



**COMMISSIONER OF SECURITIES
STATE OF GEORGIA**

In the Matter of	:	
	:	
USI-Tech LTD	:	Case Number: ENSC-180741
	:	
Respondent.	:	
	:	

ORDER TO CEASE AND DESIST

This matter comes before the Commissioner of Securities for the State of Georgia (“Commissioner”) pursuant to the authority granted in O.C.G.A. § 10-5-70, *et seq.* of the Georgia Uniform Securities Act of 2008, as amended (“Act”) and the Rules of the Georgia Commissioner of Securities promulgated thereunder (“Rules”). Whereas, the Commissioner undertook an investigation into the acts and practices of **USI-Tech LTD** (“Respondent” or “USIT”).

On the basis of the investigation, the Commissioner has found grounds to conclude that Respondent has engaged in acts or practices constituting violations of the Act. The Commissioner has determined it is in the public interest to issue this Order.

The Commissioner finds as follows:

I. FINDINGS OF FACT

A. USI-Tech LTD

1. USIT was incorporated as an International Business on June 30, 2016 at the Ras Al Khaimah International Corporate Center in the United Arab Emirates. The company’s last known service addresses are PO Box 65736, Dubai, UAE; PO Box 122036, Dubai, UAE; and the Fairmont Hotel, Sheikh Zayed Rd., Dubai, UAE.

2. USIT is a foreign technology company that conducts its business on the Internet, principally by means of a website accessible at <https://usitech-int.com/>. USIT’s website describes the company as offering the “first automated trading platform for Bitcoin currency.” USIT claims to have “opened the world of crypto finance (and the excellent profits that come with it) like no other company has before” by giving investors the ability to trade cryptocurrencies and participate in initial coin offerings (“ICOs”).

3. To date, USIT has not registered as a foreign or domestic limited liability company, limited

partnership, nor as any other entity designation with the Georgia Secretary of State.

B. USIT ICO

4. On approximately October 28, 2017, USIT initiated its ICO via a live conference in London, England. USIT called its new crypto coin TechCoin with a ticker of TECH. The company's ICO offered five hundred million (500,000,000) TechCoins to the market, and in just forty-eight (48) hours, the ICO raised ten million dollars (\$10,000,000.00).

5. Since its ICO, and to date, TechCoin has never been uplisted to any public exchange, so to buy TechCoins, investors first needed to purchase Bitcoins through a public exchange. Next, investors had to create an account on <https://usitech-int.com/> and transfer their Bitcoins into these accounts, and then, investors could exchange their Bitcoins for TechCoins.

6. USIT offered investors the option to buy TechCoin in five different packages: 1) Silver; 2) Gold; 3) Ruby; 4) Emerald; and 5) Diamond. The terms of each package were as follows:

- i. The Silver package offered one hundred (100) TechCoins for fifty-eight dollars (\$58.00);
- ii. The Gold package offered ten thousand (10,000) TechCoins for two thousand nine hundred dollars (\$2,900.00);
- iii. The Ruby package offered eighty thousand (80,000) TechCoins for eleven thousand six hundred dollars (\$11,600.00);
- iv. The Emerald package offered four hundred thousand (400,000) TechCoins for twenty-nine thousand dollars (\$29,000); and
- v. The Diamond package offered one million six hundred thousand (1,600,000) TechCoins for fifty-eight thousand dollars (\$58,000.00).

7. As of August 24, 2018, TechCoin had a price of approximately eleven cents (\$0.11). To date, USIT has neither registered nor notice filed the TechCoin ICO with the Commissioner.

C. The USIT Investment Program: The Bitcoin Package

8. Starting in October of 2017, USIT offered an investment package called the Bitcoin Package ("BTC Package"). The company claimed that the BTC Package allowed investors to share in the profits created by USIT's "fully automated trading software."

9. According to USIT's BTC Package marketing materials, this investment "offer[ed] the opportunity for [an investor] to get a piece of the pie—regardless of [the investor's] skill set or the size of [his or her] bank account." Additionally, the company touted the financial incentives of the BTC Package stating, "[USIT's] automated trading system provides access to the most liquid markets in the world with excellent profits for ANYONE [sic]," and that USIT's "customers have enjoyed profits of up to [one hundred and fifty percent] 150%." Moreover, USIT claimed that "[b]y maximizing risk reduction in a highly volatile, fast-paced market environment, [USIT's] software consistently provide[d] returns of up to

[one hundred and fifty percent] 150% per year,” and an investor could “transform [his or her] life with [USIT’s] innovative and automated Bitcoin trading platform.”

