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SECURITIES COMMISSIONER



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IN THE MATTER OF
YIELDTRUST.AI AND STEFAN CIOPRAGA

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§

Order No. ENF-23-CDO-1869

YIELDTRUST.AI

Service by registered mail addressed to YieldTrust.ai at Mun.Bucuresti Sec.1 Bd.Bucurestii Noi. Nr.78 Bl.C1 SC.1 Et.3 Ap.16, Bucharest, Romania 12365 and by certified mail, return receipt requested, addressed to YieldTrust.ai c/o Namecheap, Inc., at 4600 East Washington Street, Suite 305, Phoenix, Arizona 85034.

STEFAN CIOPRAGA

Service by registered mail addressed to Stefan Ciopraga at Mun.Bucuresti Sec.1 Bd.Bucurestii Noi. Nr.78 Bl.C1 SC.1 Et.3 Ap.16, Bucharest, Romania 12365 and by certified mail, return receipt requested, addressed to YieldTrust.ai c/o Namecheap, Inc., at 4600 East Washington Street, Suite 305, Phoenix, Arizona 85034.

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 4007.104 of The Securities Act, Tex. Gov't Code Ann. §§ 4001.001-4008.105 (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. YieldTrust.ai ("**Respondent YieldTrust**") and Stefan Ciopraga ("**Respondent Ciopraga**") (collectively "**Respondents**") are using social media and various online influencers to publicly offer investments tied to the YieldBot, a decentralized application ("**dApp**") that purports to earn daily profits of up to 2.2%.
2. They are claiming the YieldBot uses "Quantum Artificial Intelligence" and has a "deep learning core... programmed to "analyse [sic] the crypto markets and – in milliseconds – make its own trading decisions, autonomously choosing from hundreds of trading methods and chaining them together to create unique strategies - achieving an exhilarating performance."
3. They are also representing the artificial intelligence "is capable of executing 70 times more trades with 25 times higher profits than any human trader could" and it

“continually improves itself by learning from its past success and modifying its decision-making process, becoming more effective with each trade made.”

4. A recent smart contract assessment, however, determined the YieldBot is dangerous and the developers retained sufficient control over the smart contract to prevent investors from withdrawing funds.
5. After the publication of the smart contract assessment, Respondent YieldTrust announced it was “no longer viable to continue [its] operations.” It cited the publicity surrounding the publication of the smart contract assessment, as well as the CEO’s decision not to return to work due to food poisoning and other pressing matters.
6. Although Respondent YieldTrust announced it would cease operations, Respondent YieldTrust is now using the YieldBot to generate returns to cover withdrawals and accommodate new deposits.
7. The Securities Commissioner is entering this Emergency Cease and Desist Order to protect the public from immediate and irreparable harm.

SERVICE OF THIS EMERGENCY CEASE AND DESIST ORDER

8. Respondent YieldTrust is offering investments tied the YieldBot through an internet website accessible by the public at www.yieldtrust.ai (the “**YieldTrust Website**”). Namecheap, Inc., is the registrar of the YieldTrust Website.
9. Respondent Ciopraga is a contract owner for the YieldBot. His address is Mun.Bucuresti Sec.1 Bd.Bucurestii Noi. Nr.78 Bl.C1 SC.1 Et.3 Ap.16, Bucharest, Romania 12365.
10. This Emergency Cease and Desist Order is being served on Respondent YieldTrust and Respondent Ciopraga by registered mail addressed to Mun.Bucuresti Sec.1 Bd.Bucurestii Noi. Nr.78 Bl.C1 SC.1 Et.3 Ap.16, Bucharest, Romania 12365.
11. This Emergency Cease and Desist Order is also being served on Respondent YieldTrust and Respondent Ciopraga by certified mail, return receipt requested, c/o Namecheap, Inc., the registrar of the YieldTrust Website, at 4600 East Washington Street, Suite 305, Phoenix, Arizona 85034.
12. The Enforcement Division is also sending this Emergency Cease and Desist Order to Respondent YieldTrust and Respondent Ciopraga by electronic mail addressed to business@yieldtrust.ai, yieldtrustai@gmail.com and su_stefan@yahoo.com.

