

TRAVIS J. ILES  
SECURITIES COMMISSIONER



CLINTON EDGAR  
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300  
Facsimile: (512) 305-8310

## *Texas State Securities Board*

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.texas.gov

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IN THE MATTER OF §  
TRADEMINING INC. AKA TRADEMINING.IO § **Order No. ENF-20-CDO-1821**  
AND DEVON TYLER SHIGAKI §

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### **TradeMining Inc. aka TradeMining.io**

288 106<sup>th</sup> Avenue NE, Unit 1106, Bellevue, Washington 98004  
10961 NE 2nd Pl., Apt 819, Bellevue, Washington 98004

### **Devon Tyler Shigaki**

288 106<sup>th</sup> Avenue NE, Unit 1106, Bellevue, Washington 98004  
10961 NE 2nd Pl., Apt 819, Bellevue, Washington 98004

## **EMERGENCY CEASE AND DESIST ORDER**

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, Tex. Rev. Civ. Stats. Ann. arts. 581-1-581-45 (the "**Texas Securities Act**").

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

### **FINDINGS OF FACT**

1. TradeMining Inc. aka TradeMining.io ("**Respondent TradeMining**") is a Washington for-profit corporation. It may be served at its last known addresses of 288 106<sup>th</sup> Avenue NE, Unit 1106, Bellevue, Washington 98004 and 10961 NE 2<sup>nd</sup> Pl., Apt 819, Bellevue, Washington 98004.
2. Devon Tyler Shigaki ("**Respondent Shigaki**") is Chairman and Chief Executive Officer of Respondent TradeMining. He may be served at his last known addresses of 288 106<sup>th</sup> Avenue NE, Unit 1106, Bellevue, Washington 98004 and 10961 NE 2<sup>nd</sup> Pl., Apt 819, Bellevue, Washington 98004.

### THE PUBLIC SOLICITATIONS

3. Respondents have been publishing advertisements in the financial services sections of Craigslist targeting residents of Houston, Texas; Dallas, Texas; and San Antonio, Texas.
4. The advertisements promote investments tied to the Trade Engine, software that purportedly trades bitcoin and places "up to 160 mathematically sound orders per second."
5. The advertisements claim the trades generate lucrative passive income, averaging daily returns between .53% to 2.73%. The advertisements also claim, during the last bull run, the Trade Engine gained 3700% returns.
6. The advertisements tout the investor will have access to passive income while maintaining 100% control of their assets and will only be charged for the service when a profit is made.
7. The advertisements state the Trade Engine requires a minimum investment of .5 bitcoin, priced at between \$4,741.50 and \$4,805.13 as of the date of the advertisements, but encourages starting with 4 bitcoin, priced at between \$37,932 and \$38,441 as of the date of the advertisements.

### THE SOCIAL MEDIA ADVERTISEMENTS

8. Respondents are publicly advertising investments tied to the Trade Engine through social media, including a webpage maintained through Facebook and a profile published through LinkedIn.

### THE INTERNET WEBSITE

9. Respondents are publicly advertising investments tied to the Trade Engine through their internet website accessible at <https://trademining.io>.

### THE TRADE ENGINE

10. Respondents are directing investors to open and fund a bitcoin account through a third-party platform.
11. The Trade Engine purportedly uses API to interface with the cryptocurrency account owned by the investor.
12. The Trade Engine purportedly identifies trades through its monitoring of the cryptocurrency market, developing custom parameters and strategies that adjust to market metrics and risk exposure.
13. The Trade Engine purportedly executes these trades, allowing for automated, 24/7 hands-free trading and a passive flow of income.
14. The trading purportedly generates daily gains that average from 0.5% up to 2.73%.

15. Respondents purportedly invoice investors for the service at their highwater mark, and investors are only required to pay when and if the Trade Engine earns profits.

THE CORPORATE OFFICE, THE TRADEMINING TEAM,  
AND THE LOCATION OF THE TRADE ENGINE

16. Respondents have been telling investors they no longer maintain a physical office and they do not physically maintain the Trade Engine in the United States.
17. Instead, an undisclosed business partner purportedly manages the Trade Engine in the Netherlands.
18. Respondents tout the qualifications and experience of their Lead Analyst as being someone who is a licensed investment advisor and a licensed fiduciary.
19. Respondents claim the Netherlands is “the most regulated country in the world for cryptocurrency, meaning that it protects the clients and the users.”

