

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

4 TO: Fundsz  
5 www.fundsz.com  
6 Juan Pablo Valcarce

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

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

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

13 2. At all relevant times, Fundsz is and was a business entity of unknown type. Fundsz  
14 operated the website www.fundsz.com.

15 3. At all relevant times, Juan Pablo Valcarce (Valcarce) held himself out as the chairman  
16 of Fundsz’s advisory board.

17 4. At all relevant times, Valcarce controlled and induced or provided substantial  
18 assistance to Fundsz within the meaning of Corporations Code section 25403, subdivisions (a) and  
19 (b).

20 5. Beginning at least as early as 2022, Fundsz offered and sold securities in the form of  
21 investment contracts in California through general solicitations on its website. Fundsz referred to  
22 these investment contracts as “Staking Plans.”

23 6. Fundsz held itself out as a platform that generated passive income for investors. The  
24 purported purpose of the securities offerings was for Fundsz to use investor funds to engage in  
25 various activities, such as trading crypto assets, which in turn would generate returns for investors  
26 who purchased Staking Plans. Pursuant to Fundsz’s terms and conditions, once an investor deposited  
27 funds into a Staking Plan, Fundsz prevented the investor from freely withdrawing the funds for a  
28 certain number of months.

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1           7.       Fundszy promised to distribute profits to investors on a weekly basis and represented  
2 that its Staking Plans averaged a 3% weekly rate of return for investors. The Staking Plans were  
3 publicly available to investors in California via Fundszy’s website: [www.fundszy.com](http://www.fundszy.com).

4           8.       Fundszy advertised its investment products as a way to make “Passive Income With  
5 ZERO Effort On Your Part” and promised investors that “WE Do The Work, YOU Get Paid A Share  
6 of The Profits.” In addition, Fundszy presented itself as a way to “Make Money While You Sleep” and  
7 to “Create a Nest-Egg and Legacy Income.”

8           9.       After investors created their accounts on the Fundszy website, investors could log into  
9 their account using their username and password to monitor their purported balance and returns,  
10 deposit funds, and request withdrawals.

11          10.       Fundszy facilitated deposits and withdrawals using crypto assets, including Tether  
12 (USDT).

13          11.       As part of its solicitation efforts, Fundszy used a multi-level marketing scheme that  
14 would reward investors for inducing others to send money to Fundszy. According to this program,  
15 investors would be paid a referral bonus based on the amount of funds deposited by the investors that  
16 they recruited. Investors would also be paid additional referral bonuses when the investors that they  
17 recruited, in turn, recruited new investors. Fundszy also advertised bonuses that involved cars and  
18 houses.

19          12.       Investors seeking to take advantage of Fundszy’s referral program created and posted  
20 videos to YouTube and posted content on other social media websites to recruit others to invest in  
21 Fundszy.

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

1           14.     The Staking Plans offered by Fundsz and Valcarce were securities that were neither  
2 qualified nor exempt from the qualification requirement under the CSL. The Department has not  
3 issued a permit or other form of qualification authorizing Fundsz or Valcarce to sell these securities  
4 in California.

5           15.     In connection with the offer or sale of these securities, Fundsz and Valcarce made, or  
6 caused to be made, untrue statements of material fact and material omissions to investors and  
7 potential investors, including but not limited to the following:

- 8           a.     failing to disclose that the offer or sale of Fundsz’s securities was not qualified in  
9                California;
- 10          b.     misrepresenting the expected profits and risk of loss;
- 11          c.     falsely representing Fundsz’s Staking Plans as “sustainable income” for investors;
- 12          d.     failing to disclose the types of trading and investment activities that Fundsz engaged  
13                in; and
- 14          e.     failing to disclose financial statements, despite promoting Fundsz’s transparency  
15                regarding its trading profits and financial condition.

16           Based on the foregoing findings, the Commissioner is of the opinion that the securities offered  
17 or sold by Fundsz and Juan Pablo Valcarce were subject to qualification under the CSL and have  
18 been or are being offered or sold without first being qualified in violation of Corporations Code  
19 section 25110.

20           Pursuant to Corporations Code section 25532, Fundsz and Juan Pablo Valcarce are hereby  
21 ordered to desist and refrain from the further offer or sale of securities in California, including but not  
22 limited to investment contracts known as Staking Plans, unless and until the qualification  
23 requirements of the CSL have been met.

24           In addition, the Commissioner is of the opinion that Fundsz and Juan Pablo Valcarce offered  
25 or sold securities in California by means of oral or written communications which included untrue  
26 statements of material facts or omitted to state material facts necessary in order to make the  
27 statements made, in the light of the circumstances under which they were made, not misleading, in  
28 violation of Corporations Code section 25401.

1 Pursuant to Corporations Code section 25532, Fundsz and Juan Pablo Valcarce are hereby  
2 ordered to desist and refrain from offering or selling or buying or offering to buy any security in  
3 California, including but not limited to investment contracts known as Staking Plans, by means of  
4 any written or oral communication which includes an untrue statement of a material fact or omits to  
5 state a material fact necessary in order to make the statements made, in the light of the circumstances  
6 under which they were made, not misleading.

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

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

13 Dated: November 22, 2022  
14 San Diego, California

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation



15 By \_\_\_\_\_  
16 MARY ANN SMITH  
17 Deputy Commissioner  
18 Enforcement Division  
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