

TRAVIS J. ILES
SECURITIES COMMISSIONER



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Texas State Securities Board

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IN THE MATTER OF	§	
BITCOIN TRADING & CLOUD MINING LIMITED AKA	§	
BTCRUSH, JAYLON CROSS, BRUCE RODGERSON,	§	Order No ENF-18-CDO-1762
ROBIN LOZINSKI AND THOMAS A. JOHNSON	§	

TO: BITCOIN TRADING & CLOUD MINING LIMITED AKA BTCRUSH
19 Eastbourne Road, London, United Kingdom, E6 6AU

JAYLON CROSS
19 Eastbourne Road, London, United Kingdom, E6 6AU

BRUCE RODGERSON
19 Eastbourne Road, London, United Kingdom, E6 6AU

ROBIN LOZINSKI
19 Eastbourne Road, London, United Kingdom, E6 6AU

THOMAS A. JOHNSON
PO Box 0823-03411, Panama City, Panama

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas (hereinafter referred to as 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 2010 & Supp. 2017) (hereinafter referred to as the "Securities Act").

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

FINDINGS OF FACT

1. Bitcoin Trading & Cloud Mining Limited aka BtcRush (hereinafter referred to as "Respondent BTCRUSH") maintains an address at 19 Eastbourne Road, London, United Kingdom, E6 6AU.

2. Jaylon Cross (hereinafter referred to as “**Respondent Cross**”) is the sole Director and only shareholder of Respondent BTCRUSH. He can be served with process at 19 Eastbourne Road, London, United Kingdom, E6 6AU.
3. Bruce Rodgerson (hereinafter referred to as “**Respondent Rodgerson**”) is the Founder and Chief Executive Officer of Respondent BTCRUSH. He may be served with process at 19 Eastbourne Road, London, United Kingdom, E6 6AU.
4. Robin Lozinski (hereinafter referred to as “**Respondent Lozinski**”) is the Chief Marketing Officer and Marketing Director of Respondent BTCRUSH. He can be served with process at 19 Eastbourne Road, London, United Kingdom, E6 6AU.
5. Thomas A. Johnson (hereinafter referred to as “**Respondent Johnson**”) is a sales agent for Respondent BTCRUSH. He can be served with process at PO Box 0823-03411, Panama City, Panama.

THE PUBLIC ADVERTISEMENT DIRECTED AT TEXAS RESIDENTS

6. Respondents BTCRUSH, Cross, Rodgerson and Lozinski, acting through Respondent Johnson, are advertising an investment in a cloud-based cryptocurrency mining program targeting Texas residents.
7. The advertisement claims the investment in a cloud-based cryptocurrency mining program has been paying 4.1% interest daily on a lifetime contract since going live on March 8, 2018.
8. The advertisement uses a referral link to direct Texans to a website maintained by Respondents BTCRUSH, Cross, Rodgerson and Lozinski. The website is accessible to the public at <https://btcrush.io> (hereinafter referred to as the “**BTCRUSH Website**”).

THE BTCRUSH WEBSITE

9. The BTCRUSH Website describes Respondent BTCRUSH as a cloud-based cryptocurrency mining company that mines Bitcoin and alt-coins and profits from selling the alt-coins for bitcoins.
10. The BTCRUSH Website describes the opportunity to invest in its cloud-based cryptocurrency mining program as follows:
 - A. The BTCRUSH Website promises investors they will earn 4.1% interest per day from their investment in the cryptocurrency mining program regardless of the profitability of the mining of cryptocurrencies,
 - B. The BTCRUSH Website represents that a principal investment of \$10,000.00 for a term of 365 days returns approximately \$17.08 per hour, \$410.00 per day and \$149,650.00 per year, and
 - C. The BTCRUSH Website represents that Respondent BTCRUSH’s “main principle” is a “100% satisfaction guarantee for [its] customers.”