THE RESELLER PROGRAM

20. Respondents represent investors may also receive additional funds by participating in Respondent TradeMining’s reseller program.
21. Respondents describe the reseller program as the perfect business for risk-averse and budget-conscious entrepreneurs.
22. The potential reseller is required to apply with Respondents and once approved they will complete the “onboarding process” which provides the materials needed to run their own TradeMining business.
23. Respondent TradeMining represents the reseller will initially receive 15 license keys to resell to new investors.
24. Respondents state the reseller will subsequently earn a commission of up to 10%, paid monthly, with the option of a higher commission if the reseller demonstrates a valuable contribution to the network.

JUDGE ORDERS RESPONDENT SHIGAKI  
TO PAY MORE THAN \$3 MILLION IN CIVIL LAWSUIT

25. On or about January 2, 2015, a complaint for damages and injunctive relief was filed against Respondent Shigaki in Scott Anthony McKinley and Gold Services Seattle LLC, v. Chris Michael Swanson, Devon Tyler Shigaki, as individuals, and Caviare Gold LLC, a Washington limited liability company, John Does 1-20, inclusive, in Cause No. 15-2-00130-2 SEA, in the Superior Court of Washington for King County.
26. Caviare Gold LLC was a Washington limited liability company formed or about April 25, 2014. Respondent Shigaki and Chris Swanson served as the sole managers of Caviare Gold, LLC. Caviare Gold, LLC was administratively dissolved on or about May 1, 2015.

27. The complaint alleged trademark infringement, conversion, defamation, tortious interference with contract, and tortious interference with business activity, based on the following allegations:
- A. The plaintiff operated a medicinal cannabis business and trademarked several names associated with this business;
  - B. Respondent Shigaki and co-defendants, through a series of fraudulent, tortious, and wrongful acts, sabotaged the plaintiff's business and usurped the plaintiff's trademarks; and
  - C. Respondent and co-defendants hacked into Facebook and Instagram accounts belonging to Plaintiffs and converted them for their own use and control.
28. On or about November 18, 2016, an Amended Judgment was entered against Respondent Shigaki and his co-defendants, ordering them to pay the plaintiff \$3 million in damages, \$66,543.00 in attorney fees, \$3,448.00 in costs, and interest accruing at 12% per annum.

RESPONDENT SHIGAKI WAS RECENTLY RELEASED FROM  
PROBATION AFTER BEING FOUND GUILTY OF A FELONY DRUG OFFENSE

29. On or about May 4, 2017, Respondent Shigaki was charged with manufacturing THC (Tetrahydrocannabinol), conspiracy to unlawfully manufacture DMT (Dimethyltryptamine), and use of building for drug purposes. The charges were filed by Information in The State of Washington v. Devon Tyler Shigaki in Cause Number 17-1-02709-6 KNT, filed in the Superior Court of Washington for King County.
30. Respondent Shigaki pleaded guilty to the crime of solicitation to commit and manufacture a controlled substance (THC), a class C Felony, in an Amended Information in Case Number 17-C-02709-6 KNT. He received a suspended sentence of 364 days of imprisonment in the King County Jail and was placed on unsupervised probation for 24 months, commencing December 1, 2017.

RESPONDENT SHIGAKI HAS  
A HISTORY OF COMMITTING CRIMINAL OFFENSES

31. On or about August 7, 2008, Respondent Shigaki was charged with felony burglary in the second degree and theft in the first degree. These charges were filed by information in The State of Washington v. Devon Tyler Shigaki in Cause No. 08-1-05724-7 SEA, filed in the Superior Court of Washington for King County.
32. Respondent Shigaki was accused of burglarizing a shopping mall by causing damages to businesses and stealing merchandise from a mall retail store.
33. On or about December 3, 2008, Respondent Shigaki pleaded guilty to second degree felony burglary.

34. Respondent Shigaki was sentenced to 30 days confinement in the King County Jail. The sentence was converted to 240 hours of community service and he was ordered to pay \$1,133.80 plus any further restitution.
35. On or about April 14, 2009, Respondent Shigaki was charged with burglary. These charges were filed by Information in The State of Washington v. Devon Tyler Shigaki, in Cause No. 09-1-00658-4 filed in Snohomish County Court for the State of Washington.
36. Respondent Shigaki pleaded guilty on or about September 9, 2009 to the charge of second-degree felony burglary.
37. On or about September 23, 2009 a Felony Judgment and Sentence was entered against Respondent Shigaki and he was sentenced to four months imprisonment and ordered to pay \$3,294.00 in restitution.

