

1 guaranteed double digit annual interest on their investment principal ranging from \$3,000 to \$20,000.
2 Investors were promised their principal plus the agreed upon interest at the end of the investment
3 term. Investors were not involved in the activities that spurred the profits. Qoin represents on their
4 website that an investors minimum investment is \$250, and investors could earn up to 150% daily as
5 interest on their investment principal.

6 4. These securities were offered or sold in this state in issuer transactions. The
7 Department of Business Oversight has not issued a permit or other form of qualification authorizing
8 Qoin or any person to offer or sell the above described securities, in this state.

9 5. Beginning in 2019, Qoin asserts that it trades, exchanges, purchases or sells various
10 securities for consumers profit either through Qoin own account or the consumers account. Some of
11 these securities transactions involve cryptocurrency.

12 6. CSL section 25004 defines “broker-dealer” as any person engaged in the business of
13 effecting transactions in securities in this state for the account of others or for his own account. CSL
14 section 25210, subdivision (a), prohibits a broker-dealer from effecting any transaction in or induce
15 or attempt to induce the purchase or sale of, any security in this state unless the broker-dealer has first
16 applied for and secured from the commissioner a certificate, then in effect, authorizing that person to
17 act in that capacity.

18 7. Qoin has never obtained a certificate to act as a broker-dealer under CSL section
19 25210 and is not exempt from the licensure requirement.

20 8. Beginning in at least 2019, Qoin engaged in the business of providing investment
21 advice in connection with their website and by phone and email to consumers. Qoin advised
22 California residents regarding investments made with and through Qoin. Qoin asserts that it charges a
23 fee and/or a commission for services provided in connection with providing investment advice.

24 9. Qoin does not have a valid investment adviser certificate issued by the Commissioner
25 nor has Qoin been registered as an investment adviser with the U.S. Securities & Exchange
26 Commission. Qoin is not exempt from the certification requirement set forth in the CSL.
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1 10. CSL section 25230, subdivision (a) prohibits a person from conducting business as an
2 investment adviser in this state without first applying for and securing a certificate from the
3 Commissioner authorizing them to do so, unless exempt.

4 11. Under section 25235, subdivisions (a) and (b) of the CSL, it is unlawful for any
5 investment adviser, directly or indirectly, in this state to employ any device, scheme, or artifice to
6 defraud any client or prospective client; and to engage in any transaction, practice, or course of
7 business which operates or would operate as a fraud or deceit upon any client or prospective client.

8 12. In connection with the offer or sale of these securities in this state, Qoin made at least
9 one untrue statement of material fact when a California investor invested \$3,000 with Qoin and
10 represented to that resident that the investment principal and profit grew to \$100,000 in a matter of
11 weeks. Qoin then asked the California investor to invest an additional \$17,000 more in order to
12 withdraw the \$100,000. The investor payed Qoin the additional amount. To date, Qoin has returned
13 no money to the California investor even though the investor has requested his principal back plus
14 profit from Qoin on numerous occasions in 2019.

15 Based on the foregoing, the Commissioner of Business Oversight finds that the profit sharing
16 - investment agreements offered and sold by QoinTraders, also known as www.qointraders.com, are
17 securities subject to qualification under the Corporate Securities Law of 1968. These investment
18 agreements were offered and sold without being qualified or exempt, in violation of Corporations
19 Code section 25110.

20 Pursuant to Corporations Code section 25532, QoinTraders, also known as
21 www.qointraders.com, is hereby ordered to desist and refrain from the further offer or sale in
22 California of securities, including, but not limited to profit sharing- investment agreements, unless
23 and until qualification has been made under said law or unless exempt.

24 Also, based on the foregoing findings, the Commissioner is of the opinion that QoinTraders,
25 also known as www.qointraders.com, is subject to the laws regulating broker-dealers under CSL, and
26 has affected transactions in, or induced, or attempted to induce the purchase or sale of, securities as
27 broker-dealers, without having first applied for and secured from the Commissioner a certificate
28 authorizing these persons to act in that capacity, in violation of CSL section 25210.

1 Pursuant to CSL section 25532, QoinTraders, also known as www.qointraders.com, is hereby
2 ordered to desist and refrain from conducting business as a broker-dealer, unless and until
3 certification has been made under said law or unless exempt.

4 Moreover, based upon the foregoing findings, the Commissioner is of the opinion that
5 QoinTraders, also known as www.qointraders.com, conducted business as an investment adviser in
6 this state without first securing from the Commissioner a certificate, authorizing them to do so, in
7 violation of section 25230 of the CSL.

8 Pursuant to section 25532 of the CSL, QoinTraders, also known as www.qointraders.com, is
9 hereby ordered to desist and refrain from conducting business as an investment adviser in the State of
10 California, unless and until QoinTraders, also known as www.qointraders.com, has first applied for
11 and secured from the Commissioner a certificate, then in effect, authorizing him to act as an
12 investment advisor or unless exempt.

13 Further, based upon the foregoing findings, the Commissioner is of the opinion that
14 QoinTraders, also known as www.qointraders.com, conducted business as an investment adviser in
15 this state and employed a device, scheme, or artifice to defraud any client or prospective client and
16 engaged in a transaction, practice, or course of business which operates or would operate as a fraud or
17 deceit upon any client or prospective client, in violation of section 25235, subdivisions (a) and (b) of
18 the CSL.

19 Pursuant to section 25532 of the CSL QoinTraders, also known as www.qointraders.com, is
20 hereby ordered to desist and refrain from directly or indirectly employing any device, scheme, or
21 artifice to defraud any client or prospective client and to engage in any transaction, practice, or course
22 of business which operates or would operate as a fraud or deceit upon any client or prospective client.

23 Finally, the Commissioner of Business Oversight is of the opinion that the securities in the
24 form of profit sharing - investment agreements were offered and sold in California by means of a
25 written or oral communication which included an untrue statement of material fact or omitted to state
26 a material fact necessary to make the statement made, in light of the circumstances under which they
27 were made, not misleading, in violation of section 25401.
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1 Pursuant to section 25532, QoinTraders, also known as www.qointraders.com, is hereby
2 ordered to desist and refrain from offering or selling or buying or offering to buy any security in
3 California, including but not limited to investment agreements, by means of any written or oral
4 communication which includes an untrue statement of material fact or omits to state a material fact
5 necessary in order to make the statements made, in light of circumstances under which they were
6 made, not misleading.

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

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Dated: January 24, 2020
Sacramento, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division