

[Securities Regulation Daily Wrap Up, FRAUD AND MANIPULATION— Emergency order entered against overseas bitcoin promoter, \(Dec. 21, 2017\)](#)

Securities Regulation Daily Wrap Up

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The Texas Securities Commissioner, after receiving evidence from the State Securities Board, entered an emergency cease and desist order against USI-Tech Limited for soliciting investors in dozens of Texas cities through targeted Craigslist advertisements [promising](#) low-risk, triple-digit returns from their investments in Bitcoin mining.

USI-Tech. Based in Dubai, USI-Tech had two U.S.-based sales agents; one is from Maryland and the other from California but neither one was registered to sell securities in Texas and the investment was not registered in Texas. The agents' websites promoted the mining investment, claiming that it "derives its value from [USI-Tech's] nonexclusive interest in a series of Bitcoin mining contracts," and promised a one percent daily return.

The USI-Tech website says the returns do not depend on the value of Bitcoin but that its Bitcoin platform "consistently provides returns of up to 150 percent per year." Both the company and the sales agents were telling potential investors that per the FTC, the mining contracts were "certified legal products in the USA," but it is the State Securities Board that regulates the registration of the mining investment as a security in Texas, not the FTC.

The agents are also attempting to mislead the public by claiming that USI-Tech has a "binding legal opinion" from a law firm stating the company is "a legal business in good standing."

Through their actions, the agents and USI-Tech are violating State Securities Board rules for failure to disclose material information to investors and violating registration requirements. The disclosure violations include:

- Information about the facilities used to mine bitcoins, the costs of mining bitcoins, and whether they have successfully mined bitcoins;
- The terms of the contracts and an explanation of USI-Tech's "non-exclusive interest" in mining contracts; and
- Information about whether the company's financial condition is strong enough to provide a one percent daily return.

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