

**STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION**

TO: Trage Technologies Ltd a/k/a Trage Tech
Trust Company Complex, Ajeltake Road
Majuro, Marshall Islands 96960
www.tragetech.com

No. 39D, Costa Del Este, Financial Park, Tower 100
Panama City, Panama

Michael "Mike" Holloway
Simon Lee

**DESIST AND REFRAIN ORDER
(For violations of sections 25110 and 25401 of the Corporations Code)**

The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

- 1. The Department of Financial Protection and Innovation (Department) regulates the offer and sale of securities in California under the Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL).
- 2. At all relevant times, Trage Technologies Ltd a/k/a Trage Tech (Trage) was a limited company incorporated in the Marshall Islands on January 18, 2024, with a registered office address at Trust Company Complex, Ajeltake Road, Majuro, Marshall Islands 96960, and a purported place of business at No. 39D, Costa Del Este, Financial Park, Tower 100, Panama City, Panama. Trage's Marshall Islands corporate registration was annulled on October 11, 2024. Certain Trage documents list Graeme Gary Hearn as an executive officer and director of the company. Trage operates the website www.tragetech.com.
- 3. At all relevant times, Simon Lee (Lee) held himself out as the Global Marketing Director of Trage. Lee controlled and induced or knowingly provided substantial assistance to Trage within the meaning of Corporations Code section 25403, subdivisions (a) and (b).
- 4. At all relevant times, Michael "Mike" Holloway (Holloway) held himself out as the CEO of Trage. Holloway controlled and induced or knowingly provided substantial assistance to Trage within the meaning of Corporations Code section 25403, subdivisions (a) and (b).

1 5. Beginning at least as early as 2024, Trage offered and sold securities in the form of
2 investment contracts in California through general solicitations on its website. Trage refers to these
3 investment contracts as “Crypto Arbitrage Investment Packages” (Packages).

4 6. Trage holds itself out as a state-of-the-art cryptocurrency arbitrage trading platform.
5 The purported purpose of the securities offerings is for Trage to use investor funds to engage in
6 cryptocurrency arbitrage trading, which Trage claims will generate returns for investors who
7 purchase Packages.

8 7. Trage claims to have developed proprietary technology called Arbtech, which
9 purportedly incorporates advanced algorithmic trading software, high-frequency trading systems,
10 DeFi protocols and market surveillance systems. According to Trage, the cryptocurrency arbitrage
11 trading that it conducts is 100% automated and “unlocks risk-free profits.”

12 8. In reality, Trage is a fraudulent pyramid and Ponzi scheme, in which investors are paid
13 using funds deposited by other investors rather than profits from cryptocurrency arbitrage trading.

14 9. Trage has raised at least \$79 million worth of crypto assets from March 2024 through
15 October 2024.

16 10. Trage represents that its Packages pay investors fixed daily returns ranging from
17 0.136% to 1.2%, depending on how much an investor deposited. The Packages are publicly available
18 to investors in California via Trage’s website: www.tragetech.com.

19 11. After investors create their accounts on the Trage website, investors can log into their
20 account using their username and password to monitor their purported balance and returns, deposit
21 funds, and request withdrawals.

22 12. Trage facilitates investor deposits and withdrawals using crypto assets, primarily
23 Tether (USDT) on the TRON network.

24 13. In his role as the Global Marketing Director of Trage, Lee helped solicit investors by
25 conducting live Zoom meetings with investors and prospective investors to promote Trage’s
26 securities. In these online presentations, Lee explained Trage’s purported business, described how
27 investors could make money with Trage, answered questions from investors, and insisted that Trage
28 was a legitimate and legally compliant business. In these presentations, Lee made various

1 representations about Trage, including the claim that Trage’s crypto arbitrage trading activities were
2 generating 8%-12% daily profits for the business. Recordings of Lee’s Zoom presentations and
3 promotional videos were also publicly shared by Trage promoters. Lee also appeared at Trage
4 corporate events to promote Trage to audiences of investors and to conduct live demonstrations of
5 Trage’s purported trading activity.

6 14. In his role as the CEO of Trage, Holloway helped solicit investors by appearing at
7 Trage corporate events, speaking to audiences of investors, and appearing in recorded videos
8 promoting Trage.

9 15. As part of its solicitation efforts, Trage uses a multilevel marketing (MLM) structure
10 that rewards promoters for inducing others to purchase Trage’s securities. According to this MLM
11 structure, a promoter is paid a combination of “Level Dividends” and “Rank Dividends” based on the
12 amount of funds deposited by the investors recruited into that promoter’s downline.

13 16. Promoters seeking to take advantage of Trage’s referral program created and posted
14 videos to YouTube and posted content on other social media websites to recruit others to invest in
15 Trage.

16 17. Trage depends on networks of promoters to advertise and offer its securities to
17 prospective investors across the world, including to California residents.

18 18. Trage falsely represents that it is registered with the U.S. Securities and Exchange
19 Commission (SEC). Trage is not registered with the SEC. In reality, Trage filed a Form D with the
20 SEC on February 22, 2024, and then amended the Form D on June 4, 2024.

