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Nebraska Department of Banking and Finance Orders “Crypto Mining” Company to Stop Soliciting Investors after Report from Broker-Dealer

Nov. 29, 2021 (LINCOLN, NE) – The Nebraska Department of Banking and Finance (“NDBF”) has issued a Cease and Desist Order (“Order”) against an entity that claimed to offer investments via the Internet.

On October 19, 2021, NDBF issued an Order to Cease and Desist (“Order”) to Satitech Mining & Machinery (“Satitech”). The Order, which became effective on November 10, 2021, prohibits the entity from offering or selling securities in Nebraska until the securities have been registered with NDBF. The Order also prohibits the entity from offering or selling securities in Nebraska until they are registered as broker-dealers or agents of a broker-dealer with NDBF.

Satitech offered cryptocurrency mining investments to at least one Nebraska investor. This investor invested \$525,000 with Satitech. Upon receipt of the investment, Satitech would mine cryptocurrency and the investor would receive a portion of the profits. A month later, Satitech represented to the investor that her investment had grown to \$2.3 million. When the investor attempted to withdraw a portion of her investment, she was told that additional “clearance” fees were due. The investor’s mother then contacted a broker-dealer about withdrawing funds from her account to pay a portion of the clearance fee.

The broker-dealer utilized the provisions of the Nebraska Protection of Vulnerable Adults from Financial Exploitation Act, which was signed by Governor Ricketts earlier this year and became effective August 28, 2021. The broker-dealer reported the suspected financial exploitation to NDBF. Through the efforts of the broker-dealer and NDBF, the investor and her mother realized that Satitech was offering an illegitimate investment, and the action by the broker-dealer prevented additional losses to the investor.

“I am very pleased that financial firms are already using the tools provided by the Nebraska Protection of Vulnerable Adults from Financial Exploitation Act,” said NDBF

Deputy Director Claire McHenry. “This case is an example of how the financial industry and regulators are working together to protect investors.”

A copy of the Cease and Desist Order is available on NDBF’s website, ndbf.nebraska.gov.

NDBF strongly cautions investors on conducting business over the Internet with financial companies with whom they are unfamiliar. In many cases, the investor is told to wire money or send a prepaid card, often to a location outside the United States. In other cases, the investors are instructed to send bitcoin to fund their investment. Investors never receive the promised return and cannot recover their money. Furthermore, these investors may be asked to provide personal information such as social security numbers and bank account numbers to the Internet company, which makes them prime targets for identity theft.

More information about the laws governing the financial industries in Nebraska can be found on NDBF’s website. If you have questions about any investment matters, call NDBF at (402) 471-2171.

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