THE MARKETING OF THE YELDBOT

13. Respondent YieldTrust is promoting its YieldBot through the YieldTrust Website, Telegram from its channel at t.me/yieldtrustai, Twitter from its handle at [@yieldtrust_ai](https://twitter.com/yieldtrust_ai) and Medium from its account at [@yieldtrustai](https://medium.com/yieldtrustai).

14. Respondent YieldTrust is also promoting the dApp through AMAs with online influencers, including the following online influencers:
 - A. VenoMCalls, an online influencer that promotes projects through its Twitter handle at @VenoMCalls and its Telegram channel at t.me/venomcalls,
 - B. CaesarsCalls Crypto Lounge, an online influencer that promotes projects through its Twitter handle at @CaesarsCalls and its Telegram channel at t.me/caesars_calls, and
 - C. The Defi Sniperz Collective, a group of online influencers that promote projects through various online and social media platforms, including a Twitter handle at @defi_sniperz, a Telegram channel at t.me/defisniperz, a website at defisniperz.com and a YouTube channel at youtube.com/@yocryptorock.
15. Other online influencers are promoting Respondent YieldTrust and its YieldBot through the affiliate program described later in this action. For example, CryptoSkillet, is an online influencer that promotes projects through its YouTube channel at youtube.com/@cryptoskillet, its Twitter handle at @CryptoSkillet and its Facebook page through User ID 100081606601413. CryptoSkillet is using an affiliate link to refer prospective investors to Respondent YieldTrust in exchange for a commission equal to 6% of their deposits.
16. Although Respondent YieldTrust is promoting its YieldBot through its internet website, its social media accounts and various online influencers, it is not disclosing Respondent Ciopraga or the identities of its principals. Instead, a person claiming to be its Chief Executive Officer is identifying himself only as Benji and Benji CPR and a person identifying himself as a marketing officer is identifying himself only as Jake and Jaketheinvestor.

THE YELDBOT PURPORTEDLY USES
ARTIFICIAL INTELLIGENCE TO EARN UP TO 2.2 PERCENT PER DAY

17. The YieldBot is a dApp purportedly deployed on Binance's Build N Build Smart Chain, commonly referred to as the BNB Smart Chain.
18. Respondent YieldTrust is describing the YieldBot as follows:
 - A. It is claiming the YieldBot is a "cutting-edge investment platform offering modern wealth solutions through cryptocurrencies, artificial intelligence (AI) and decentralised [sic] finance (DeFi),"
 - B. It is describing the YieldBot as a product of "Quantum Artificial Intelligence" that has a "deep learning core... programmed to "analyse [sic] the crypto markets and – in milliseconds - make its own trading decisions, autonomously choosing from hundreds of trading methods and chaining

them together to create unique strategies - achieving an exhilarating performance,” and

- C. It is representing the YieldBot “is capable of executing 70 times more trades with 25 times higher profits than any human trader could” and it “continually improves itself by learning from its past success and modifying its decision-making process, becoming more effective with each trade made.”
19. Investors access the YieldBot by navigating to the YieldTrust Website and connecting their digital asset wallet.
 20. Investors then deposit digital assets, subject to a 3% fee paid to Respondent YieldTrust, and elect to stake their funds in pools for Binance USD (BUSD), USD Coin (USDC) or Tether (USD).
 21. Respondent YieldTrust is representing the YieldBot thereafter “picks up on the money deposited” and “[t]he bot uses your funds on various centralised [sic] exchanges to generate profits with every withdrawal.”
 22. Respondent YieldTrust is claiming the YieldBot earned 2.6% per day for four months and investors should expect daily profits of up to 2.2% or more.
 23. Investors may reinvest profits to compound their investment. Respondent YieldTrust claims that an initial investment of \$10,000 with compounded returns should earn approximately \$5,500 in 20 days.
 24. Respondent YieldTrust is telling investors they may withdraw profits every 24 hours but it is also claiming they must wait either 15 days or 30 days before withdrawing their initial deposits.

