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## *Texas State Securities Board*

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IN THE MATTER OF §  
MY CRYPTO MINE AND MARK STEVEN ROYER § Order No. ENF-18-CDO-1773

TO: My Crypto Mine  
2658 Del Mar Heights Rd. No. 209, Del Mar, California 92014

Mark Steven Royer  
2658 Del Mar Heights Rd. No. 209, Del Mar, California 92014

### **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. 2018) (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. My Crypto Mine (hereinafter referred to as "**Respondent My Crypto Mine**") can be served at 2658 Del Mar Heights Rd. No. 209, Del Mar, California 92014.
2. Mark Steven Royer (hereinafter referred to as "**Respondent Royer**") can be served at 2658 Del Mar Heights Rd. No. 209, Del Mar, California 92014.

#### **RESPONDENT ROYER, ACTING ON BEHALF OF A WHITE-COLLAR CRIMINAL AND DISBARRED ATTORNEY, OFFERED TOKENS THAT ARE NOW NEARLY WORTHLESS**

3. BitQyck, Inc., (hereinafter referred to as "**BitQyck**") claims it was founded on the principles of integrity and honesty and touted the experience of its management. It issued a cryptocurrency referred to as bitqy.
4. BitQyck was controlled by Bruce Bise (hereinafter referred to as "**Bise**") and Samuel Mendez (hereinafter referred to as "**Mendez**"). As described in the following

paragraphs, Bise is a white-collar criminal and Mendez was disbarred after committing acts of dishonesty and moral turpitude by misappropriating funds:

- A. On or about January 21, 1997, in State v. Bise, Cause No. CR93-06742, the Superior Court of Arizona sitting in Maricopa County found Bise guilty of fraudulent schemes and artifices, a Class 2 Felony, and sentenced him to serve seven years in prison. In the same cause on the same day, the same court found Bise guilty of forgery, a Class 4 Felony, and sentenced him to serve four years in prison, to run concurrent with the sentence for fraudulent schemes and artifices.
  - B. On or about November 15, 1995, the State Bar Court of the State Bar of California, Hearing Department, Los Angeles, in In the Matter of Samuel J. Mendez, Case No. 93-O-15730, found in part that Mendez, acting as an attorney admitted to the practice of law in California, committed acts of dishonesty and moral turpitude by misappropriating his client's settlement funds. On or about March 28, 1996, the Supreme Court of the State of California, in In Re Samuel J. Mendez On Discipline, Case No. S051236, ordered Mendez disbarred from the practice of law.
5. As early as May 2017, Respondent Royer joined Bise and Mendez in offering bitqy to the public. He was encouraging potential investors who "missed out" on Bitcoin to invest with Bitqyck, claiming that it would "create a new digital economy" and provide a "simple yet lucrative compensation plan."
  6. At the time Respondent Royer was offering bitqy, the cryptocurrency was priced at \$0.02 per token. Respondent Royer compared bitqy to Bitcoin and suggested bitqy could increase from \$0.02 per token to \$3.00 per token in the indefinite future.
  7. Bitqy did not increase in price to \$3.00 per token. Instead, bitqy lost more than 99% of its value, dropping from \$0.02 per token to only \$0.000572 per token as of November 11, 2018.
  8. Investors who purchased bitqy at the time bitqy was offered by Respondent Royer and held bitqy through the present lost almost the entirety of their principal investment.

**RESPONDENT ROYER IS NOW MANAGING A NEW CRYPTOCURRENCY INVESTMENT FIRM AND OFFERING A NEW CRYPTOCURRENCY INVESTMENT**

9. Respondent Royer is now the principal of Respondent My Crypto Mine, a firm that purportedly specializes in cryptocurrency trading and mining.
10. Respondent Royer is describing the qualifications of the management and employees of Respondent My Crypto Mine as follows:
  - A. Respondent Royer is not disclosing his previous affiliation with Bitqyck, Bise and Mendez, or that he offered bitqy to the public before the cryptocurrency lost almost all of its value and became virtually worthless,

- B. Instead, Respondent Royer is claiming to have worked for over 30 years in the information technology sector and is claiming to have been involved in cryptocurrency for the past 10 years, and
  - C. Respondent Royer is also representing that Respondent My Crypto Mine has been operating for more than six years and employs 8 full-time cryptocurrency traders.
11. Respondent My Crypto Mine is now issuing a passive investment tied to cryptocurrency trading and mining that purports to provide guaranteed, lucrative returns.
  12. Respondents are promoting the investment issued by Respondent My Crypto Mine through social media and an internet website accessible by the public at <https://mycryptomine.com>.
  13. Respondents are also using public solicitation to advertise the investment issued by Respondent My Crypto Mine to Texas residents.