11. The BTCRUSH Website identifies three mining farms operated by Respondent BTCRUSH and describes these three mining farms as follows:
 - A. The BTCRUSH Website represents Respondent BTCRUSH operates the Maverik Farm, also referred to as the Maverick Farm, and describes the Maverik Farm as its “most powerful farm” located in “a secluded place in the mountains hiding incredible computing power.” The BTCRUSH Website explains the Maverik Farm “was specially built in such a way that the flow of the cold mountain river would cool... servers.”
 - B. The BTCRUSH Website represents Respondent BTCRUSH operates the Hephaestus Farm and describes the Hephaestus Farm as its “most reliable and secretive farm located in a bunker of the Second World War times.” The description asks, “what can be more reliable than a bombproof shelter?”
 - C. The BTCRUSH Website represents Respondent BTCRUSH operates the RebelPower Farm and describes the RebelPower Farm as a “mining center...located at the former power station.” The BTCRUSH Website explains that a “gust of wind cooling the farm may be so powerful that [it] can easily knock down a man.”
12. The BTCRUSH Website contains videos that purport to depict the Maverik Farm, the Hephaestus Farm and the RebelPower Farm.
13. Although the BTCRUSH Website represents these videos depict the Maverik Farm, the Hephaestus Farm and the RebelPower Farm, they do not actually depict mining farms operated by Respondent BTCRUSH. Instead, Respondent BTCRUSH created these videos by manipulating stock footage available for sale on the internet.
14. The BTCRUSH Website requires investors to accept its Terms of Use. The Terms of Use provide as follows:
 - A. The Terms of Use require investors to agree that a “‘private transaction’ rule” releases the platform from the “US Securities Act of 1933, US Securities Exchange Act of 1934, Investment Company Act of 1940 and all other rules, provisions and amendments thereto,”
 - B. The Terms of Use require investors to agree that they “are investing at their own risk” and that “any of [their] investments may become unprofitable,” and
 - C. The Terms of Use require investors to agree that Respondent BTCRUSH “reserves the right to amend... fixed interest rates... without agreement with investors.”
15. After navigating the BTCRUSH Website, potential investors may register an account and deposit funds to purchase an investment in the cloud-based cryptocurrency mining program.

THE RECRUITMENT OF UNREGISTERED SALES AGENTS

16. Respondents are recruiting investors to act as sales agents. Respondent BTCRUSH is paying commissions to sales agents that are equal to fifteen percent of the principal deposited by new investors.
17. Respondents are not verifying whether the sales agents are registered to sell securities in Texas or in any other jurisdiction.

REGISTRATION VIOLATIONS

18. Respondent BTCRUSH has not been registered with the Securities Commissioner as a dealer at any time material hereto.
19. Respondents Cross, Rodgerson, Lozinski and Johnson have not been registered with the Securities Commissioner as agents of Respondent BTCRUSH at any time material hereto.
20. The investments in the cloud-based cryptocurrency mining program have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.

FRAUD IN CONNECTION WITH THE OFFER OF INVESTMENTS IN THE CLOUD-BASED CRYPTOCURRENCY MINING PROGRAM

21. In connection with the offer of the investments in the cryptocurrency mining program, Respondents are intentionally failing to disclose the following material facts:
 - A. Respondents are intentionally failing to disclose sufficient information for investors to evaluate the business repute and qualifications of Respondents Cross, Rodgerson and Lozinski, and
 - B. Respondents are intentionally failing to disclose the assets, liabilities and capitalization of Respondent BTCRUSH.
22. In connection with the offer of investments in the cryptocurrency trading program, Respondents BTCRUSH, Cross and Rodgerson are showing videos that falsely purport to depict the Maverik Farm, the Hephaestus Farm and the RebelPower Farm, and the showing of these videos constitutes the misrepresentation of a relevant fact.

