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IN THE MATTER OF §
CRYPTO MINER LIMITED AKA CYP MINER LIMITED AKA § Order No. ENF-20-CDO-1790
CYP MINER AND ELIZABETH FRAZIER §

TO: **CRYPTO MINER LIMITED AKA CYP MINER LIMITED AKA CYP MINER**
54 Rose Avenue, Nether Poppleton, York, Y026 6RU, United Kingdom

ELIZABETH FRAZIER
54 Rose Avenue, Nether Poppleton, York, Y026 6RU, United Kingdom

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 (West, Westlaw through 2019 R. Sess.) (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. Crypto Miner Limited aka Cyp Miner Limited aka Cyp Miner ("Respondent Cyp Miner") can be served with process at 54 Rose Avenue, Nether Poppleton, York, Y026 6RU, United Kingdom.
2. Elizabeth Frazier ("Respondent Frazier") can be served with process at 54 Rose Avenue, Nether Poppleton, York, Y026 6RU, United Kingdom.

THE ADVERTISEMENT FOR CRYPTOCURRENCY MINING INVESTMENTS

3. Respondent Frazier published an advertisement through DealStream, an online global marketplace with more than 500,000 members in 100 countries involved in buying and selling businesses, real estate, oil and gas assets and private investments.

4. The advertisement identifies Respondent Frazier as an “expert Bitcoin miner” and solicits investments tied to cryptocurrency mining.
5. Potential investors are able to contact Respondent Frazier through DealStream to request additional information about the investments tied to cryptocurrency mining.

**THE SOLICITATION
OF INVESTMENTS ISSUED BY RESPONDENT CYP MINER**

6. Respondent Frazier is offering investments issued by Respondent Cyp Miner to persons who respond to the advertisement published through DealStream.
7. Respondent Frazier is telling potential investors that Texas residents have already purchased the investments.
8. Respondent Frazier is directing potential investors, including Texas residents, to a webpage maintained by Respondent Cyp Miner accessible to the public at <https://www.cypminer.com> (the “**Cyp Miner Website**”).

**THE CYP MINER WEBSITE AND THE
PURCHASE OF INVESTMENTS ISSUED BY RESPONDENT CYP MINER**

9. The Cyp Miner Website describes Respondent Cyp Miner as a venture cryptocurrency fund raiser, manager of an online asset management program and issuer of investments that include investments tied to cryptocurrency mining.
10. The Cyp Miner Website represents Respondent Cyp Miner ensures “high safety and security” for these investments, and it also represents that the profitability of the investments is “stable and risk-free.”
11. The Cyp Miner Website provides the following instructions for purchasing these investments:
 - A. The Cyp Miner Website directs potential investors to secure a cryptocurrency wallet and fund the cryptocurrency wallet with Bitcoin;
 - B. The Cyp Miner Website directs potential investors to create an account through the Cyp Miner Website and use their cryptocurrency wallet to fund the account with Bitcoin; and
 - C. The Cyp Miner Website represents it will automatically select a plan for investors based upon the amount of their principal deposit.
12. The Cyp Miner Website provides the following information about the terms of these investments:
 - A. Investors can deposit \$1,200.00 in Bitcoin to purchase an investment referred to as both the “Bronze 4% Daily Profit Miner” and the “Early

Beginners Miner” and earn a profit of four percent per day for a term of 180 days;

- B. Investors can deposit \$2,350.00 in Bitcoin to purchase an investment referred to as both the “Bronze 8% Daily Profit Miner” and the “Special Miner” and earn a profit of eight percent per day for a term of 90 days;
 - C. Investors can deposit \$4,250.00 in Bitcoin to purchase an investment referred to as the “Premium 10% Daily Profit Miner” and earn a profit of 10 percent per day for a term of 30 days;
 - D. Investors can deposit \$12,550.00 in Bitcoin to purchase an investment referred to as the “Premium Special Miner” and earn a profit of 20 percent per day for a term of 30 days;
 - E. Investors can deposit \$25,600.00 in Bitcoin to purchase an investment referred to as the “Platinum Miner” and earn a profit of 30 percent per day for a term of 30 days; and
 - F. Investors can deposit \$50,200.00 in Bitcoin to purchase an investment referred to as the “Diamond Miner” and earn a profit of 50 percent per day for a term of 30 days.
13. The Cyp Miner Website claims investors can withdraw profits as soon as their balance is 0.0005 Bitcoin or more and that all withdraws will be instantly sent to their cryptocurrency wallet.

