

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

4 TO: Sity Trade
5 34 Westmoreland Road, Walworth
6 London, United Kingdom, SE17 2AX
7 www.sitytrade.com

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, Sity Trade is and was a business entity of unknown type with a
15 purported principal place of business at 34 Westmoreland Road, Walworth, London, United
16 Kingdom, SE17 2AX. Sity Trade operated the website www.sitytrade.com.

17 3. Beginning at least as early as 2022, Sity Trade offered and sold securities in the form
18 of investment contracts in California through general solicitations on its website. Sity Trade referred
19 to these investment contracts as “Investment Plans.”

20 4. Sity Trade held itself out as a cryptocurrency trading platform. The purported purpose
21 of the securities offerings was for Sity Trade to use investor funds to engage in cryptocurrency
22 trading, which in turn would generate returns for investors who purchased Investment Plans. Sity
23 Trade claimed that the trading activity would be conducted by its “trading bots.”

24 5. Sity Trade’s Investment Plans promised to pay investors a 5% fixed daily rate of
25 return. The Investment Plans were publicly available to investors in California via Sity Trade’s
26 website: www.sitytrade.com.

27 6. After investors created their accounts on the Sity Trade website, investors could log
28 into their account using their username and password to monitor their purported balance and returns,
deposit funds, and request withdrawals.

1 7. Sity Trade facilitated deposits and withdrawals using crypto assets, including Bitcoin
2 (BTC), Ether (ETH), and Litecoin (LTC).

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

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

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

19 11. In connection with the offer or sale of these securities, Sity Trade made untrue
20 statements of material fact and material omissions to potential investors, including but not limited to
21 the following:

- 22 a. failing to disclose that the offer or sale of its Investment Plans was not qualified in
23 California;
- 24 b. failing to disclose the identities of the individuals operating and/or managing Sity
25 Trade;
- 26 c. failing to provide any qualifications to substantiate Sity Trade’s claims that it had an
27 “expert team” overseeing asset management;
- 28

- 1 d. falsely representing Sity Trade’s cryptocurrency investment platform as being
- 2 “trusted, secure and reliable.”
- 3 e. failing to disclose that it used investor funds to pay purported profits to other
- 4 investors, in the manner of a Ponzi scheme.

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

8 Pursuant to Corporations Code section 25532, Sity Trade is hereby ordered to desist and
9 refrain from the further offer or sale of securities in California, including but not limited to
10 investment contracts known as Investment Plans, unless and until the qualification requirements of
11 the CSL have been met.

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

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

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: September 27, 2022
San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division