

TRAVIS J. ILES  
SECURITIES COMMISSIONER



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## *Texas State Securities Board*

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IN THE MATTER OF §  
FOREX AND BITCOIN TRADER AKA FOREX & BITCOIN § **Order No. ENF-19-CDO-1785**  
TRADERS AKA FX & BITCOIN TRADER AKA FX & BITCOIN §

TO: Forex and Bitcoin Trader aka Forex & Bitcoin Traders aka FX & Bitcoin Trader  
aka FX & Bitcoin, 160 E. 65th Street, New York, New York 10065

### **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 2010 & Supp. 2018) (the "**Securities Act**").

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

### **FINDINGS OF FACT**

1. Forex and Bitcoin Trader aka Forex & Bitcoin Traders aka FX & Bitcoin Trader aka FX & Bitcoin ("**Respondent**") can be served at 160 E. 65th Street, New York, New York 10065.

### **PUBLIC SOLICITATION OF TEXAS RESIDENTS**

2. On or about August 1, 2019, an agent acting on behalf of Respondent published an advertisement in an online marketplace directed to residents of Dallas, Texas.
3. The advertisement touts a passive investment opportunity that pays guaranteed returns over a short, fixed term.
4. The advertisement directs potential investors to Respondent.

### **THE FOREX TRADING PROGRAM**

5. Respondent is claiming to be a licensed broker. It is also claiming to be authorized to trade in financial and commodity-based derivatives, securities and forex.

6. Respondent is offering the opportunity to purchase a guaranteed investment in a forex trading program. It is telling potential investors that a principal investment of \$1,000.00 returns \$10,000.00 after a term of 14 days and that a principal investment of \$2,000.00 returns \$20,000.00 after a term of 14 days.
7. Respondent is telling potential investors that it charges commissions and fees equal to 10 percent of returns.

#### THE SAFETY OF INVESTMENTS IN THE FOREX TRADING PROGRAM

8. Respondent is representing that investments in the forex trading program are safe because it boasts a balance sheet with net capital in excess of most minimum regulatory requirements.
9. Respondent is also representing that it maintains an insurance policy with one of the best insurance companies covering all client funds.

#### REGISTRATION VIOLATIONS

10. Respondent has not been registered with the Securities Commissioner as a dealer or agent at any time material hereto.
11. The investments in the forex trading program have not been registered by qualification, notification, or coordination, and no permit has been granted for their sale in Texas.

#### FRAUD AND THE OFFER OF INVESTMENTS IN THE FOREX TRADING PROGRAM

12. In connection with the offer of investments in the forex trading program, Respondent is intentionally failing to disclose the following information about its management and operations:
  - A. Respondent is intentionally failing to disclose the identity, business repute, qualifications and experience of its principals, and this information constitutes a material fact; and
  - B. Respondent is intentionally failing to disclose the business repute, qualifications and experience of persons trading forex on behalf of investors, and this information constitutes a material fact.
13. In connection with the offer of investments in the forex trading program, Respondent is representing that Respondent has a balance sheet with net capital in excess of most minimum regulatory requirements, but it is intentionally failing to disclose its balance sheet or any other financial information that demonstrates its ability to guarantee the payment of fixed returns to investors at the end of the fixed term, and this information constitutes a material fact.
14. In connection with the offer of investments in the forex trading program, Respondent is intentionally failing to disclose the following information about the risks associated with trading foreign currency:

- A. Respondent is intentionally failing to disclose that fluctuations in a country's interest rates may lead to fluctuations in a currency's value, thereby negatively impacting the ability to close a trade for a profit, and this information constitutes a material fact;
  - B. Respondent is intentionally failing to disclose that fluctuations in the foreign exchange rate between the time of placing a trade and the time of closing a trade may negatively impact the price of forex, and this information constitutes a material fact;
  - C. Respondent is intentionally failing to disclose that a system or technical failure in a platform for executing trades may negatively impact the ability to close a trade for a profit, and this information constitutes a material fact; and
  - D. Respondent is intentionally failing to disclose that leveraging transactions on margin, once called, may lead to substantial losses in excess of initial investments, and this information constitutes a material fact.
15. In connection with the offer of investments in the forex trading program, Respondent is representing it maintains an insurance policy with one of the best insurance companies covering all client funds, but it is intentionally failing to disclose material information about the insurance policy, such as the identity of the insurance company and the terms of the insurance policy, and this information constitutes a material fact.

**DECEPTIVE AND MISLEADING STATEMENTS  
AND THE OFFER OF INVESTMENTS IN THE FOREX TRADING PROGRAM**

16. Respondent is claiming it is a licensed broker and that it is authorized to trade in financial and commodity-based derivatives, securities and forex. These statements are materially misleading or otherwise likely to deceive the public because Respondent is offering securities in Texas and it is not registered with the Securities Commissioner as a dealer or agent.

**CONCLUSIONS OF LAW**

- 1. The investments in the forex trading program are "securities" as the term is defined in Section 4.A of the Securities Act.
- 2. Respondent is 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. Respondent is 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. Respondent is engaging in fraud in connection with the offer for sale of securities.

5. Respondent is making an offer containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondent's 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 Respondent 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 Respondent immediately CEASE AND DESIST from acting as a securities dealer or agent in Texas until Respondent is registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED Respondent 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 Respondent immediately CEASE AND DESIST from offering securities in Texas through an offer containing statements that are 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 6<sup>th</sup> day of August, 2019.

  
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TRAVIS J. ILES  
Securities Commissioner