**RESPONDENT CYP MINER
PURPORTS TO BE INCORPORATED IN THE UNITED KINGDOM**

- 14. Respondents are representing that Respondent Cyp Miner is a “fully certified and licensed company” and that Respondent Cyp Miner is registered in the United Kingdom as both “Cyp Miner Limited” and “Crypto Miner Limited.”
- 15. Respondents are also representing that UD37652A is the registration number, license number and company number for Respondent Cyp Miner.
- 16. Respondents are providing potential investors with an image of a document that purportedly shows Respondent Cyp Miner was incorporated with Companies House, the registrar of companies in the United Kingdom, and assigned Company Number UD37652A.
- 17. Companies House does not, however, maintain records relating to “Cyp Miner” or “Crypto Miner Limited,” and it does not maintain any records relating to any organization assigned Company Number UD37652A.

**RESPONDENT CYP MINER PURPORTS TO BE DEALING
IN PRIVATE TRANSACTIONS THAT ARE EXEMPT FROM SECURITIES LAWS**

18. Respondents are claiming the investments issued by Respondent Cyp Miner are open only to “qualified members” of Respondent Cyp Miner.
19. Respondents are also claiming the purchase of investments issued by Respondent Cyp Miner are “private transactions.”
20. Respondent are further claiming that, as private transactions, the investments are exempt from the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940 and all rules, regulations and amendments thereof.
21. Although Respondents are claiming the investments are open only to “qualified members” and that the investments constitute “private transactions,” they are not qualifying or accrediting potential investors, have not filed Form D with the United States Securities and Exchange Commission and are not taking reasonable steps to ensure that all investors are accredited investors.

**RESPONDENT CYP MINER IS
PAYING AFFILIATES TO OFFER INVESTMENTS TO NEW INVESTORS**

22. Respondent Cyp Miner is recruiting affiliates to refer new investors to Respondent Cyp Miner.
23. Respondent Cyp Miner is paying affiliates tiered commissions equal to seven percent, three percent or one percent of the principal deposited by new investors.
24. Respondents are touting the effectiveness of the affiliate program, representing that “there is no better advertisement than satisfied clients” and that the “majority of our new clients are affiliates from our existing clients.”
25. Respondents are not, however, verifying the existing investors are registered to offer or sell securities prior to acting as affiliates of Respondent Cyp Miner.

**RESPONDENT CYP MINER IS ABOUT TO PAY
REPRESENTATIVES TO OFFER INVESTMENTS TO NEW INVESTORS**

26. Respondent Cyp Miner is about to recruit representatives to refer new investors to the organization.
27. Respondents are explaining that representatives will be based in various regions, will work closely with Respondent Cyp Miner, will be verified by Respondent Cyp Miner and will be featured on the Cyp Miner Website.
28. Respondents are claiming that representatives will be paid greater commissions than affiliates. Respondents are explaining that representatives will be paid tiered

commissions equal to ten percent, five percent or two percent of the principal deposited by new investors.

29. Respondents are also claiming that persons only need to have an active deposit and two active referrals to qualify for service as representatives of Respondent Cyp Miner.
30. Respondents are not, however, representing that Respondent Cyp Miner will ascertain that representatives are registered to offer or sell securities prior to acting as representatives of Respondent Cyp Miner.

REGISTRATION VIOLATIONS

31. Respondent Cyp Miner has not been registered with the Securities Commissioner as a dealer at any time material hereto and Respondent Frazier has not been registered as an agent of Respondent Cyp Miner at any time material hereto.
32. The investments issued by Respondent Cyp Miner have not been registered by qualification, notification, or coordination, and no permit has been granted for their sale in Texas.

FRAUD AND THE BUSINESS OPERATIONS OF RESPONDENT CYP MINER

33. In connection with the offer of investments issued by Respondent Cyp Miner, Respondent Cyp Miner is knowingly misrepresenting that it was organized with Companies House and assigned number UD37652A, and this misrepresentation constitutes a misrepresentation of a relevant fact.
34. In connection with the offer of investments issued by Respondent Cyp Miner, Respondent Cyp Miner is intentionally failing to disclose the identity of its principals, and this information constitutes a material fact.
35. In connection with the offer of investments issued by Respondent Cyp Miner, Respondent Cyp Miner is intentionally failing to disclose the business repute and qualifications of its principals, and this information constitutes a material fact.
36. In connection with the offer of investments issued by Respondent Cyp Miner, Respondent Cyp Miner is intentionally failing to disclose the following material facts relating to cryptocurrency mining:
 - A. The identity, business repute and qualifications of the persons responsible for managing the operations of Respondent Cyp Miner's cryptocurrency mining hardware;
 - B. The type of hardware used to mine cryptocurrencies and the collective hash rate of hardware used to mine cryptocurrencies, whether expressed as GH/s, TH/s, PH/s or some other metric;

- C. Information about the costs of powering cryptocurrency mining hardware, including the average electricity costs accrued by cryptocurrency mining hardware and the ratio of average power cost to computational hash rate;
- D. The strategy or procedures for overcoming hardware failures, power outages or network disconnections;
- E. Information about the security of the premises of cryptocurrency mining farms, data centers or other facilities that maintain custody of hardware involved in cryptocurrency mining; and
- F. Information about the security of hardware used to maintain possession of cryptocurrencies secured through mining, including whether cryptocurrencies are stored in a “cold” wallet or a “hot” wallet.