10. To participate in the BTC Package, an investor had to invest a minimum of sixty dollars (\$60.00), and according to USIT, after one hundred and forty (140) business-days, the investor would earn a return of one hundred and forty percent (140%) on the original investment, earning an average of one percent (1%) per day Monday through Friday until the term expired. During the term, investors could buy additional BTC Packages with the accrued interest from their initial or other BTC Packages. USIT claimed that the one hundred and forty percent (140%) returns were derived from the company’s “bitcoin mining, trading, and arbitrage.”

11. To date, USIT has not registered its offer or sale of the BTC Packages with the Commissioner.

D. The Use of Sales Agents/Promoters to Solicit Investments for the BTC Package

12. In order to promote the BTC Package, USIT encouraged others, known as “promoters and/or sales agents” (“Promoters”), to solicit new investors to purchase BTC Packages. In return, Promoters received commissions for each new BTC Package they sold. USIT called this referral program the “unique referral marketing plan.”

13. USIT enabled all of its investors to participate in the referral program by providing each investor with a referral link when the investor created a USIT account; from there, every time a new investor used that referral link to purchase BTC Packages, the individual assigned the link collected a commission.

14. As part of the “unique referral marketing plan,” USIT created an area of its website called “the backoffice,” which was a web space only accessible to USIT investors. On the “backoffice” page, USIT provided Promoters with marketing materials and instructions describing the manner by which Promoters could use these materials to promote the BTC Package via social media.

15. According to USIT, investors who became Promoters could receive “above-average commissions without any qualification barriers” by “generating up to [thirty-five percent] 35% commissions on [twelve] 12 referral levels” through USIT’s “unique referral marketing plan.” USIT advertised that “from day one [Promoters could obtain ten percent] 10% commissions from [Promoters’] direct referrals [and three percent] 3% from [their second] 2nd level without [any] qualification.”

16. Promoters were classified as either a “Registered Partner” or an “Agency Partner.” Registered Partners received the aforementioned ten percent (10%) commission from their direct referrals and three percent (3%) from their second (2nd) level “without qualification.” Agency Partners were eligible for larger commissions, but a Promoter had to meet one of the following three requirements to become an Agency Partner: 1) purchase an “agency license” and partner with three (3) other Promoters “with min [sic] of [twelve]12 BTC Packages;” 2) purchase a “Forex License” and partner with three (3) other Promoters who

had also done so; or 3) purchase a “Forex License” and partner with three (3) other Promoters “with min [sic] of [twelve] 12 BTC Packages.”

17. Despite USIT’s use of Promoters, the company did not inquire into its Promoters’ registration status as broker-dealers nor did USIT disclose that its Promoters were required to register with the Commissioner as a broker-dealer. Importantly, many of USIT Promoters are not, nor have ever been, registered with the Commissioner.

E. Regulatory Actions

18. On December 20, 2017, the Texas State Securities Board issued an Emergency Cease and Desist Order (the “Texas Order”) mandating that USIT and two of its Promoters cease and desist from offering securities in Texas until both the securities and Promoters were registered.

19. Thereafter, on January 5, 2018, USIT sent an “Extraordinary Termination of Distributor Agreement” letter to its Promoters directing them to “immediately discontinue [USIT’s] business activities [and] sales in the US and Canada.”

20. Then, on January 22, 2018, the CEO of USIT withdrew the January 5, 2018 directive in a YouTube video stating USIT Promoters may resume marketing the USIT investment packages in the United States and Canada. The CEO misrepresented that USIT “never did anything in terms of illegal things [sic] in the USA,” and “all the departments confirmed that once [USIT] market[ed] the product and ... communicat[ed] it in the right way, there [was] nothing within [USIT], [its] product, [or its] activities, we would see ... as illegal.”

21. The CEO’s statements directly contradicted the Texas Order that found both USIT and two of its promoters violated the Texas securities laws; USIT offered and sold unregistered securities and the two Promoters sold securities while they were not registered to do so.

22. To date, the states of Ohio, Texas, and North Carolina have all issued cease and desist orders against USIT for the fraudulent and unregistered sale of TechCoin. Despite these regulatory enforcement actions, and due to USIT’s failure to uplist to any publicly traded cryptocurrency exchange, the company is currently engaged in efforts to establish an exchange in order to create a market for TechCoin.

F. Georgia

23. In or about November 2017, a Georgia investor (“Investor”) was solicited by a Promoter to invest in the BTC Package. The Promoter explained that the Investor could earn one percent (1%) compounding interest daily by purchasing one of the BTC Packages. Additionally, the Promoter sent the Investor several YouTube videos that touted USIT’s capabilities to produce large returns for investors.

