

1 6. After investors create their accounts on the OakSmart website, investors can log into
2 their account using their username and password to monitor their purported balance and returns,
3 deposit funds, and request withdrawals.

4 7. OakSmart facilitates investor deposits and withdrawals using crypto assets.

5 8. An individual identifying himself as “TR” is held out as OakSmart’s chief marketing
6 officer. OakSmart produced and published numerous YouTube videos in which “TR” promoted
7 OakSmart to investors and prospective investors by explaining OakSmart’s purported business,
8 describing how investors can make money with OakSmart, and assuring investors that OakSmart will
9 safeguard their funds.

10 9. OakSmart is registered with the Financial Crimes Enforcement Network (FinCEN) as
11 a money services business (MSB). Information contained in FinCEN’s database of MSB registrants is
12 provided by the MSB registrants. FinCEN does not verify information submitted by the MSBs. The
13 inclusion of a business on the MSB Registrant Search web page is not a recommendation,
14 certification of legitimacy, or endorsement of the business by any government agency. Despite this
15 fact, OakSmart prominently and misleadingly advertises its FinCEN MSB registration as a reason
16 why investors should trust that their funds are safe with OakSmart. In an effort to appear legitimate,
17 regulated, and fully compliant with relevant laws, OakSmart made a variety of false claims and
18 misrepresentations about its FinCEN MSB registration to investors and prospective investors.

19 10. As part of its solicitation efforts, OakSmart uses a pyramid scheme structure that
20 rewards investors for inducing others to send money to OakSmart. According to this program,
21 investors are paid a referral bonus based on the amount of funds deposited by the investors that they
22 recruit. Investors are also paid additional referral bonuses when the investors that they recruit, in turn,
23 recruit new investors.

24 11. Investors seeking to take advantage of OakSmart’s referral program created and
25 posted videos to YouTube and posted content on other social media websites to recruit others to
26 invest in OakSmart.

27 ///

28 ///

1 12. The Packages offered by OakSmart are securities that are neither qualified nor exempt
2 from the qualification requirement under the CSL. The Department has not issued a permit or other
3 form of qualification authorizing OakSmart to sell these securities in California.

4 13. In connection with the offer or sale of these securities, OakSmart made, or caused to
5 be made, untrue statements of material fact and material omissions to investors and potential
6 investors, including but not limited to the following:

- 7 a. falsely claiming that FinCEN supervises OakSmart’s operations;
- 8 b. falsely claiming that FinCEN ensures that OakSmart has the “protocols and people in
9 place” to protect investor funds;
- 10 c. falsely claiming that FinCEN directly protects investor funds;
- 11 d. falsely claiming that FinCEN legally defends its MSB registrants;
- 12 e. falsely claiming that OakSmart is legally compliant, regulated, and adheres to the
13 highest U.S. standards; and
- 14 f. advertising OakSmart’s FinCEN MSB registration while failing to disclose that the
15 inclusion of a business on the MSB Registrant Search web page is not a
16 recommendation, certification of legitimacy, or endorsement of the business by any
17 government agency.

18 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered
19 or sold by OAK Smart Investment Ltd. d/b/a OakSmart are subject to qualification under the CSL
20 and have been or are being offered or sold without first being qualified in violation of Corporations
21 Code section 25110.

22 Pursuant to Corporations Code section 25532, OAK Smart Investment Ltd. d/b/a OakSmart is
23 hereby ordered to desist and refrain from the further offer or sale of securities in California, including
24 but not limited to investment contracts known as Packages, unless and until the qualification
25 requirements of the CSL have been met.

26 In addition, the Commissioner is of the opinion that OAK Smart Investment Ltd. d/b/a
27 OakSmart offered or sold securities in California by means of oral or written communications which
28 included untrue statements of material facts or omitted to state material facts necessary in order to

1 make the statements made, in the light of the circumstances under which they were made, not
2 misleading, in violation of Corporations Code section 25401.

3 Pursuant to Corporations Code section 25532, OAK Smart Investment Ltd. d/b/a OakSmart is
4 hereby ordered to desist and refrain from offering or selling or buying or offering to buy any security
5 in California, including but not limited to investment contracts known as Packages, by means of any
6 written or oral communication which includes an untrue statement of a material fact or omits to state
7 a material fact necessary in order to make the statements made, in the light of the circumstances
8 under which they were made, not misleading.

9 Any person who with knowledge directly or indirectly controls and induces another person to
10 violate any provision of the CSL, or knowingly provides substantial assistance to another person to
11 violate any provision of the CSL, is deemed to be in violation of that provision to the same extent as
12 the other person. Cal. Corp. Code § 25403(a) and (b).

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

15 Dated: December 2, 2024
16 San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



17 By _____
18 MARY ANN SMITH
19 Deputy Commissioner
20 Enforcement Division
21
22
23
24
25
26
27
28