

STATE OF NEBRASKA
Department of Banking & Finance

In the Matter of)	
Satitech Mining and Machinery;)	FINDINGS OF FACT
and)	
)	CONCLUSIONS OF LAW
Its Affiliates, Control Persons, Officers,)	
Directors, Agents, Employees, and)	AND
Successors.)	
)	ORDER TO CEASE AND DESIST
)	
RESPONDENTS.)	

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1123 (Reissue 2012; Cum. Supp. 2020; LB 363, 2021) (“Act”). Pursuant to Neb. Rev. Stat. § 8-1115 (Reissue 2012), the Department has investigated the acts of Satitech Mining and Machinery (“Satitech”), and its affiliates, control persons, officers, directors, agents, employees, and successors. As a result of such investigation, the Department hereby finds as follows:

FINDINGS OF FACT

1. Satitech operates a website at <https://satitech.com> which is available to the general public. According to the website, Satitech is “Best in crypto activities, we focus on crypto currency mining and crypto machinery sales. Be part of the world most biggest (sic) system today.” The website contains four different packages, Silver, Gold, Diamond, and Platinum (collectively, “cryptocurrency mining investments”). The frequently asked questions on the website explain that investors would fund their accounts with cryptocurrency and withdrawals would also be made via cryptocurrency, with a minimum of \$500.00 necessary to open an account.

2. MM is a resident of Nebraska. MM met “Stephon Lang” (“Stephon”) on a dating website. Stephon claimed to be originally from Germany. He told MM that he lived in Arlington, Nebraska, but was temporarily working in Dubai.

3. Stephon introduced MM to his friend “Michael” at Satitech. Conversations between MM and Michael occurred via internet chat. Based upon these conversations, and representations from Stephon that he had also invested in Satitech, MM determined to open a cryptocurrency mining investment at Satitech.

4. MM invested approximately \$525,000.00 between June 6, 2021 and July 1, 2021. MM funded the cryptocurrency mining investment via the purchase of Bitcoin. She then transferred the Bitcoin to a wallet held for her at Satitech. MM stated the transfer of Bitcoin would start the mining process; Satitech would mine crypto for her and she would earn a portion of the mining profits thereafter. MM did not participate in the mining process.

5. By late July 2021, Satitech represented to MM that her cryptocurrency mining investment had grown to \$2.3 million. Satitech informed MM that she would need to pay an 18% clearance fee in order to have the funds released to her. Between July 19, 2021 and August 23, 2021, MM sent approximately \$200,000.00 in additional funds to pay the clearance fee, including \$100,000.00 of which she had borrowed from her mother.

6. Satitech informed MM that she had paid the fee incorrectly; she had sent the fee in three separate wire transactions instead of all of it in one transaction. Satitech informed MM that the funds she had sent would be added to her cryptocurrency mining investment, but that she would need to send an additional \$350,000.00 to cover the clearance fee.

7. MM’s mother contacted a broker-dealer regarding withdrawing \$250,000.00 from her brokerage account to pay the clearing fee; Stephon was going to loan MM the remaining

\$100,000.00. Representatives from the broker-dealer raised concerns with MM and her mother concerning the Satitech transactions.

8. MM conducted additional research and discovered that the picture of Stephon that he had sent her was associated with other dating site frauds. MM did not send the second clearance fee to Satitech.

9. At all times relevant, the Satitech cryptocurrency mining investments were not registered for sale in Nebraska under the Act. Respondents have not filed a claim of exemption for the cryptocurrency mining investments with the Department.

10. At all times relevant to this Order, Respondents were not registered as broker-dealers or agents of a broker-dealer under the Act.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 8-1101(15) (LB 363, 2021) defines the term “Security” to include “investment contracts.”

2. In determining whether an instrument is an investment contract, Nebraska follows the test first set forth in *S.E.C. v. W.J. Howey Co.*, 328 U.S. 293 (1946). *See, e.g., State v. Jones*, 235 Neb. 1, 4-5, 453 N.W.2d 447, 451 (1990). The elements of an investment contract are (1) an investment (2) in a common enterprise (3) with a reasonable expectation of profits (4) to be derived from the entrepreneurial or managerial efforts of others. *Id.*

3. Based upon Findings of Fact Nos. 1 through 8, Satitech’s cryptocurrency mining investments constituted an investment contract. The cryptocurrency mining investments thus constitute securities, as defined by Neb. Rev. Stat. § 8-1101(15) (LB 363, 2021), and are required to be registered or exempt from registration under Neb. Rev. Stat. § 8-1104 (Cum. Supp. 2020).

4. Neb. Rev. Stat. § 8-1108.01 (Cum. Supp. 2020) provides that whenever it appears to the Director that the sale of any security is subject to registration under the Act and is being offered or has been offered for sale without such registration, the Director may order the issuer or offeror of such security to cease and desist from the further offer or sale of such security unless and until it has been registered under the Act.

5. By offering cryptocurrency investment, Satitech and its affiliates, control persons, officers, directors, agents, and employees engaged in the business of effecting transactions in securities. Such activity constitutes acting as a broker-dealer, as defined in Neb. Rev. Stat. § 8-1101(2) (LB 363, 2021), or as an agent as defined in Neb. Rev. Stat. § 8-1101(1) (LB 363, 2021).

6. Neb. Rev. Stat. § 8-1108.01(2) (Cum. Supp. 2020) provides that whenever it appears to the Director that any persons are acting as broker-dealers or agents without registration as such, the Director may order such persons to cease and desist from such activity unless and until they have been registered as such under the Act.

7. The issuance of an Order to Cease and Desist is necessary in this matter and appropriate in the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Act.

ORDER

IT IS THEREFORE ORDERED that Satitech Mining and Machinery, and its affiliates, control persons, officers, directors, agents, employees, and successors; and any person or entity directly or indirectly controlled or organized by or on their behalf, are ordered to immediately cease and desist from the further offer or sale of securities until the securities have been registered

with the Department, or unless an exemption from registration under existing law can be shown by proof satisfactory to the Department.

IT IS FURTHER ORDERED that Satitech Mining and Machinery, and its affiliates, control persons, officers, directors, agents, employees, and successors; and any person or entity directly or indirectly controlled or organized by or on their behalf, are ordered to immediately cease and desist from the further offer or sale of securities until they have been registered as broker-dealers or agents with the Department, or unless an exemption from registration under existing law can be shown by proof satisfactory to the Department.

Respondents may file a written request for a hearing with the Department at any time prior to 5:00 p.m. CST on November 9, 2021. If such a request is received, a hearing shall be held within thirty business days after receipt, unless the parties agree to a later date or a hearing officer sets a later date for good cause shown. The party or parties requesting the hearing shall bear the cost of such hearing. If no hearing is requested and none is ordered by the Director, this Order shall become a final order on November 10, 2021, and remain in effect until modified or vacated by the Director.

DATED this 19th day of October, 2021.



**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**

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BY: *Kelly Lammers*
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Kelly Lammers, Director

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