**THE TERMS AND FEATURES  
OF THE INVESTMENT ISSUED BY RESPONDENT MY CRYPTO MINE**

14. Respondents are requiring a minimum investment of \$5,000.00 to purchase the investment issued by Respondent My Crypto Mine. Respondents claim the minimum investment requirement will increase after November 30, 2018, when Respondents will begin requiring a minimum investment of \$10,000.00 to purchase the investment issued by Respondent My Crypto Mine.
15. Respondents are touting the profitability of the investment issued by Respondent My Crypto Mine, claiming that a principal investment of less than \$100,000.00 yields a 10% return every four weeks, a principal investment of between \$100,000.00 and \$299,000.00 yields a 15% return every four weeks and a principal investment of \$300,000.00 or more yields a 20% return every four weeks.
16. Respondents are touting the security of the investment issued by Respondent My Crypto Mine, claiming the investment has no risk, the returns are guaranteed, and investors' capital will never lose its value. They also claim the trading is audited twice per year, thereby affording investors an additional means of security.
17. Respondents are touting the passivity of the investment issued by Respondent My Crypto Mine, referring to the opportunity as a "passive investment service" and explaining that investors are wholly passive in regard to their investments.
18. Respondents are also encouraging potential investors to purchase the investment issued by Respondent My Crypto Mine by claiming:
  - A. They have been helping small investors build a nest egg for retirement, parents and grandparents create six-figure college funds for their children and grandchildren, people eliminate their credit card and tax debts and retirees extend their retirement funds,

- B. They have been selected by a “major national Church” to be their “recommended Crypto/Passive Investment for their [sic] 6 MILLION members,” and
- C. They have paid their investors their returns every month for the preceding six years.

THE RECRUITMENT OF UNREGISTERED SALES AGENTS  
TO OFFER THE INVESTMENT ISSUED BY RESPONDENT MY CRYPTO MINE

- 19. Respondents are recruiting sales agents, representing they will pay commissions to persons who refer new investors who purchase the investment issued by Respondent My Crypto Mine.
- 20. The payment of commissions scale with principal tendered by new investors. Respondents are paying commissions equal to two percent of principal investments of between \$10,000.00 and \$50,000.00, three percent of principal investments of between \$50,000.00 and \$100,000.00 and four percent on principal investments of \$100,000.00 or more.
- 21. Respondents are not verifying whether persons who refer new investors are registered to sell securities.

REGISTRATION VIOLATIONS

- 22. Respondent My Crypto Mine is issuing investments that have not been registered by qualification, notification or coordination, and no permit has been granted for the sale of the investments in Texas.
- 23. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.
- 24. Respondents are recruiting persons to sell the investment issued by Respondent My Crypto Mine without verifying the persons are registered to offer and sell securities.

FRAUD IN CONNECTION WITH THE OFFER OF  
INVESTMENTS ISSUED BY RESPONDENT MY CRYPTO MINE

- 25. In connection with the offer of investments issued by Respondent My Crypto Mine, Respondents are intentionally failing to disclose the following material facts relating to the management and key personnel employed by or otherwise affiliated with Respondent My Crypto Mine:
  - A. The business repute, qualifications and experience of Respondent Royer, including his affiliation with BitQyck, Bise and Mendez and his offering of bitqy to the public,
  - B. The identity, business repute, qualifications and experience of the persons responsible for trading cryptocurrency on behalf of investors, and

- C. The identity, business repute, qualifications and experience of the persons responsible for mining cryptocurrencies on behalf of investors.
26. In connection with the offer of investments issued by Respondent My Crypto Mine, Respondents are intentionally failing to disclose the following material facts relating to Respondent My Crypto Mine's cryptocurrency mining operations:
- A. Its strategy for mining cryptocurrencies, including information that explains whether Respondent My Crypto Mine is mining Bitcoin, Ether, Monero or some combination of these cryptocurrencies and/or other cryptocurrencies that use proof of work hashing,
  - B. The type of specialized 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 its cryptocurrency mining hardware, including the average electricity costs accrued by its cryptocurrency mining hardware and the ratio of average power cost to computational hash rate,
  - D. Their strategy or procedures for overcoming hardware failures, power outages or network disconnections,
  - E. Information about the security of the premises of its cryptocurrency mining hardware, its data centers and any other facility that maintains custody of hardware used to mine cryptocurrencies, and
  - F. Information about the security of hardware and software used to maintain possession of cryptocurrencies secured through mining, including whether the cryptocurrencies are stored in a "cold" wallet or a "hot" wallet.
27. In connection with the offer of investments issued by Respondent My Crypto Mine, Respondents are intentionally failing to disclose the following material facts relating to Respondent My Crypto Mine's cryptocurrency trading operations:
- A. Its strategy for trading cryptocurrencies, including information that explains whether Respondent My Crypto Mine is trading popular cryptocurrencies such as Bitcoin, Ether, Monero and whether Respondent My Crypto Mine is purchasing and trading new cryptocurrencies introduced into the market through an offering commonly referred to as an Initial Coin Offering or ICO,
  - B. The identity of the platform or exchange used to buy, sell and trade cryptocurrencies, as well as any information about the commissions or fees charged by the platform or exchange,
  - C. Information about the security of hardware and software used to trade cryptocurrencies, including their strategy to prevent and overcome security breaches by hackers and other malicious actors, and

