

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

4 TO: Pegasus
5 www.pegasus.cx

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

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

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

12 2. At all relevant times, Pegasus is and was a business entity of unknown type with a
13 purported principal place of business in Dubai, UAE. Pegasus operated the website www.pegasus.cx.

14 3. Beginning at least as early as 2022, Pegasus offered and sold securities in the form of
15 investment contracts in California through general solicitations on its website. Pegasus referred to
16 these investment contracts as “Investment Plans.”

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

20 5. Pegasus’s Investment Plans promised to pay a fixed daily rate of return of 1.5% as
21 well as regular “dividends.” The Investment Plans were publicly available to investors in California
22 via Pegasus’s website: www.pegasus.cx.

23 6. After investors created their accounts on the Pegasus website, investors could log into
24 their account using their username and password to monitor their purported balance and returns,
25 deposit funds, and request withdrawals.

26 7. Pegasus facilitated deposits and withdrawals using crypto assets, including Tether
27 (USDT) and Bitcoin (BTC).

28 8. Pegasus also had a referral program that operated in the manner of a pyramid scheme.
The referral program promised to pay investors to recruit new investors. According to this referral

1 program, investors would be paid a commission based on the amount of funds deposited by the
2 investors that they recruited. Investors would also be paid additional commissions when the investors
3 that they recruited, in turn, recruited new investors.

4 9. Investors seeking to take advantage of Pegasus’s referral program created and posted
5 videos to YouTube and posted content on other social media websites to recruit others to invest in
6 Pegasus.

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

15 11. The Investment Plans offered by Pegasus were securities that were neither qualified
16 nor exempt from the qualification requirement under the CSL. The Department has not issued a
17 permit or other form of qualification authorizing Pegasus to sell these securities in California.

18 12. In connection with the offer or sale of these securities, Pegasus made material
19 omissions to potential investors, including but not limited to the following:

- 20 a. failing to disclose that the offer or sale of its Investment Plans was not qualified in
21 California;
- 22 b. failing to disclose the identities of the individuals operating and/or managing Pegasus;
- 23 c. failing to provide any qualifications to substantiate Pegasus’s claims that Pegasus is a
24 “group of experts specializing in cryptocurrency trading and risk management”; and
- 25 d. failing to disclose that it used investor funds to pay purported profits to other
26 investors, in the manner of a Ponzi scheme.

1 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered
2 or sold by Pegasus were subject to qualification under the CSL and have been or are being offered or
3 sold without first being qualified in violation of Corporations Code section 25110.

4 Pursuant to Corporations Code section 25532, Pegasus is hereby ordered to desist and refrain
5 from the further offer or sale of securities in California, including but not limited to investment
6 contracts known as Investment Plans, unless and until the qualification requirements of the CSL have
7 been met.

8 In addition, the Commissioner is of the opinion that Pegasus offered or sold securities in
9 California by means of oral or written communications which included untrue statements of material
10 facts or omitted to state material facts necessary in order to make the statements made, in the light of
11 the circumstances under which they were made, not misleading, in violation of Corporations Code
12 section 25401.

13 Pursuant to Corporations Code section 25532, Pegasus is hereby ordered to desist and refrain
14 from offering or selling or buying or offering to buy any security in California, including but not
15 limited to investment contracts known as Investment Plans, by means of any written or oral
16 communication which includes an untrue statement of a material fact or omits to state a material fact
17 necessary in order to make the statements made, in the light of the circumstances under which they
18 were made, not misleading.

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

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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