21 19. Trage prominently advertises its purported SEC registration in an effort to make the
22 company and its investments appear legitimate to investors. Trage claims on its website and in its
23 marketing materials that its purported SEC registration exemplifies its “commitment to regulatory
24 compliance and transparency,” provides its clients with “the assurance that [Trage’s] operations
25 adhere to the regulatory framework set forth by the SEC,” and ensures a “secure and trustworthy
26 environment for [Trage’s] clients.” Trage even provides investors and prospective investors with
27 instructions to look up Trage’s Form D filings using the SEC’s online database.
28

1 20. The Form D filings state that Trage intends to sell unregistered securities pursuant to
2 an exemption under Rule 506(c) of Regulation D. Under Rule 506(c), a company can broadly solicit
3 and generally advertise the offering and still be deemed to be in compliance with the exemption's
4 requirements if all purchasers in the offering are accredited investors and if the issuer takes
5 reasonable steps to verify purchasers' accredited investor status.

6 21. Trage does not limit sales to accredited investors and does not take reasonable steps to
7 verify purchasers' accredited investor status. As such, Trage does not qualify for the safe harbor
8 under Rule 506(c) of Regulation D.

9 22. Additionally, Trage filed the Forms D to claim an exemption specifically for an
10 offering of equity securities. Trage offers Crypto Arbitrage Investment Packages, not equity
11 securities. The Form D filings do not provide a safe harbor for the Crypto Arbitrage Investment
12 Packages that Trage offers to investors.

13 23. The Packages offered by Trage are securities that are neither qualified nor exempt
14 from the qualification requirement under the CSL. The Department has not issued a permit or other
15 form of qualification authorizing Trage to sell these securities in California.

16 24. In connection with the offer or sale of these securities, Trage made, or caused to be
17 made, untrue statements of material fact and material omissions to investors and potential investors,
18 including but not limited to the following:

- 19 a. falsely representing that Trage is registered with the SEC;
- 20 b. falsely claiming that the Form D filings exempted Trage's securities offerings from
21 registration;
- 22 c. falsely claiming that the funds distributed to investors are profits derived from crypto
23 arbitrage trading;
- 24 d. falsely claiming that Trage produces "risk-free profits" for investors; and
- 25 e. failing to disclose that the offer or sale of Trage's securities is not qualified in
26 California.

27 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered
28 or sold by Trage Technologies Ltd a/k/a Trage Tech were subject to qualification under the CSL and

1 have been or are being offered or sold without first being qualified in violation of Corporations Code
2 section 25110.

3 Moreover, the Commissioner is of the opinion that Simon Lee and Michael “Mike” Holloway
4 have violated Corporations Code section 25110 by knowingly, directly or indirectly controlling or
5 inducing or providing substantial assistance to Trage Technologies Ltd a/k/a Trage Tech to violate
6 Corporations Code section 25110 within the meaning of Corporations Code section 25403,
7 subdivisions (a) and (b).

8 Pursuant to Corporations Code section 25532, Trage Technologies Ltd a/k/a Trage Tech,
9 Simon Lee, and Michael “Mike” Holloway are hereby ordered to desist and refrain from the further
10 offer or sale of securities in California, including but not limited to investment contracts known as
11 Packages, unless and until the qualification requirements of the CSL have been met.

12 In addition, the Commissioner is of the opinion that Trage Technologies Ltd a/k/a Trage Tech
13 offered or sold securities in California by means of oral or written communications which included
14 untrue statements of material facts or omitted to state material facts necessary in order to make the
15 statements made, in the light of the circumstances under which they were made, not misleading, in
16 violation of Corporations Code section 25401.

17 Further, the Commissioner is of the opinion that Simon Lee and Michael “Mike” Holloway
18 have violated Corporations Code section 25401 by knowingly, directly or indirectly controlling or
19 inducing or providing substantial assistance to Trage Technologies Ltd a/k/a Trage Tech to violate
20 Corporations Code section 25401 within the meaning of Corporations Code section 25403,
21 subdivisions (a) and (b).

22 Pursuant to Corporations Code section 25532, Trage Technologies Ltd a/k/a Trage Tech,
23 Simon Lee, and Michael “Mike” Holloway are hereby ordered to desist and refrain from offering or
24 selling or buying or offering to buy any security in California, including but not limited to investment
25 contracts known as Packages, by means of any written or oral communication which includes an
26 untrue statement of a material fact or omits to state a material fact necessary in order to make the
27 statements made, in the light of the circumstances under which they were made, not misleading.
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1 Any person who with knowledge directly or indirectly controls and induces another person to
2 violate any provision of the CSL, or knowingly provides substantial assistance to another person to
3 violate any provision of the CSL, is deemed to be in violation of that provision to the same extent as
4 the other person. Cal. Corp. Code § 25403(a) and (b).

5 This Order is necessary, in the public interest, for the protection of investors, and is consistent
6 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

7 Dated: November 4, 2024
8 San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



9 By _____
10 MARY ANN SMITH
11 Deputy Commissioner
12 Enforcement Division
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