PERFORMANCE

25. Respondent YieldTrust is providing investors with reports that purport to reflect the success of its YieldBot.
26. The reports are hosted in Google Drive, and they claim to show the YieldBot earned the following profits between February 21, 2023, and February 27, 2023:
 - A. Total realized profit of 3.71% and total net profit of 2.38% on February 21, 2023,
 - B. Total realized profit of 5.32% and total net profit of 2.96% on February 22, 2023,
 - C. Total realized profit of 4.62% and total net profit of 2.59% on February 23, 2023,
 - D. Total realized profit of 6.12% and total net profit of 2.92% on February 24, 2023,

- E. Total realized profit of 5.63% and total net profit of 2.66% on February 25, 2023,
 - F. Total realized profit of 5.64% and total net profit of 2.55% on February 26, 2023, and
 - G. Total realized profit of 5.06% and total net profit of 2.17% on February 27, 2023.
27. Respondent YieldTrust is not, however, providing blockchain data or other information that permits investors to independently verify the profitability represented in the reports.

RISK MANAGEMENT AND THE INSURANCE FUND

28. Respondent YieldTrust is representing it stores some assets in a cold storage system and that it does not trade funds on a single centralized exchange to protect against “unexpected bankruptcies like FTX exchange [sic].”
29. Respondent YieldTrust is also representing it protects users through an insurance fund populated by returns earned through trading and compounding. It is further representing that all wallets used by investors are entitled to a portion of the insurance fund.

THE AFFILIATE PROGRAM

30. Respondent YieldTrust is recruiting investors and influencers to act as its agents.
31. Respondent YieldTrust is promising to pay agents that refer new investors “a whopping 6% reward on their deposit.”

THE UNDISCLOSED PRINCIPALS, OFFICERS AND TEAM MEMBERS

32. As described herein, Respondent YieldTrust is not disclosing the identities of its principals, officers or team members to prospective investors. As also described herein, it is only telling prospective investors that Benji aka Benji CPR is its Chief Executive Officer and Jake aka Jaketheinvestor is responsible for marketing Respondent YieldTrust and its YieldBot.
33. Respondent YieldTrust is, however, providing prospective investors with the following files that contain identifying information in their metadata:
- A. A pitch deck containing hidden metadata showing it was authored by Zain Hashmi on January 28, 2023, and
 - B. A disclaimer containing a hidden comment drafted by Mustafa Demirkiran on January 30, 2023.

34. Although Respondent YieldTrust is not identifying its principals, it is touting its legitimacy by claiming it satisfied KYC, a term typically used to describe the process whereby financial institutions identify their clients.
35. Respondent YieldTrust is publishing certificates issued by organizations that purport to demonstrate Respondent YieldTrust submitted to and satisfied processes that identify at least one contract owner or team member.
36. Respondent YieldTrust obtained at least one of these certificates after Respondent Ciopraga, as the contract owner for the dApp, provided a government identification card and a video to the organization that conducted KYC.
37. Respondent YieldTrust is not, however, identifying Respondent Ciopraga or providing any information about Respondent Ciopraga to prospective investors.

THE SMART CONTRACT AUDIT

38. On or about March 2, 2023, an organization that audits smart contracts published a report that summarized its audit of the smart contract for the YieldBot.
39. The report concluded the smart contract is “DANGEROUS” in part because the ownership privileges permit the deployer team to:
 - A. Blacklist users and prevent them from withdrawing funds, receiving interest or receiving refunds,
 - B. Change the used token at any time, potentially preventing users from withdrawing funds,
 - C. Change the delay between claims with no restrictions, which could be used as a way to blacklist all users, and
 - D. Withdraw funds from the contract balance.
40. The report also identified other risks uncovered during the audit, including the following:
 - A. The smart contract deployer team “is unknown, and given that the contract's ownership privileges were found to be extensive and included many dangerous permissions, it may be prudent not to place trust in them. These privileges pose significant risks to users and investors and could lead to financial losses,”
 - B. The dApp is “a 'ROI' type of yield farm that relies on funds invested to payout existing users. If the contract's funds deplete, investors will not receive any further payouts,”

