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Texas State Securities Board

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IN THE MATTER OF
USI-TECH LIMITED,
CLIFFORD "CLIFF" THOMAS
AND MICHAEL "MIKE" RIVERA

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Order No. ENF-17-CDO-1753

TO: USI-TECH LIMITED

PO Box 65736, Dubai, UAE, PO Box 122036, Dubai, UAE, and Fairmont Hotel,
Skeikh Zayed Rd., Dubai, UAE

CLIFFORD "CLIFF" THOMAS
5708 Vernon Way, Suitland, Maryland 20746

MICHAEL "MIKE" RIVERA
4925 Westpark Drive, Los Angeles, California 91601

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas 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).

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

FINDINGS OF FACT

1. USI-TECH Limited (hereinafter referred to as "Respondent USIT") maintains last known addresses at PO Box 65736, Dubai, UAE, PO Box 122036, Dubai, UAE, Fairmont Hotel, Skeikh Zayed Rd., Dubai, UAE.
2. Clifford "Cliff" Thomas (hereinafter referred to as "Respondent Thomas") is an agent of Respondent USIT. He maintains a last known address at 5708 Vernon Way, Suitland, Maryland 20746.
3. Michael "Mike" Rivera (hereinafter referred to as "Respondent Rivera") is an agent of Respondent USIT. He maintains a last known address at 4925 Westpark Drive, Los Angeles, California 91601.

THE INVESTMENTS TIED TO BITCOIN

4. Respondents Thomas and Rivera are advertising investments issued by Respondent USIT on craigslist.org. These advertisements are directed to Texas residents.
5. The advertisement placed on craigslist.org by Respondent Thomas refers potential investors to www.cryptoauthorities.com, which redirects to cthomas.mycryptomc.com. (hereinafter referred to as the “Thomas Website”). The advertisement placed by Respondent Rivera refers potential investors to www.bitcoinlife.pro, which redirects to cryptomike.mycryptomc.com (hereinafter referred to as the “Rivera Website”). The Thomas Website and Rivera Website contain the following representations:
 - a. The Thomas Website and Rivera Website explain the investment is referred to as a “BTC Package” or “BTCP.”
 - b. The Thomas Website and Rivera Website cite “excerpts” from “our attorney opinion letter dated August 22, 2017” to represent that BTCP “derives its value from [Respondent USIT]’s non-exclusive interest in a series of Bitcoin mining contracts.”
 - c. The Thomas Website and Rivera Website explain investors will receive 1% daily return independent of the value of Bitcoin.
 - d. The Thomas Website and Rivera Website represent a “binding legal opinion letter” states that Respondent USIT is “a legal business in good standing (rare to find amount [sic] other Bitcoin companies in the USA).”
 - e. The Thomas Website and Rivera Website also represent Respondent USIT has “certified legal products in the USA per the FTC (Federal Trade Commissions) [sic].”
6. The Thomas Website provides potential investors with contact information for Respondent Thomas. The Rivera Website provides potential investors with contact information for Respondent Rivera.
7. Respondents Thomas and Rivera are offering BTCP to potential investors who use this information to contact them.
8. Potential investors must visit a website maintained by Respondent USIT. This website is accessible by the general public at www.usitech-int.com (hereinafter referred to as the “USIT Website”). The USIT Website contains the following representations:

- a. The USIT Website claims that Respondent USIT “built the world’s first automated trading platform for the Bitcoin currency and even the most experienced traders are jealous of [its] results.”
 - b. The USIT Website states that Respondent USIT has a “top-class development team” with “over 20 years of experience.”
 - c. The USIT Website claims that its “customers have enjoyed profits of up to 150%” and “[b]y maximizing risk reduction in a highly volatile, fast-paced market environment, our software consistently provides returns of up to 150% per year.”
 - d. The USIT Website represents that it uses “unique algorithms” and a “conservative trading strategy” to “greatly minimize the risk to... users.”
 - e. The USIT Website informs potential investors that they can “generat[e] up to 35% commissions on 12 referral levels” through Respondent USIT’s “unique referral marketing plan” that provides “above-average commissions without any qualification barriers.”
9. Investors purchase investments through the USIT Website. Each investor must create an account and identify the sales agent that offered the investment to the investor. After creating an account and identifying the sales agent, investors can purchase BTCP.

REGISTRATION VIOLATIONS

10. Respondents are offering BTCP to investors in Texas who are not accredited investors. Respondents are not taking reasonable steps to verify that all purchasers are accredited investors.
11. BTCP has not been registered by qualification, notification or coordination, and no permit has been granted for its sale in Texas.
12. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.

DISCLOSURE VIOLATIONS

13. In connection with the offer of the aforementioned investments, Respondent USIT is intentionally failing to disclose material facts, including, but not limited to, the following:
 - a. The identity of the principals of Respondent USIT,

- b. The identity of the entities or persons party to the Bitcoin mining contracts, as well information about the facilities used to mine bitcoins, the hardware used to mine bitcoins, the costs associated with their mining of bitcoins and their success in mining bitcoins,
 - c. The terms and conditions of the Bitcoin mining contracts, as well as the terms and conditions of Respondent USIT's non-exclusive interest in Bitcoin mining contracts,
 - d. Information about the assets and liabilities of Respondent USIT and any other information that indicates the means Respondent USIT will provide investors with a 1% daily return regardless of the value of Bitcoin, and
 - e. The risks associated with BTCP and mining bitcoins.
14. Respondents USIT, Thomas and Rivera are representing that existing investors will be paid commissions for referring new investors, which is materially misleading or otherwise likely to deceive the public because persons who offer and sell securities in Texas, including BTCP, must either be registered with the State Securities Board or otherwise exempt from registration.
15. Respondents USIT, Thomas and Rivera are representing that Respondent USIT has "certified legal products in the USA per the FTC (Federal Trade Commissions) [sic]," which is materially misleading or otherwise likely to deceive the public because:
- a. The Federal Trade Commission does not regulate registration of BTCP as a security in Texas, the registration of dealers and agents offering and selling BTCP in Texas, and the disclosure of material facts in connection with the offer and sale of BTCP in Texas, and
 - b. The State Securities Board regulates the registration of BTCP as a security in Texas, the registration of dealers and agents offering and selling BTCP in Texas, and the disclosure of material facts in connection with the offer and sale of BTCP in Texas.
16. Respondents USIT, Thomas and Rivera are representing that a "binding legal opinion letter" states that Respondent USIT is "a legal business in good standing (rare to find amount [sic] other Bitcoin companies in the USA)," which is materially misleading or otherwise likely to deceive the public because:
- a. Respondents USIT, Thomas and Rivera are violating Section 7 of the Securities Act by offering unregistered securities in the form of BTCP in Texas, and

- b. Respondents USIT, Thomas and Rivera are violating Section 12 of the Securities Act by acting as or using unregistered dealers or sales agents to offer BTCP in Texas.

CONCLUSIONS OF LAW

1. BTCP is a "security" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents are violating Section 7 of the Texas 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 Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
4. Respondent USIT is 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 public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas 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 Respondents 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 Respondent USIT 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 Texas 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 Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas 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 20th day of December, 2017.



TRAVIS J. ILES
Securities Commissioner