MISLEADING AND DECEPTIVE STATEMENTS AND INVESTMENTS IN THE CLOUD-BASED CRYPTOCURRENCY MINING PROGRAM

23. Respondents are touting the profitability of the investment in the cloud-based cryptocurrency mining program, which is materially misleading or otherwise likely to deceive the public because they are not disclosing the following risks associated with cryptocurrencies:

- 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 purchasers or traders of the cryptocurrency,
 - C. A system or technical failure, or deficient source code, may negatively impact the ability to exchange cryptocurrencies and 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.
24. Respondents are touting the profitability of the investment in the cloud-based cryptocurrency mining program, which is materially misleading or otherwise likely to deceive the public because they are not disclosing the following risks associated with cloud-based cryptocurrency mining:
- A. The cost of electricity used to power and cool cryptocurrency mining hardware, as well as any changes to the cost of electricity, may decrease the profits obtained through mining coins or result in costs exceeding such profits,
 - B. A cryptocurrency mining platform may mine a coin that declines in value or becomes virtually worthless,
 - C. Although computing power may remain constant, the difficulty of mining may increase over time, correlating with a decrease in the number of coins secured through mining,
 - D. A system or technical failure may impact the efficiency of a cryptocurrency mining platform, and the costs associated with repairs may decrease the profits obtained through mining coins or result in costs exceeding such profits,
 - E. A hacking incident or other malicious attack may impact the efficiency of a cryptocurrency mining platform, decreasing the number of coins secured through mining,
 - F. Cryptocurrency miners compete with other cryptocurrency miners, and this competition, as well as changes in the competitive environment, may decrease the number of coins secured through mining, and
 - G. Promoters of a mining program may falsely claim they operate profitable mining farms.

25. Respondents BTCRUSH, Cross, Rodgerson and Lozinski are requiring investors to agree that a “private transaction’ rule” releases the platform from the “US Securities Act of 1933, US Securities Exchange Act of 1934, Investment Company Act of 1940 and all other rules, provisions and amendments thereto,” and this statement is materially misleading or otherwise likely to deceive the public because Respondents BTCRUSH, Cross and Rodgerson are offering securities in Texas, the securities are regulated by the Securities Act, and the securities are not released from regulation by a so-called “private transaction rule” or any other exemption or exception provided by law.
26. Respondents BTCRUSH, Cross, Rodgerson and Lozinski are requiring investors to agree they “are investing at their own risk” and that “any of [their] investments may become unprofitable,” which is materially misleading or otherwise likely to deceive the public because Respondent BTCRUSH is promising to pay 4.1% daily interest to persons who purchase an investment in the cloud-based cryptocurrency mining program.
27. Respondents BTCRUSH, Cross, Rodgerson and Lozinski are requiring investors to agree that Respondent BTCRUSH “reserves the right to amend... fixed interest rates... without agreement with investors,” which is materially misleading or otherwise likely to deceive the public because:
 - A. Respondents BTCRUSH, Cross, Rodgerson and Lozinski are representing that investors will earn 4.1% interest per day from their investment in the cryptocurrency mining program regardless of the profitability of the mining of cryptocurrencies, and
 - B. Respondent Johnson is claiming the 4.1% interest per day is part of a lifetime contract.
28. Respondents BTCRUSH, Cross, Rodgerson and Lozinski are representing that Respondent BTCRUSH’s “main principle” is a “100% satisfaction guarantee for [its] customers,” which is materially misleading or otherwise likely to deceive the public because Respondents BTCRUSH, Cross, Rodgerson and Lozinski, as described herein, are requiring investors to agree that “any of [their] investments may become unprofitable” and that Respondent BTCRUSH “reserves the right to amend... fixed interest rates... without agreement with investors.”
29. Respondents are representing that Respondent BTCRUSH is paying commissions to sales agents that are equal to fifteen percent of the principal deposited by new investors, which is materially misleading or otherwise likely to deceive the public because:
 - A. Persons who offer and sell securities in Texas, including investments in the cloud-based cryptocurrency mining program, 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 investments in the cloud-based cryptocurrency mining program in Texas are offering unregistered securities in violation of Section 7 of the Securities Act.

CONCLUSIONS OF LAW

1. The investments in the cloud-based cryptocurrency mining program 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 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 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 23-2 of the Securities Act.

ORDER

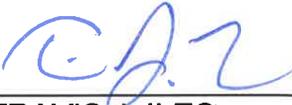
1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED 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 \$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 8th day of May, 2018.



TRAVIS J. ILES
Securities Commissioner