- C. The dApp and other “[c]entralized referral systems pose a significant threat, as influencers and developers can potentially earn a substantial amount of funds from referrals, more than the regular interest payouts,” and
 - D. The smart contract and other “[y]ield farming contracts without external funding are similar to gambling products, and thus should be treated as such. These contracts have a high-risk, high-reward profile, and it is recommended that investors conduct thorough research before investing.”
41. The audit also considered a certificate that YieldTrust is using to tout its satisfaction of KYC. It concluded that, “considering the dangerousness of the contract, we consider it null & void.”

RESPONDENT YIELDTRUST ANNOUNCED IT WILL CEASE OPERATING

42. On March 24, 2023, Respondent YieldTrust announced its CEO Benji aka Benji CPR “will be unable to return to the company due to food poisoning and other pressing business matters” and Respondent YieldTrust “has faced significant negative publicity in recent weeks, beginning with the audit [of its smart contract.]”
43. Respondent YieldTrust also announced that, “[g]iven these circumstances, we have decided that it is no longer viable to continue our operations.”
44. Respondent YieldTrust is now relying on the YieldBot to generate returns to repay investors, and Respondent YieldTrust is now providing investors with an online form they can use to request a refund of their digital assets.
45. Although Respondent YieldTrust announced it planned to cease operations, it nevertheless continues to accept new investors.

REGISTRATION VIOLATIONS

46. The investments tied to the YieldBot have not been registered by qualification, notification or coordination and no permit has been granted for their sale in Texas.
47. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.

FRAUD AND CONCEALED ORGANIZATIONAL INFORMATION

48. In connection with the offer of investments tied to the YieldBot, Respondents are intentionally failing to disclose the following material facts about the business and operations of Respondent YieldTrust:
- A. The physical address or addresses of Respondent YieldTrust and the country or countries of its primary office,

- B. The capitalization of Respondent YieldTrust and other material financial information, including its assets, liabilities and revenue, whether denominated in cryptocurrencies or fiat currency,
- C. The source and value of compensation paid or owed to parties responsible for developing, maintaining and updating the YieldBot, including any royalties paid or owed to the party or parties responsible for coding the YieldBot,
- D. The source and value of compensation paid or owed to parties responsible for performing KYC assessments for Respondent YieldTrust and smart contract audits for the YieldBot,
- E. The source and value of compensation paid or owed to online influencers and any other person acting as an agent of Respondent YieldTrust, and
- F. The public addresses of the corporate wallets, including the wallet custodializing assets purportedly used to insure clients against losses.

**FRAUD AND CONCEALED INFORMATION ABOUT
THE PRINCIPALS AND OFFICERS OF RESPONDENT YIELDTRUST**

49. In connection with the offer of investments tied to the YieldBot, Respondents YieldTrust and Ciopraga are intentionally failing to disclose the following material facts about the principals and officers of Respondent YieldTrust and other persons described herein:
- A. The identity of Benji aka Benji CPR, the purported Chief Executive Officer of Respondent YieldTrust, as well as his business repute, qualifications and experience,
 - B. The identity of Jake aka Jaketheinvestor, the person purportedly responsible for marketing Respondent YieldTrust, as well as his business repute, qualifications and experience,
 - C. Any information about Respondent Ciopraga, his affiliation with Respondent YieldTrust and the YieldBot, and his business repute, qualifications and experience,
 - D. Any information about Zain Hashmi and his affiliation with Respondent YieldTrust, Respondent Ciopraga and the YieldBot, and
 - E. Any information about Mustafa Demirkiran and his affiliation with Respondent YieldTrust, Respondent Ciopraga and the YieldBot.