24. After the Investor reviewed the YouTube videos and other materials that the Promoter provided the Investor, the Investor decided to purchase BTC Packages. Thereafter, the Promoter provided the Investor with the Promoter’s referral link so that the Investor could create a USIT account. After the Investor

had difficulties creating the account, the Promoter asked the Investor for the Investor's cell phone number and email address so that the Promoter could personally create an account for the Investor. Once the Investor sent the Promoter said information, the Promoter created the USIT account, and then, the Investor purchased three thousand five hundred dollars (\$3,500) worth of BTC Packages.

25. Over the next few weeks, the Promoter provided the Investor with several "training" videos, which USIT created and distributed to individuals such as the Promoter that purported to educate USIT investors about the nuances of trading cryptocurrency and TechCoin alike.

26. Throughout this period, the Promoter could monitor the Investor's USIT account, and at any given time, the Promoter was able to see the amount in the Investor's account.

27. Then, on January 5, 2018, USIT closed the BTC Package, and all USIT account holders were locked out of their accounts. As a result, the Investor lost his entire investment of three thousand five hundred dollars (\$3,500).

II. CONCLUSIONS OF LAW

28. Paragraphs 1 through 27 are incorporated by reference as though fully set forth herein. The Commissioner has jurisdiction over this matter pursuant to the Act.

29. Pursuant to O.C.G.A. § 10-5-70, *et seq.*, the Commissioner is authorized to institute this investigation and issue this Order.

30. Pursuant to O.C.G.A. § 10-5-73, the Commissioner may issue an order directing a person to cease and desist from engaging in the act, practice, or course of business if the Commissioner determines that the person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or Rule adopted thereunder.

31. Pursuant to O.C.G.A. § 10-5-20, "it is unlawful for a person to offer or sell a security in this state unless: (1) the security is a federal covered security; (2) the security, transaction, or offer is exempt from registration under Code Section 10-5-10 through 10-5-12; or (3) the security is registered under this chapter."

32. The investment contracts offered and sold by USIT, detailed above, are "securities" as defined by O.C.G.A. § 10-5-2(31) because investors expected to profit based on the efforts of those at USIT, including the profits created by USIT's "fully automated trading software." Specifically, USIT and its Promoters led investors to believe that investors could invest as little as sixty dollars (\$60.00), and after one hundred and forty (140) business days, investors would earn a return of one hundred and forty percent (140%) via the company's "bitcoin mining, trading, and arbitrage." USIT has registered neither the TechCoin ICO nor the BTC Package program with the Commissioner, and as a result, USIT has sold unregistered securities. Consequently, said actions are a violation of O.C.G.A. § 10-5-20 and are actionable events pursuant to O.C.G.A. § 10-5-73. Therefore, USIT is subject to discipline.

33. Pursuant to O.C.G.A. § 10-5-50, “it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly to: (1) employ a device, scheme, or artifice to defraud; (2) to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading; or (3) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.”

34. USIT made several misrepresentations and omissions of material facts in violation of O.C.G.A. § 10-5-50. First, despite the Texas Order, USIT’s CEO stated that the company “never did anything in terms of illegal things [sic] in the USA.” Second, with respect to the BTC Package, USIT stated that investors would earn returns of one hundred and forty percent (140%) after one hundred and forty (140) business-days on their original investments; however, investors never saw these returns. Third, USIT failed to disclose that its Promoters were required to be registered with the Commissioner and such unregistered Promoters who received commissions were in violation of the Act. Fourth, and final, USIT failed to disclose the material risk that investors could lose their entire principle when purchasing the BTC Packages. The foregoing representations and omissions made by USIT constitute untrue statements and omissions of material fact, and accordingly, such statements are violations of O.C.G.A. § 10-5-50 and are actionable events pursuant to O.C.G.A. § 10-5-73. Thus, USIT is subject to discipline.

III. ORDER

WHEREFORE, by the authority vested in me as the Commissioner of Securities for the State of Georgia, **IT IS HEREBY ORDERED**:

1. That **USI-Tech LTD CEASE AND DESIST** from all violations of the Georgia Uniform Securities Act of 2008 and the rules and regulations adopted thereunder.

The entry of this Order is deemed to be in the public interest, and shall not be deemed to constitute findings or conclusions relating to other persons unrelated to Respondent and shall not be deemed to be a waiver or estoppel on the part of the Commissioner from proceeding in individual actions against any person who may have violated the Act or any transactions not specifically referred to herein or not known to the Commissioner at the time this Order was issued.

SO ORDERED this 30th day of May, 2019.

By:


C. Ryan Germany
Assistant Commissioner of Securities