and this information constitutes a material fact.

FRAUD AND THE FAILURE TO DISCLOSE INFORMATION RELATING TO BUSINESS OPERATIONS

19. In connection with the offer of the Investment Plans, Respondent EscoCapital is intentionally failing to disclose its assets, liabilities, or other financial information that demonstrates its ability to pay fixed returns regardless of the profitability of the underlying business, and this information constitutes a material fact.
20. In connection with the offer of the Investment Plans, Respondent EscoCapital is intentionally failing to disclose information about the "backup insurance," including the identity of the specific carriers issuing coverage for the parties and/or the Investment Plans, as well as the types of insurance policies and the terms of coverage, and this information constitutes a material fact.

DECEIT AND THE RISKS ASSOCIATED WITH THE INVESTMENT PLANS

21. As described herein, Respondents are claiming there are no risks associated with the Investment Plans.
22. This statement is materially misleading or otherwise likely to deceive the public because:
 - A. There are risks associated with the Investment Plans, including the risks identified herein; and
 - B. Respondents are not disclosing these risks to potential investors.

FRAUD IN THE CONCEALMENT OF RISKS ASSOCIATED WITH BINARY OPTIONS

23. In connection with the offer of the Investment Plans, Respondents are intentionally failing to disclose the following risks associated with investments tied to binary options, and the following risks constitute material facts:
 - A. Traders may lose the entirety of their original investment when they fail to correctly wager on the market's direction and price at the time of expiration;
 - B. Fluctuations in markets may negatively impact the profitability of a binary option;
 - C. Traders must wait until the option expiration date before they can take their profits and losses, and as such, the illiquidity of the investment may negatively impact the ability to trade for a profit; and
 - D. Binary options platforms are thinly regulated, and the lack of regulation may negatively impact the ability to trade the investments securely.

FRAUD AND THE CONCEALMENT OF RISKS ASSOCIATED WITH CRYPTOCURRENCIES

24. In connection with the offer of the Investment Plans, Respondents are intentionally failing to disclose the following risks associated with investments tied to cryptocurrencies, and the following risks constitute materials facts:
 - A. Governments may adopt legislation or regulations that may negatively impact the use, transfer, exchange, or price of cryptocurrencies;
 - B. Cryptocurrencies are volatile, and the price of a cryptocurrency as it relates to fiat currency may decrease over a short time, resulting in significant loss to owners of cryptocurrencies;

- C. A system or technical failure, or deficient source code, may negatively impact the ability to exchange cryptocurrencies for fiat currencies, as well as the price of cryptocurrencies;
- D. A hacking incident or malicious attack may negatively impact the price of cryptocurrencies; and
- E. Cryptocurrencies compete with all other cryptocurrencies, and this competition may negatively impact the price of a specific cryptocurrency.

FRAUD IN CONNECTION WITH THE
OFFER OF INVESTMENTS IN CRYPTOCURRENCY MINING

25. In connection with the offer of the investments in the Investment Plans, Respondents are intentionally failing to disclose the following material facts relating to cryptocurrency mining:
- A. The identity, business repute, and qualifications of persons responsible for managing the hardware and mining operations;
 - B. Information about the costs of powering hardware and mining operations, including the average electricity costs accrued by hardware and the ratio of average power cost to computational hash rate;
 - C. The strategy or procedures for overcoming hardware failures, power outages, and network disconnections;
 - D. Information about the security of the premises of the mining farms and any other facility that maintains custody of hardware or other equipment involved in cryptocurrency mining;
 - E. Information about the security of hardware used to custodialize cryptocurrencies secured through mining; and
 - F. Cryptocurrency miners compete with other cryptocurrency miners, and this competition, as well as changes in the environment, may decrease the number of coins secured through mining.

FRAUD AND THE CONCEALMENT
OF RISKS ASSOCIATED WITH THE STOCK MARKET

26. In connection with the offer of the Investment Plans, Respondent EscoCapital is intentionally failing to disclose the following risks associated with investments tied to stock trading, and the following risks constitute material facts:
- A. A stock's value may not only be affected by the financial health of a company but also the broader health of the stock market as a whole;

- B. Political or economic news may affect the price of a particular stock;
- C. Inflation may affect the value of a particular stock; and
- D. A stock may be illiquid if a particular stock begins to lose value.

CONCLUSIONS OF LAW

1. The investments in the Investment Plans 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 offers 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 a securities dealer, agent, investment adviser, or investment adviser representative 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 30th day of April, 2021.



TRAVIS J. ILES
Securities Commissioner