DECEPTION AND THE BUSINESS OPERATIONS OF RESPONDENT CYP MINER

- 37. Respondent Frazier is representing Respondent Cyp Miner was organized with Companies House and assigned number UD37652A, and this statement is materially misleading or otherwise likely to deceive the public because Companies House does not maintain records relating to Respondent Cyp Miner showing it was assigned Company Number UD37652A.
- 38. Respondent Frazier is offering investments tied to cryptocurrency mining issued by Respondent Cyp Miner and representing investors will receive lucrative profits over a short term, and these statements are materially misleading or otherwise likely to deceive the public for the following reasons:
 - A. Respondent Frazier is not disclosing the identity of principals of Respondent Cyp Miner;
 - B. Respondent Frazier is not disclosing the business repute and qualifications of the principals of Respondent Cyp Miner; and
 - C. Respondent Frazier is not disclosing information relating to cryptocurrency mining, including the following information:
 - i. The identity, business repute and qualifications of the persons responsible for managing the operations of Respondent Cyp Miner’s cryptocurrency mining hardware;
 - ii. The type of hardware used to mine cryptocurrencies and the collective hash rate of hardware used to mine cryptocurrencies, whether expressed as GH/s, TH/s, PH/s or some other metric;
 - iii. Information about the costs of powering cryptocurrency mining hardware, including the average electricity costs accrued by cryptocurrency mining hardware and the ratio of average power cost to computational hash rate;

- iv. The strategy or procedures for overcoming hardware failures, power outages or network disconnections;
- v. Information about the security of the premises of cryptocurrency mining farms, data centers or other facilities that maintain custody of hardware involved in cryptocurrency mining; and
- vi. Information about the security of hardware used to maintain possession of cryptocurrencies secured through mining, including whether cryptocurrencies are stored in a “cold” wallet or a “hot” wallet.

**FRAUD AND THE RISKS ASSOCIATED
WITH INVESTMENTS TIED TO CRYPTOCURRENCIES**

39. In connection with the offer of investments issued by Respondent Cyp Miner, Respondents are intentionally failing to disclose the following material 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 period of 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.

**DECEPTION AND REPRESENTATIONS
REGARDING EXEMPTIONS FROM SECURITIES REGULATION**

40. As described herein, Respondents are claiming the investments issued by Respondent Cyp Miner are open only to “qualified members,” purchases of investments are “private transactions,” and the investments are exempt from the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940 and all other rules, regulations and amendments thereof.
41. These statements are materially misleading or otherwise likely to deceive the public because the investments constitute securities, offers and sales of these securities in Texas are regulated by the Securities Act, and Respondents are not exempt from the registration or disclosure provisions of the Securities Act.

**DECEPTION AND THE RECRUITMENT OF AFFILIATES
TO OFFER INVESTMENTS ISSUED BY RESPONDENT CYP MINER**

42. As described herein, Respondent Cyp Miner is recruiting affiliates to refer new investors to Respondent Cyp Miner, and Respondent Cyp Miner is paying affiliates tiered commissions for recruiting new investors for Respondent Cyp Miner.
43. As described also herein, Respondent Cyp Miner is about to recruit representatives to refer new investors to Respondent Cyp Miner, and Respondent Cyp Miner plans to pay representatives tiered commissions for recruiting new investors for Respondent Cyp Miner.
44. The representations reflecting the recruitment of affiliates and representatives are materially misleading or otherwise likely to deceive the public because Respondents are not disclosing the following information:
 - A. Persons who offer and sell securities in Texas, including the investments issued by Respondent Cyp Miner, who are not registered as dealers or agents or otherwise exempt from such registration, are violating Section 12 of the Securities Act; and
 - B. Persons who offer and sell the investments issued by Cyp Miner in Texas are offering unregistered securities in violation of Section 7 of the Securities Act.

CONCLUSIONS OF LAW

1. The investments issued by Respondent Cyp Miner are securities as the term is defined by 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 the Securities Commissioner.
3. Respondents are violating Section 12 of the Securities Act by offering securities for sale in Texas, either directly or through agents, 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 have made an offer containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.

7. The foregoing Conclusions of Law 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 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 Securities Act.
2. It is further ORDERED Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Securities Act.
3. It is further ORDERED 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 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 14th day of October, 2019.



TRAVIS J. ILES
Securities Commissioner