- D. Information about the security of hardware and software used to maintain possession of cryptocurrencies obtained through trading, including whether the cryptocurrencies are stored in a “cold” wallet or a “hot” wallet.
28. In connection with the offer of investments issued by Respondent My Crypto Mine, Respondents are intentionally failing to disclose the following material facts relating to the audit of Respondent My Crypto Mine:
- A. The identity of the firm, persons or person auditing the records of Respondent My Crypto Mine, and
- B. The results of the audit or audits of records of Respondent My Crypto Mine.
29. In connection with the offer of investments issued by Respondent My Crypto Mine, Respondents are intentionally failing to disclose the assets, liabilities and capitalization of Respondent My Crypto Mine, including any information about its ability to satisfy its guarantee of the profitability of its investments as well as any liabilities that may take priority over its guarantee of the profitability of its investments.

**MATERIALLY MISLEADING AND DECEPTIVE STATEMENTS RELATING TO THE OFFER OF INVESTMENTS ISSUED BY RESPONDENT MY CRYPTO MINE**

30. Respondents are touting the profitability of the investment issued by Respondent My Crypto Mine, and they are claiming the investment is free of risk and guaranteed, and these statements are 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 and to other cryptocurrencies, may decrease over a short period of time resulting in significant loss to purchasers or traders of the cryptocurrency,
- C. A system failure, 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.
31. Respondents are touting the profitability of the investment issued by Respondent My Crypto Mine, and they are claiming the investment is free of risk and guaranteed, and these statements are materially misleading or otherwise likely to deceive the public because they are not disclosing the following risks associated with mining cryptocurrencies:

- A. The costs 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, becomes illiquid or becomes virtually worthless,
  - C. A system or technical failure may impact the efficiency of a cryptocurrency mining platform, and the costs associated with repairs may decrease profits obtained through mining coins or result in costs exceeding such profits, and
  - D. Cryptocurrency miners compete with other cryptocurrency miners, and this competition, as well as changes in the competitive environment, may decrease the number of cryptocurrencies secured through mining.
32. Respondents are touting the profitability of the investment issued by Respondent My Crypto Mine, and they are claiming the investment is free of risk and guaranteed, and these statements are materially misleading or otherwise likely to deceive the public because they are not disclosing the following risks associated with trading cryptocurrencies:
- A. Cryptocurrencies are volatile and are subject to sharp increases or decreases in price, and the failure to accurately speculate on the volatility of cryptocurrencies and the sharp increases or decreases in the price of cryptocurrencies may result in the loss of principal,
  - B. A cryptocurrency trading platform may obtain a coin that declines in value, becomes illiquid or becomes virtually worthless,
  - C. A system or technical failure may impact the efficiency of a cryptocurrency trading program, and any impairment of the ability to trade cryptocurrencies may result in the inability to trade a cryptocurrency before its price decreases or acquire a cryptocurrency before its price increases, and
  - D. The platform or exchange used to buy, sell and trade cryptocurrencies may be the victim of a hacking incident or malicious attack that may result in the loss of cryptocurrencies maintained at the platform or exchange.
33. Respondents are touting the profitability of the investment issued by Respondent My Crypto Mine, and they are claiming the investment is free of risk and guaranteed, and these statements are materially misleading or otherwise likely to deceive the public because Respondents are not disclosing the following information about Respondent Royer's experience in offering investments tied to cryptocurrencies:
- A. Respondent Royer was affiliated with BitQyck, Bise and Mendez, and that he offered bitqy, a cryptocurrency issued by BitQyck, to the public,

- B. Bitqy lost more than 99% of its value, dropping from \$0.02 per token at the time it was offered by Respondent Royer to only \$0.000572 per token as of November 11, 2018, and
  - C. Investors who purchased bitqy at the time it was offered by Respondent Royer and held bitqy through the present lost almost the entirety of their principal investment.
34. Respondents are recruiting sales agents without first verifying they are registered to offer securities, representing they will pay commissions to persons who refer new investors who purchase the investment issued by Respondent My Crypto Mine. These statements are materially misleading or otherwise likely to deceive the public because:
- A. Persons who offer and sell securities in Texas, including the investment issued by Respondent My Crypto Mine, who are not registered as dealers or agents, other otherwise exempt from such registration, are violating Section 12 of the Securities Act, and
  - B. Persons who offer the investments issued by Respondent My Crypto Mine in Texas are offering unregistered securities in violation of Section 7 of the Securities Act.

#### **CONCLUSIONS OF LAW**

1. The investments issued by Respondent My Crypto Mine 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 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 third-degree felony 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 27<sup>th</sup> day of November, 2018.



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TRAVIS J. ILES  
Securities Commissioner