1	STATE OF CALIFORNIA BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
2	DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
3	TO: GMO Global, d/b/a
4	Gmoglobal.com Gmohlobal.com
5	Gmoglobal.net Wah amaglobal ann
6	Web.gmoglobal.app Web.gmoglobal.vip
7	Tokenswap.net Fxcoin.me
8	Btcbox.la
9	Btcbox.im Bitbank.la
10	Bitbank.so
11	1-2-3 Dogenzaka Shibuya-Ku Telwa Jarar
12	Tokyo, Japan gmohlobal@outlook.com
13	gmoglobalservice@gmail.com
14	+1-804-885-5228 +1-913-396-9597
15	+1-716-795-6453
16	DESIST AND REFRAIN ORDER
17	(For violations of section 90003 of the Financial Code)
18	The Commissioner of Financial Protection and Innovation finds that:
19	1. At all relevant times, GMO Global operated on the Internet through at least eleven
20	websites including: web.gmoglobal.app; web.gmoblobal.vip; gmoglobal.net; gmohlobal.com;
21	gmoglobal.com; tokenswap.net; fxcoin.me; btcbox.la; btcbox.im; bitbank.la; and bitbank.so;
22	(collectively GMO Global) beginning on or about December 2, 2021.
23	2. GMO Global is a business entity of unknown formation but represents or has
24	represented that it does business at the incomplete address of 1-2-3 Dogenzaka Shibuya-Ku, Tokyo,
25	Japan. GMO Global uses or has used various telephone numbers including 1-804-885-5228, 1-913-
26	396-9597, and 1-716-795-6453. It also uses or has used email addresses including
27	gmohlobal@outlook.com and gmoglobalservice@gmail.com.
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3. The Commissioner has jurisdiction over the regulation of persons engaged in offering or providing a consumer financial product or service in California under the California Consumer Financial Protection Law (CCFPL), Financial Code section 90000 et seq. Engaging in deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any financial instrument on behalf of a customer is conduct covered by the CCFPL. Fin. Code § 90005(k)(4).

### FACTS

3. Beginning in or about December 2021, GMO Global purported to act as a custodian of funds and a self-directed cryptocurrency trading service through its website and mobile applications (collectively, the Platforms). Through these Platforms and direct communications with individual consumers, GMO Global deceptively claimed to offer:

 Deposit accounts, wallets, and custody services for retail customers seeking to buy and sell a range of cryptocurrencies from various issuers;

b. Real-time market data for these cryptocurrency products;

- Funds transmission and exchange services enabling customers to use their deposited funds to purchase and sell cryptocurrencies; and
- d. Self-directed trade execution for purchases and sales of cryptocurrency products.

As part of these services, GMO Global maintained what were purportedly records of trading orders and account balances through its Platforms. These records, the Platforms, and the company's communications were all elaborate fabrications in furtherance of a scheme to defraud consumers.

4. GMO Global's website at gmoglobal.com (the Website) described its services as follows:

24BUY BITCOIN IN JUST 10 MINUTES25With GMO Global, you can open an account in just 10 minutes. All crypto26assets, including Bitcoin, can be quickly traded. [¶]27LIGHTNING ORDER EXECUTION

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Our server is built in Equinix data Heart, can ensure the efficient and fast execution of orders.[9]

## FINANCIAL SECURITY

Your funds are deposited in the world's top bank segregated trust account, and the world's top insurance company provides deposit liability insurance.

Through the Website, GMO Global represented that it provided a "completely fair and transparent trading environment" for customers. In exchange for these services, GMO Global falsely claimed that it would charge a commission of approximately one percent on self-directed trades made through the Platforms.

4. GMO Global's Platforms included mobile applications that provided access to GMO Global's services. The Website represented that these applications were available for download through Google Play and the Apple App Store, displaying logos for both services alongside links to download each version of the application. These links created an impression that the applications had been reviewed by the Apple App Store and Google Play, deemed safe to use and in compliance with both companies' store policies, and approved to be listed in both stores – thereby adding to GMO Global's appearance of legitimacy. The links in fact directed users to third-party file hosting websites unaffiliated with Google Play or the Apple App Store.

5. Beginning in at least March 2022, GMO Global marketed its services to California consumers through general solicitations, including direct and unsolicited text messages. In at least one case, the sales agent sending text messages posed as a GMO Global customer, never revealing his or her actual connection to GMO Global. This, too, gave the scheme an air of legitimacy by leading consumers to believe that GMO Global genuinely provided any service to its customers.

6. More than one California consumer deposited money with GMO Global believing that they were engaging in self-directed cryptocurrency trading through the Platforms.

7. In one case, a California consumer (Consumer 1) opened an account and deposited
approximately \$10,000.00 at the instruction of a GMO Global sales agent. This agent posed as an
independent cryptocurrency trader who used the Platforms for his or her own self-directed trading

1 activity. The agent not only provided instructions on how to use the Platforms, but also gave advice 2 on which cryptocurrencies Consumer 1 should buy and sell. Eventually, the agent steered Consumer 3 1 to "HRT," a supposedly new cryptocurrency only available for purchase through GMO Global. The 4 agent promised that HRT would "triple in value." Pricing data provided by the Platforms made that 5 prediction look modest, showing HRT's price rise from \$0.50 per token to approximately \$4.00 in a matter of weeks. Over several weeks, the Platforms showed the value of Consumer 1's original 6 7 deposit increase to approximately \$100,000.00. 8 8. GMO Global's efforts at deception would continue up until the point at which its 9

customers would attempt to withdraw funds. Consumer 1 attempted to make a withdrawal from the \$100,000.00 reflected in his account, however, GMO Global never produced any of the customer's funds. Instead, the Platform displayed the withdrawal order as "Pending" for several weeks, a claim repeated by customer service agents for GMO Global. After several weeks, GMO Global ceased communications with Consumer 1 and closed his account without returning any of Consumer 1's funds.