**FRAUD AND CONCEALED INFORMATION
RELATING TO THE YIELDBOT AND SMART CONTRACT**

50. In connection with the offer of investments tied to the YieldBot, Respondents YieldTrust and Ciopraga are intentionally failing to disclose the identity of the party or parties responsible for designing, developing, and coding the YieldBot, and this information constitutes a material fact.
51. In connection with the offer of investments tied to the YieldBot, Respondents YieldTrust and Ciopraga are intentionally failing to disclose the identity of the party or parties responsible for designing, developing, and coding the smart contract, and this information constitutes a material fact.
52. In connection with the offer of investments tied to the YieldBot, Respondents YieldTrust and Ciopraga are intentionally failing to disclose the features of the code that permit the developers to manipulate the terms of the investments or take steps that may negatively impact the profitability of the investments, and this information constitutes a material fact.

DECEPTION AND STAKING DIGITAL ASSETS

53. Respondent YieldTrust and Respondent Ciopraga are providing investors with a hyperlink to an exchange to purchase BUSD and telling investors the YieldBot can earn returns of up to 2.2% per day through the BUSD staking pool, and its statements are materially misleading or otherwise likely to deceive the public because:
 - A. In February 2023, the New York Department of Financial Services ordered Paxos Trust to cease issuing BUSD,
 - B. In February 2023, the United States Securities and Exchange Commission issued a Wells notice to Paxos Trust that explained the SEC is considering recommending an action alleging that BUSD is a security and that Paxos Trust may have violated federal securities laws by not registering BUSD, and
 - C. Binance.us does not permit residents of Texas to participate in staking and Binance.com does not offer staking to residents of the United States.

DECEPTION AND THE ILLEGAL AFFILIATE PROGRAM

54. Respondents are representing Respondent YieldTrust will pay agents that refer new investors “a whopping 6% reward on their deposit.” This statement is materially misleading or otherwise likely to deceive the public because:
 - A. Parties offering the investments tied to the YieldBot described herein in or from Texas are offering unregistered securities in violation of Section 4003.001 of the Securities Act, and

- B. Parties offering the investments tied to the YieldBot described herein in or from Texas are offering securities in violation of Section 4004.051 of the Securities Act unless the parties registered as dealers or agents.

**FRAUD AND THE UNDISCLOSED RISKS ASSOCIATED
WITH THE YELDBOT AND ITS DEALINGS IN DIGITAL ASSETS**

- 55. In connection with the offer of investments tied to the YieldBot, Respondents YieldTrust and Ciopraga are intentionally failing to disclose the following material facts relating to the risks associated with the YieldBot and its dealings in digital assets:
 - A. Governments may adopt legislation or enact regulations that negatively impact the use, transfer, exchange or price of digital assets,
 - B. The value of digital assets may be volatile, and the price of a digital asset as it relates to fiat currency may decrease over a short period of time, resulting in significant loss to the owners of digital assets,
 - C. A technical failure or deficient source code may negatively impact YieldBot and the ability to stake, trade or exchange digital assets,
 - D. A hacking incident or malicious attack may negatively impact the profitability of the YieldBot,
 - E. A slashing event may reduce the quantity of staked assets and negatively impact the profitability of the YieldBot,
 - F. Digital assets custodialized at exchanges, or deployed through staking-as-a-service platforms administered by exchanges, may not be fully backed by reserves and exchanges may use or otherwise appropriate these digital assets in a manner that makes recovery unlikely,
 - G. Parties depositing digital assets at exchanges rely on the exchange to maintain solvency, and
 - H. Respondent YieldTrust competes with other organizations promoting dApps tied to digital assets that generate passive returns, and this competition may negatively impact the operational viability of Respondent YieldTrust.

CONCLUSIONS OF LAW

- 1. The investments tied to the YieldBot are “securities” as the term is defined in Section 4001.068 of the Securities Act.
- 2. Respondents are violating Section 4003.001 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 4004.051 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 4004.051 of the Securities Act.
4. Respondents are engaging in fraud in connection with the offer for the sale of securities.
5. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts, and practices threaten immediate and irreparable harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 4007.104 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, agents, investment advisers, or investment adviser representatives 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 4007.104 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 4007.206 of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 4007.104 of the Securities Act is a criminal offense punishable by a fine of not more than \$10,000.00, 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 4th day of April
2023.



TRAVIS J. ILES
Securities Commissioner