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SECURITIES COMMISSIONER



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MIGUEL ROMANO, JR.
MEMBER

KENNY KONCABA
MEMBER

IN THE MATTER OF
MIKHAIL RANIA SAFIYA

§
§

Order No. ENF-19-CDO-1779

TO: Mikhail Rania Safiya
40 Bank Street, 26th Floor E14 5DA, London, 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 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. The price of bitcoin and the market capitalization of all cryptocurrencies have sharply increased since the start of the calendar year. From January 1, 2019, through June 24, 2019, the price of bitcoin has already increased by around 207 percent and a bitcoin is now priced at around \$11,000.00 per token. During the same period of time, the market capitalization of all cryptocurrencies has increased by around 167 percent and is now valued at more than \$337 billion.
2. Bad actors and other parties may attempt to capitalize on the increase in the price of bitcoin and the market capitalization of all cryptocurrencies by offering fraudulent securities schemes to the public.
3. The Enforcement Division has been dedicating significant resources to protecting Texans from illegal and fraudulent cryptocurrency investment schemes. Given the changes in the market, the Enforcement Division is now dedicating additional resources to protect the public.
4. The Enforcement Division identified promoters of recent illegal and fraudulent cryptocurrency securities schemes, including promoters using social media to broadly target Texas residents who work from home.

5. The Securities Commissioner is now entering this Emergency Cease and Desist Order to protect these Texas residents from immediate and irreparable harm.

THE RESPONDENT

6. Mikhail Rania Safiya ("Respondent Safiya") can be served at 40 Bank Street, 26th Floor E14 5DA, London, United Kingdom.

PUBLIC SOLICITATION OF TEXAS RESIDENTS WORKING FROM HOME

7. Users are posting advertisements in a public Facebook Group titled "Work From Home | Earn Money Online | San Antonio Texas."
8. The advertisements are claiming investors earn lucrative profits by investing in a bitcoin and forex trading program. They are directing potential investors to contact a promoter using WhatsApp, an end-to-end encrypted instant messaging platform.
9. Potential investors using WhatsApp to contact the promoter are being connected with Respondent Safiya.

THE BITCOIN AND FOREX TRADING PROGRAM

10. Respondent Safiya is directing potential investors to an online platform that purports to permit the trading of contracts for difference, otherwise known as CFDs, on shares, indices, forex, binary options, and cryptocurrencies.
11. Although the online platform advertises CFDs on shares, indices, forex, binary options, and cryptocurrencies, Respondent Safiya is telling investors the investment involves the trading of bitcoin and forex.
12. Respondent Safiya is encouraging potential investors to register an account through the online platform and fund the account with bitcoin.
13. Respondent Safiya is explaining she will access their bitcoin and trade their principal for a profit. She is also explaining she will collect 20% of the profits as payment for trading the principal.
14. Respondent Safiya is touting the security of the bitcoin and forex trading program, claiming the bitcoin and forex trading program is safe and investors will not lose their principal. Respondent Safiya is also claiming she is licensed to trade bitcoin and forex.

THE SCHEME PERMITS RESPONDENT SAFIYA TO ASSUME CONTROL OF INVESTOR FUNDS

15. Respondent Safiya is not providing investors with any information that shows she is employed by the online platform, affiliated with the online platform, or authorized to trade bitcoin and forex on behalf of the online platform.

16. Respondent Safiya is not using the online platform to access bitcoin deposited by investors. Instead, Respondent Safiya is telling investors they must disclose the login credentials for their accounts so Respondent Safiya can access the bitcoin and use the bitcoin to trade for a profit.
17. After users disclose their login credentials to Respondent Safiya, she can assume custody and control of the bitcoin and will be able to appropriate the bitcoin, transfer the bitcoin to her own wallet, or take other actions that will result in the loss of funds.
18. This scheme is similar to phishing, a deceptive practice where a party creates a false sense of legitimacy to encourage a person to reveal sensitive personal information, including information that permits the party to access financial accounts and take control of funds owned by others.

REGISTRATION VIOLATIONS

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

FRAUDULENT AND DECEPTIVE PRACTICES AND THE OFFER OF INVESTMENTS IN A BITCOIN AND FOREX TRADING PROGRAM

21. In connection with the offer of investments in the bitcoin and forex trading program, Respondent Safiya is intentionally failing to disclose her business reputation and qualifications, and this information constitutes a material fact.
22. In connection with the offer of investments in the bitcoin and forex trading program, Respondent Safiya is intentionally failing to disclose her experience in trading or managing bitcoin and forex for a profit, and this information constitutes a material fact.
23. In connection with the offer of investments in the bitcoin and forex trading program, Respondent Safiya is intentionally failing to disclose her strategies for trading or managing cryptocurrencies, forex, and other financial instruments, and this information constitutes a material fact.
24. In connection with the offer of investments in the bitcoin trading program, Respondent Safiya is intentionally failing to disclose the addresses of her residence or principal place of business, and this information constitutes a material fact.
25. Respondent Safiya is representing her trading generates lucrative profits over a short term, and these statements are materially misleading or otherwise likely to deceive the public because she is not disclosing any risks associated with the investments.

26. Respondent Safiya is claiming she is licensed, and this statement is materially misleading or otherwise likely to deceive the public because she is not disclosing whether she is licensed with the State Securities Board, the United States Securities and Exchange Commission, the Financial Industry Regulatory Authority or any other agency.

CONCLUSIONS OF LAW

1. The investments in the bitcoin trading program are "securities" as the term is defined in Section 4.A of the Securities Act.
2. Respondent Safiya 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 Safiya 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 Safiya is engaging in fraud in connection with the offer for sale of securities.
5. Respondent Safiya is making an offer containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondent Safiya'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 Safiya 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 Safiya 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 Respondent Safiya 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 Safiya 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 28th day of

June, 2019.



TRAVIS J. ILES
Securities Commissioner