

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

4 **TO:** QuantFund
www.quantfund.co

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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, QuantFund was a business entity of unknown type with an
14 unknown principal place of business. QuantFund operated the website www.quantfund.co, as well as
15 a Telegram account (https://t.me/quantfund_official).

16 3. Beginning at least as early as 2023, QuantFund offered and sold securities in the form
17 of investment contracts in California through general solicitations on its website. QuantFund referred
18 to these investment contracts as “Investment Plans.”

19 4. QuantFund held itself out as a cryptocurrency trading platform. The purported purpose
20 of the securities offerings was for QuantFund to use investor funds to engage in cryptocurrency
21 trading, which in turn would generate returns for investors who purchased Investment Plans.
22 QuantFund claimed that the cryptocurrency trading would be conducted by proprietary artificial
23 intelligence (AI) software.

24 5. QuantFund touted the benefits of its purported AI software and suggested that
25 investors could expect high returns and stable passive income due to this technological advantage.

26 6. QuantFund offered investors several different Investment Plans, each of which
27 promised a different fixed daily rate of return, ranging from 1% to 1.7%. The Investment Plans were
28 publicly available to investors in California via QuantFund’s website: www.quantfund.co.

1 7. QuantFund claimed that it had a team of “experienced quantitative traders from top
2 tiers proprietary trading firms and banks.” QuantFund stated that its team “utilizes proprietary multi-
3 strategy algorithmic strategies to capitalise on available trading opportunities.”

4 8. QuantFund facilitated deposits and withdrawals using crypto assets, including Binance
5 USD (BUSD).

6 9. As part of its solicitation efforts, QuantFund used a multi-level marketing scheme that
7 would reward investors for inducing others to send money to QuantFund. According to this program,
8 investors would be paid a referral bonus based on the amount of funds deposited by the investors that
9 they recruited. Investors would also be paid additional referral bonuses when the investors that they
10 recruited, in turn, recruited new investors.

11 10. Investors seeking to take advantage of QuantFund’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 QuantFund.

14 11. In fact, QuantFund 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 true identities of the individuals operating the HYIP.

22 12. The Investment Plans offered by QuantFund were securities that were neither qualified
23 nor exempt from the qualification requirement under the CSL. The Department has not issued a
24 permit or other form of qualification authorizing QuantFund to sell these securities in California.

25 13. In connection with the offer or sale of these securities, QuantFund made, or caused to
26 be made, untrue statements of material fact and material omissions to investors and potential
27 investors, including but not limited to the following:

- 28 a. misrepresenting the expected profits and risk of loss;

- 1 b. failing to disclose that the offer or sale of QuantFund’s securities was not qualified in
- 2 California; and
- 3 c. falsely representing that QuantFund created an “insurance fund” to prevent any
- 4 investor losses.

5 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered

6 or sold by QuantFund 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, QuantFund 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 QuantFund 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, QuantFund 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.

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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: April 19, 2023
San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division