**RESPONDENT SHIGAKI FOUND LIABLE  
FOR DEFRAUDING FORMER BUSINESS PARTNER**

38. On or about July 13, 2015, in Jason Cronk v. Devon Shigaki and Libby Armenta, Cause No. 15-2-10140-0, was filed in the Superior Court of Washington in Pierce County.
39. The complaint alleged Respondent Shigaki and his co-defendant formed the entity, Cardvo, LLC. Ownership of the company was divided between the parties with the Plaintiff receiving 50 percent ownership interest and the Defendants receiving 50 percent ownership interest in the company. Cardvo, LLC was created in order to purchase and resell gift cards.
40. Respondent Shigaki was accused of breaching the LLC agreement by committing the following acts:
  - A. Refusal and failure to honor their commitments under the LLC agreement;
  - B. Collecting revenues from business related activities and failing to account for those amounts or place business revenues in non-Cardvo LLC controlled accounts;
  - C. Commandeering control over Cardvo LLC and blocking Plaintiff from accessing business bank accounts; and
  - D. Failure to pay equal shares of the costs related to maintaining the LLC.
41. Respondent Shigaki received notice of the suit on or about August 31, 2015, and confirmed knowledge thereof in a letter to the court on or about September 14, 2015.
42. On or about March 25, 2016, a Default Judgment was entered against Respondent Shigaki. The Default Judgment dissolved Cardvo, LLC and ordered Respondent Shigaki to pay \$7,691.00 to his former business partner.

MULTIPLE FEDERAL AND STATE LIENS  
FILED AGAINST RESPONDENT SHIGAKI

43. Respondent Shigaki is subject to the following Federal Tax Liens filed in Pierce County Washington:
- A. On or about March 23, 2015 a Federal Tax Lien was filed in Pierce County Washington, in the amount of \$38,027.93; and
  - B. On or about June 19, 2017 a Federal Tax Lien was filed in Pierce County Washington, in the amount of \$55,069.37.
44. Respondent Shigaki is subject to the following State Enforcement Liens filed in Pierce County Washington:
- A. On or about September 11, 2014 a Notice and Statement of Lien was filed by the State of Washington, Department of Social and Health Services, Division of Child Support, in Pierce County Washington, in the amount of \$1,768.28;
  - B. On or about January 24, 2017 a Notice and Statement of Lien was filed by the State of Washington, Department of Social and Health Services, Division of Child Support, in Pierce County Washington, in the amount of \$9,977.28; and
  - C. On or about December 21, 2018 a Notice and Statement of Lien was filed by the State of Washington, Department of Social and Health Services, Division of Child Support, in Pierce County Washington, in the amount of \$2,064.28.

REGISTRATION VIOLATIONS

45. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.
46. The investments tied to the Trade Engine have not been registered by qualification, notification, or coordination at any time material hereto, and no permit has been granted for their sale in Texas.

FRAUD AND THE CONCEALED BUSINESS INFORMATION

47. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the following material facts relating to the principals, managers and administrators of Respondent TradeMining and the Trade Engine:
- A. The business repute, experience, and qualifications of Respondent Shigaki;
  - B. The identity, business repute, experience, and qualifications of Respondent Shigaki's business partner, as well as his or her authority, duties and responsibilities;

- C. The identity, business repute, experience, and qualifications of the programmer and developers of the Trade Engine, including the party or parties that created and coded the software; and
- D. The identity, business repute, experience, and qualifications of the servicers of the Trade Engine, including the party or parties responsible for administering, maintaining and updating the software.

#### FRAUD AND THE TRADE ENGINE

48. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the following material facts relating to the Trade Engine:
- A. The location of the Trade Engine;
  - B. The types of cryptocurrencies traded by the Trade Engine, as well as a description of these cryptocurrencies and the specific risks associated with these cryptocurrencies;
  - C. The controls that limit access to the Trade Engine, as well as the identity of the persons authorized to access the Trade Engine;
  - D. The costs associated with the Trade Engine, including any ongoing costs for maintaining and updating the software;
  - E. Information relating to defects, glitches, bugs or malfunctions, including information explaining these events may negatively impact the ability to trade cryptocurrencies for a profit;
  - F. The risks that attackers may use viruses, malware or other techniques to hack systems or otherwise gain access to cryptocurrencies; and
  - G. The security systems used to protect the Trade Engine, including the use of security systems to prevent or deter cyberattacks and to prevent unauthorized access by third-parties.

#### FRAUD AND THE 2016 JUDGMENT ORDERING RESPONDENT SHIGAKI TO PAY MORE THAN \$3 MILLION

49. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the information set forth herein relating to Scott Anthony McKinley and Gold Services Seattle LLC, v. Chris Michael Swanson, Devon Tyler Shigaki, Caviar Gold LLC and John Does 1-20, Cause No. 15-2-00130-2 SEA, and this information constitutes material facts.

