

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

4 **TO:** Elevate Pass LLC
5 Griffith Corporate Centre, Suite 305
6 Beachmont, Kingstown, St. Vincent and the Grenadines
7 www.elevatepass.net

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

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

11 1. The Department of Financial Protection and Innovation (Department) regulates the
12 offer and sale of securities in California under the Corporate Securities Law of 1968 (Cal. Corp. Code
13 §§ 25000-25707) (CSL).

14 2. At all relevant times, Elevate Pass LLC (Elevate Pass) is and was a Saint Vincent and
15 the Grenadines limited liability company with a purported principal place of business at Griffith
16 Corporate Centre, Suite 305, Beachmont, Kingstown, St. Vincent and the Grenadines. Elevate Pass
17 operated the website www.elevatepass.net, as well as social media channels on Facebook
18 (www.facebook.com/elevatepass), Instagram (www.instagram.com/elevatepass), Telegram
19 (t.me/elevatepass), and YouTube (www.youtube.com/c/ElevatePass).

20 3. Beginning at least as early as 2022, Elevate Pass offered and sold securities in the
21 form of investment contracts in California through general solicitations on its website. Elevate Pass
22 referred to these investment contracts as “Packs” and/or “Packages” (collectively, “Packs”).

23 4. The purported purpose of the securities offerings was for Elevate Pass to use investor
24 funds to engage in crypto trading, which in turn would generate returns for investors who purchased
25 Packs. Elevate Pass claimed that its crypto trading was executed by both Elevate Pass’s “AI bots” and
26 a “trading team.”

27 5. Elevate Pass’s Packs promised to pay a weekly rate of return of up to 3%, based on
28 Elevate Pass’s crypto trading performance. Elevate Pass also claimed that investors’ profits could be
automatically compounded. The Packs were publicly available to investors in California via Elevate
Pass’s website: www.elevatepass.net.

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

4 7. Elevate Pass facilitated deposits and withdrawals using crypto assets, including
5 Bitcoin (BTC), Tether (USDT), Ether (ETH), Litecoin (LTC), Tron (TRX), and Ripple (XRP).

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

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

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

22 11. On or around August 22, 2022, Elevate Pass admitted to investors that the company
23 had lost all or the majority of its trading capital due to “poor decisions” and that the true financial
24 state of the company had been “hidden and covered up” for months. Along with this admission, the
25 company announced that it was suspending investors’ ability to withdraw certain funds for at least a
26 “few months” due to the lack of funds.

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

4 13. In connection with the offer or sale of these securities, Elevate Pass made material
5 omissions to potential investors, including but not limited to the following:

- 6 a. failing to disclose that the offer or sale of its Packs was not qualified in California;
- 7 b. failing to disclose that investors may not be able to withdraw their funds;
- 8 c. failing to disclose the risks of its trading activity; and
- 9 d. failing to disclose the losses that it had incurred as a result of its trading activity.

10 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered
11 or sold by Elevate Pass LLC were subject to qualification under the CSL and have been or are being
12 offered or sold without first being qualified in violation of Corporations Code section 25110.

13 Pursuant to Corporations Code section 25532, Elevate Pass LLC is hereby ordered to desist
14 and refrain from the further offer or sale of securities in California, including but not limited to
15 investment contracts known as Packs or Packages, unless and until the qualification requirements of
16 the CSL have been met.

17 In addition, the Commissioner is of the opinion that Elevate Pass LLC offered or sold
18 securities in California by means of oral or written communications which included untrue statements
19 of material facts or omitted to state material facts necessary in order to make the statements made, in
20 the light of the circumstances under which they were made, not misleading, in violation of
21 Corporations Code section 25401.

22 Pursuant to Corporations Code section 25532, Elevate Pass LLC is hereby ordered to desist
23 and refrain from offering or selling or buying or offering to buy any security in California, including
24 but not limited to investment contracts known as Packs or Packages, by means of any written or oral
25 communication which includes an untrue statement of a material fact or omits to state a material fact
26 necessary in order to make the statements made, in the light of the circumstances under which they
27 were made, not misleading.

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

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

Dated: September 27, 2022
San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division