

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

TO: Cryptos OTC Trading Platform Limited d/b/a COTP
6547 North Academy Boulevard, #2266
Colorado Springs, Colorado 80918

18351 Colima Road, #2896
Rowland Heights, California 91748
www.cotps.com and www.cotps.net

**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, Cryptos OTC Trading Platform Limited, doing business as COTP (COTP), is and was a Colorado limited liability company with a principal place of business at 6547 North Academy Boulevard, #2266, Colorado Springs, Colorado 80918, and a mailing address at 18351 Colima Road, #2896, Rowland Heights, California 91748. COTP operated the websites www.cotps.com and www.cotps.net.

3. Beginning at least as early as 2022, COTP offered and sold securities in the form of investment contracts in California through general solicitations on its website. COTP referred to these investment contracts as “Investments.”

4. COTP held itself out as a cryptocurrency trading platform. The purported purpose of the securities offerings was for COTP to use investor funds to engage in cryptocurrency trading, which in turn would generate returns for investors who purchased Investments.

5. COTP’s Investments promised to pay a daily rate of return of approximately 3% to investors. The Investments were publicly available to investors in California via COTP’s website: www.cotps.com.

6. After investors created their accounts on the COTP website, investors could log into

1 their account using their username and password to monitor their purported balance and returns,
2 deposit funds, and request withdrawals.

3 7. COTP facilitated deposits and withdrawals using crypto assets, including Tether
4 (USDT).

5 8. COTP also had a referral program that operated in the manner of a pyramid scheme.
6 The referral program promised to pay investors to recruit new investors. According to this referral
7 program, investors would be paid a commission based on the amount of funds deposited by the
8 investors that they recruited. Investors would also be paid additional commissions when the investors
9 that they recruited, in turn, recruited new investors.

10 9. Investors seeking to take advantage of COTP's referral program created and posted
11 videos to YouTube and posted content on other social media websites to recruit others to invest in
12 COTP.

13 10. In fact, COTP was luring investors into what is known as a High Yield Investment
14 Program (HYIP). HYIPs are unregistered investments typically run by unlicensed individuals – and
15 are often frauds. The hallmark of an HYIP scam is the promise of high returns on an annual (or even
16 monthly, weekly, or daily) basis at little or no risk to the investor. Another key element of most
17 HYIPs is a referral program, in which the HYIP offers referral commissions or bonuses to investors
18 to recruit new investors. This usually leads to investors sharing information about the HYIP with
19 their friends and family and promoting HYIPs on social media. HYIPs rarely disclose the identities of
20 the individuals operating the HYIP.

21 11. On or around May 13, 2022, COTP stopped honoring investor withdrawal requests,
22 claiming that COTP was experiencing technical issues and that COTP would resolve the issues in a
23 matter of days.

24 12. COTP's promises to resolve the purported withdrawal issues was false and COTP
25 continued to prevent investors from withdrawing funds. On or around May 23, 2022, COTP
26 represented to investors that its website had been hacked and that investors would be unable to access
27 their funds for an additional three to five weeks. Within the following days, COTP stopped operating
28 its website, leaving investors unable to access or withdraw their funds.

1 13. To date, investors have not received their principal investments or their promised
2 returns. COTP has ceased communicating with investors.

3 14. The Investments offered by COTP were securities that were neither qualified nor
4 exempt from the qualification requirement under the CSL. The Department has not issued a permit or
5 other form of qualification authorizing COTP to sell these securities in California.

6 15. In connection with the offer or sale of these securities, COTP made material omissions
7 to potential investors, including but not limited to the following:

- 8 a. failing to disclose that the offer or sale of its Investments was not qualified in
9 California;
- 10 b. failing to disclose the identities of the individuals operating and/or managing COTP;
11 and
- 12 c. failing to disclose that it used investor funds to pay purported profits to other
13 investors, in the manner of a Ponzi scheme.

14 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered
15 or sold by Cryptos OTC Trading Platform Limited, doing business as COTP, were subject to
16 qualification under the CSL and have been or are being offered or sold without first being qualified in
17 violation of Corporations Code section 25110.

18 Pursuant to Corporations Code section 25532, Cryptos OTC Trading Platform Limited, doing
19 business as COTP, is hereby ordered to desist and refrain from the further offer or sale of securities in
20 California, including but not limited to investment contracts, unless and until the qualification
21 requirements of the CSL have been met.

22 In addition, the Commissioner is of the opinion that Cryptos OTC Trading Platform Limited,
23 doing business as COTP, offered or sold securities in California by means of oral or written
24 communications which included untrue statements of material facts or omitted to state material facts
25 necessary in order to make the statements made, in the light of the circumstances under which they
26 were made, not misleading, in violation of Corporations Code section 25401.

27 Pursuant to Corporations Code section 25532, Cryptos OTC Trading Platform Limited, doing
28 business as COTP, is hereby ordered to desist and refrain from offering or selling or buying or

1 offering to buy any security in California, including but not limited to investment contracts, by means
2 of any written or oral communication which includes an untrue statement of a material fact or omits
3 to state a material fact necessary in order to make the statements made, in the light of the
4 circumstances under which they were made, not misleading.

5 Pursuant to Corporations Code section 25403, any person who controls or induces another
6 person to violate a provision of the Corporate Securities Law of 1968, or any person who provides
7 substantial assistance to another person in violation of the Corporate Securities Law of 1968, shall be
8 liable for the violations.

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

11 Dated: September 27, 2022
12 San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



13 By _____
14 MARY ANN SMITH
15 Deputy Commissioner
16 Enforcement Division
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