#### FRAUD AND THE FELONY DRUG CONVICTION

50. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the information set forth herein

relating to The State of Washington v. Devon Tyler Shigaki, in Cause Number 17-C-02709-6 KNT, and this information constitutes material facts.

FRAUD AND THE 2015 LAWSUIT ALLEGING  
RESPONDENT SHIGAKI DEFRAUDED A FORMER BUSINESS PARTNER

51. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the information set forth herein relating to Jason Cronk v. Devon Shigaki and Libby Armenta, Cause No. 15-2-10140-0, and this information constitutes material facts.

FRAUD AND RESPONDENT SHIGAKI'S  
MULTIPLE FELONY BURGLARY CONVICTIONS

52. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the information set forth herein relating to The State of Washington v. Devon Tyler Shigaki, Cause No. 08-1-05724-7 SEA, and this information constitutes material facts.
53. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the information set forth herein relating to Washington v. Devon Tyler Shigaki, Cause No. 09-1-00658-4, and this information constitutes material facts.

FRAUD AND RESPONDENT SHIGAKI'S FEDERAL AND STATE LIENS

54. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the information set forth herein relating to the following Federal Tax Liens filed against Respondent Shigaki, and this information constitutes material facts:
- A. On or about March 23, 2015 a Federal Tax Lien was filed in Pierce County Washington, against Respondent Shigaki in the amount of \$38,027.93; and
  - B. On or about June 19, 2017 a Federal Tax Lien was filed in Pierce County Washington, against Respondent Shigaki in the amount of \$55,069.37.
55. In connection with the offer of investments in the bitcoin trading program, Respondents are intentionally failing to disclose the information set forth herein relating to the following Enforcement Liens filed against Respondent Shigaki, and this information constitutes material facts:
- A. On or about September 11, 2014 a Notice and Statement of Lien was filed by the State of Washington, Department of Social and Health Services, Division of Child Support, in Pierce County Washington, in the amount of \$1,768.28;
  - B. On or about January 24, 2017 a Notice and Statement of Lien was filed by the State of Washington, Department of Social and Health Services,

Division of Child Support, in Pierce County Washington, in the amount of \$9,977.28; and

- C. On or about December 21, 2018 a Notice and Statement of Lien was filed by the State of Washington, Department of Social and Health Services, Division of Child Support, in Pierce County Washington, in the amount of \$2,064.28.

#### DECEIT AND THE RESELLER PROGRAM

- 56. Respondents tout Respondent TradeMining's reseller program as a means of compensating investors for soliciting other prospective investors. These statements are materially misleading or otherwise likely to deceive the public in light of the following undisclosed information:
  - A. Persons who offer and sell securities in Texas, including investments in the bitcoin trading program, are typically required to be registered pursuant to Section 12 of the Securities Act; and
  - B. Persons who offer and sell investments in the bitcoin trading program are offering and selling securities in violation of Section 7 of the Securities Act.
- 57. Respondents are stating the Netherlands is "the most regulated country in the world for cryptocurrency, meaning that it protects the clients and the users." This statement is materially misleading or otherwise likely to deceive the public because:
  - A. Although the Trade Engine may be physically located in the Netherlands, it is trading cryptocurrencies in accounts opened by investors located in countries other than the Netherlands, and the accounts are opened through platforms located in countries other than the Netherlands; and
  - B. The regulations do not afford Texans the protections set forth in the Securities Act, including protections that relate to the registration of parties offering securities and the registration and permitting of securities.
- 58. Respondents tout the qualifications and experience of their Lead Analyst as being someone who is a "licensed investment advisor" and a "licensed fiduciary." This statement is materially misleading or otherwise likely to deceive the public because the Lead Analyst is not currently licensed as a broker/dealer or an investment advisor and he held the license status from approximately October 2015 until October 2016.

## CONCLUSIONS OF LAW

1. The investments in the bitcoin trading program are securities as the term is defined by 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 have made an offer containing a statement that is 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 Securities Act.

## ORDER

1. It is therefore ORDERED 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 pursuant to an exemption from registration under the Securities Act.
2. It is further ORDERED Respondents immediately CEASE AND DESIST from acting as a securities dealer or agent in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Securities Act.
3. It is further ORDERED 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 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 \$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 30<sup>th</sup> day of September, 2020.



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TRAVIS J. ILES  
Securities Commissioner