9. Likewise, when another California consumer (Consumer 2) attempted to make a withdrawal from the \$500,000.00 reflected in his account, GMO Global again never returned any funds. Instead, GMO Global demanded Consumer 2 first pay an additional \$118,000.00 "personal income tax," to be paid via a funds transfer from another cryptocurrency exchange.

# **APPLICABLE LAW**

10. Under the CCFPL, it is unlawful for a "covered person" to "[e]ngage, have engaged, or propose to engage in any unlawful, unfair, deceptive, or abusive actor practice with respect to consumer financial products or services." Fin. Code § 90003(a)(1).

11. A "covered person" includes "[a]ny person that engages in offering or providing a consumer financial product or service to a resident of this state." Fin. Code § 90003(f)(1).

12. A "consumer financial product or service" is generally a "financial product or service that is delivered, offered, or provided for use by consumers primarily for personal, family, or household purposes." Fin. Code § 90005(e)(1).

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13. A "financial product or service" includes, among other things, "[e]engaging in deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any financial instrument for use by or on behalf of a consumer." Fin. Code § 90005(k)(4).

14. "Deposit-taking activity" includes (1) the acceptance of deposits, maintenance of deposit accounts, or the provision of services related to the acceptance of deposits or the maintenance of deposit accounts; and (2) the receipt of funds or the equivalent thereof, received or held by a covered person for the purpose of facilitating a payment or transmitting funds between a consumer and a third party. See Fin. Code § 90005(i).

15. Based on the facts described in Paragraphs 3 through 8 above, in the course of advertising, marketing, promoting, offering, or conducting business, GMO Global represented, directly or indirectly and expressly or by implication, the following:

a.	GMO Global provided bona fide deposit-taking, funds transmission or
	exchange, or other custodial account services through its Platforms;

 b. Customer funds would be held in trust and made available to purchase a range of cryptocurrencies through the Platforms;

c. The Platforms provided access to cryptocurrencies for purchase and sale;

- d. The Platforms exclusively offered cryptocurrencies such as "HRT" for purchase and sale alongside other cryptocurrencies;
- e. Customers' self-directed purchase and sale orders made through the Platforms would be executed by GMO Global;

 f. Customer account balance information and records of trading orders reflected purchases and sales of cryptocurrencies and actual changes in cryptocurrency prices;

g. Customer deposits were protected by deposit liability insurance; and

h. Customers could freely withdraw funds from their deposit accounts.

16. However, in truth and in fact:

a. GMO Global provided no bona fide consumer financial products or services;

b. Customer funds were not held in trust;

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- c. The Platforms did not provide any access to cryptocurrency products;
- d. The "HRT" token was fictitious;

e. Customers' self-directed purchase and sale orders were not executed;

- f. Account balance information and trading order records were fictitious;
- g. Customer funds were not protected by deposit liability insurance; and
- h. GMO Global did not return customers' funds when withdrawals were requested.

17. GMO Global's representations set forth in Paragraph 15 above constitute deceptive acts or practices with respect to a consumer financial product or service, to wit, engaging in deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any financial instrument on behalf of a consumer.

18. Under Financial Code section 90015, subdivision (d), if, in the opinion of the Commissioner, any person engages, has engaged, or proposes to engage in any activity prohibited by section 90003 or 90004, the Commissioner "may issue an order directing the person to desist and refrain from engaging in the activity, act, practice, or course of business."

#### **DESIST AND REFRAIN ORDER**

Therefore, GMO Global is a "covered person" under the CCFPL that engages in offering or providing consumer financial products or services to California residents, including engaging in deposit taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any financial instrument for use by or on behalf of a consumer. (Fin. Code § 90005(k)(4)) Based on the above, the Commissioner is of the opinion that GMO Global, d/b/a Gmoglobal.com; Gmohlobal.com; Gmoglobal.net; Web.gmoglobal.app; Web.gmoglobal.vip; Tokenswap.net; Fxcoin.me; Btcbox.la; Btcbox.im; Bitbank.la; and Bitbank.so violated section 90003, subdivision (a)(1), by engaging, having engaged, or proposing to engage in unlawful, unfair, deceptive, or abusive acts and practices with respect to consumer financial products or services.

Accordingly, pursuant to Financial Code section 90015, subdivision (d), GMO Global is hereby ordered to desist and refrain from violating Financial Code section 90003, subdivision (a)(1) (Order). This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the CCFPL. Dated: October 17, 2022 

CLOTHILDE V. HEWLETT Commissioner of Financial Protection and Innovation

By:

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DESIST AND REFRAIN ORDER

MARY ANN SMITH Deputy Commissioner **Enforcement Division**