

So, what are you waiting for, why don't you talk to one of our agent today and get yourself started and make profitable amount of money from the comfort of your home because all we do is to work for you

...

The company has established its existence right in the European countries before moving down building affiliates all through the world for more than 25 years of its existence and as far back 1994 created by for the benefit and use of the Gold resources around the world and few years ago we knew the masterclass of Blockchain and Cryptocurrency and the love for it grew over the years and we are having investors also through this scheme and make your perfect reward.

2. References to investors with CIC and acquaintances of said investors will be by way of initials in order to protect the privacy of such individuals. The Respondents are aware or should be aware of the identity of such individuals. The Department shall supply a list of investors and acquaintances referenced in this Order to the Respondents simultaneously with service of this Order.

3. JL is a resident of Nebraska. On August 31, 2019, JL was contacted on Facebook Messenger by a person he believed to be AS, a business acquaintance. At the time, JL was finalizing a stock buyout with his former company and anticipated receiving money that he wanted to invest. AS promoted investing in CIC, which was offering investment plans that paid weekly returns of eight percent. AS and JL continued their conversation via text message.

4. Ultimately, AS convinced JL to invest in a CIC investment plan. JL initially decided to invest \$25,000.00; however, AS convinced him to increase his investment to \$50,000.00. In a series of transactions between September 23, 2019 and October 15, 2019, JL sent \$50,000.00 in Bitcoin to CIC to purchase the investment plan.

5. On October 11, 2019, JL received an email from a "Gary Williams" ("Williams") a representative of CIC. The email stated, in part, "You have bought an awesome share from our

company and with this type of investment you qualify on getting full 10% cash out every friday (sic).”

6. On October 19, 2019, JL received another email from Williams which informed him that he needed to “make an equal pledge of the amount invested” in order to activate his account and start receiving his weekly payout.

7. JL did not have an additional \$50,000.00 to invest. AS informed JL that he knew someone who would provide \$40,000.00 for the pledge if JL could provide the additional \$10,000.00. A few days later AS informed JL that the other investor could only provide \$25,000.00. In a series of transactions between October 21, 2019, and January 4, 2020, JL paid CIC an additional \$25,000.00 for the investment plan.

8. On January 6, 2020, JL received an email from Williams confirming that his “pledge” had been received and he would receive payment every Friday. When the promised payments did not materialize, Williams informed JL that there were computer issues. JL was told that he needed to re-invest the last \$7,500.00 he had paid so that the computers could properly “sync up.”

9. Ultimately, JL became suspicious. JL contacted AS through a business partner of AS. AS denied that he had any involvement with CIC. JL further discovered that the original Facebook Messenger message had come from “a fake Facebook account that was not directly linked to [AS]’s profile.” JL further discovered that the phone number associated with the text messages he received purportedly from AS was the customer service number listed on CIC’s website.

10. JL has lost the entire \$75,000.00 he invested in CIC’s investment plan.

11. At all times relevant, the CIC investment plans were not registered for sale in Nebraska under the Act. Respondents have not filed a claim of exemption for the investment plans with the Department.

12. 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 909, 2020) 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 10, CIC’s investment plans constituted an investment contract. The investment plans thus constitute securities, as defined by Neb. Rev. Stat. § 8-1101(15) (LB 909, 2020), and are required to be registered or exempt from registration under Neb. Rev. Stat. § 8-1104 (Cum. Supp. 2018).

4. Neb. Rev. Stat. § 8-1108.01 (Cum. Supp. 2018) 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 investment plans, CIC 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 909, 2020), or as an agent as defined in Neb. Rev. Stat. § 8-1101(1) (LB 909, 2020).

6. Neb. Rev. Stat. § 8-1108.01(2) (Cum. Supp. 2018) 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 Crypto-Initiation Company, 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 Crypto-Initiation Company, 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. CDT on September 23, 2020. 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 September 24, 2020, and remain in effect until modified or vacated by the Director.

DATED this 2 day of September, 2020.

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

DocuSigned by:
Mark Quandahl
BY: _____
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Mark Quandahl, Director

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