

1 7. CryptoProgram held itself out as an online advertising business. The purported
2 purpose of the securities offerings was for CryptoProgram to use investor funds to purchase online
3 advertising, which in turn would generate returns for investors who purchased Packages.

4 8. CryptoProgram and Zimbardi described the Packages as being safer than other crypto
5 investment opportunities because CryptoProgram purportedly did not engage in trading activity of
6 any kind. In numerous investment pitches to prospective investors, Zimbardi repeatedly emphasized
7 that investor funds would only be used for purchasing online advertising and would not be used for
8 risky trading activity. According to Zimbardi, the absence of trading activity made CryptoProgram’s
9 Packages “very low risk” for investors and made CryptoProgram’s profits “very sustainable.”

10 9. In reality, most of the funds that CryptoProgram received from investors were used to
11 pay other investors, in the manner of a Ponzi scheme.

12 10. CryptoProgram diverted a significant portion of the remaining funds to the trading
13 accounts of a forex broker based in Saint Vincent and the Grenadines. The broker was in the business
14 of trading forex and contracts for difference (CFDs). The broker’s website provided the following
15 warning: “Trading forex and CFDs comes with a high risk of losing your invested capital due to
16 leverage and volatility. Approximately 80% of retail investor accounts lose money when trading
17 CFDs.” However, CryptoProgram and Zimbardi did not disclose the fact that investor funds were
18 transferred to this offshore broker. CryptoProgram and Zimbardi falsely represented to prospective
19 investors that investor funds would be used solely for purchasing online advertising. In fact, Zimbardi
20 explicitly told prospective investors that CryptoProgram “has nothing to do with trading, it has
21 nothing to do with commodities, has nothing to do with volatile markets, which is another reason
22 why it's very sustainable.”

23 11. Zimbardi represented that the individuals managing CryptoProgram were his “good
24 friends” and were very experienced and knowledgeable about online advertising. However, Zimbardi
25 refused to disclose to prospective investors the identities of the anonymous individuals that he
26 claimed were managing and operating CryptoProgram.

27 ///

28 ///

1 12. Zimbardi represented that CryptoProgram had been operating as an online advertising
2 business for 15 years prior to soliciting investor funds. According to Zimbardi, CryptoProgram’s
3 advertising business was generating “triple-digit percentage” returns every month.

4 13. Although Zimbardi disclosed that offering the investments to the public was his idea,
5 he claimed that he was not involved in the management and operation of CryptoProgram and was
6 “totally separate” from the company. Instead, he held himself out as the “Master Affiliate” of
7 CryptoProgram, a role he described as akin to a consultant. Zimbardi stated that, as compensation for
8 his services, the individuals managing CryptoProgram agreed to pay Zimbardi for every Package that
9 CryptoProgram sold to investors.

10 14. Zimbardi admitted to prospective investors that he had promoted various investment
11 scams in the past that had led to investors losing “tens of millions of dollars.” Zimbardi claimed that
12 one of his motivations for helping to create CryptoProgram was to help his previous victims recoup
13 funds that they had lost in these previous scams. Zimbardi stated that he was opposed to paying
14 victims back out of his own pocket, but instead pledged to use future investment proceeds to repay
15 his victims.

16 15. Zimbardi assured prospective investors that unlike the investments that he had
17 promoted in the past, CryptoProgram was neither a scam nor a Ponzi scheme, and that investors
18 could be confident that the anonymous individuals managing CryptoProgram would never “pull the
19 rug” and steal investor funds.

20 16. Zimbardi claimed that if CryptoProgram eventually collapsed and stole investor funds,
21 he would expose the identities of the individuals managing CryptoProgram. Zimbardi represented
22 that his threat to expose the anonymous managers’ identities would protect investor funds and
23 prevent a “rug pull.”

24 17. CryptoProgram represented that its Packages produced a fixed 25% monthly return,
25 which investors could withdraw at any time. CryptoProgram offered the Packages to investors for
26 \$550 each. The Packages were publicly available to investors in California via CryptoProgram’s
27 website: www.cryptoprogram.me.

28 ///

1 18. After investors created their accounts on the CryptoProgram website, investors could
2 log into their account using their username and password to monitor their purported balance and
3 returns, deposit funds, and request withdrawals.

4 19. CryptoProgram facilitated investor deposits and withdrawals using crypto assets.

5 20. In his role as the Master Affiliate of CryptoProgram, Zimbardi appeared in numerous
6 videos on social media to recruit prospective investors in which he explained CryptoProgram’s
7 purported business, touted the profitability and sustainability of CryptoProgram’s Packages, and
8 illustrated how investors would make money by investing in CryptoProgram. Zimbardi stated that
9 investors would be paid a fixed 25% return per month, which would “set people free financially.”

10 21. In order to maintain a steady flow of new investor money, CryptoProgram used a
11 multi-level marketing scheme that would reward investors for inducing others to send money to
12 CryptoProgram. According to this program, investors would be paid a referral bonus based on the
13 amount of funds deposited by the investors that they recruited. Investors would also be paid
14 additional referral bonuses when the investors that they recruited, in turn, recruited new investors.

15 22. Investors seeking to take advantage of CryptoProgram’s referral program created and
16 posted videos to YouTube and posted content on other social media websites to recruit others to
17 invest in CryptoProgram.

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

26 24. The Packages offered by CryptoProgram were securities that were neither qualified
27 nor exempt from the qualification requirement under the CSL. The Department has not issued a
28 permit or other form of qualification authorizing CryptoProgram to sell these securities in California.

1 25. In connection with the offer or sale of these securities, CryptoProgram and Zimbardi
2 made, or caused to be made, untrue statements of material fact and material omissions to investors
3 and potential investors, including but not limited to the following:

- 4 a. failing to disclose that CryptoProgram used investor funds to pay purported profits to
5 other investors, in the manner of a Ponzi scheme;
- 6 b. falsely representing that the purported returns CryptoProgram distributed to investors
7 were the profits of advertising revenue;
- 8 c. touting Zimbardi’s purported business success while failing to disclose that Zimbardi
9 was previously convicted of felony theft by taking and sentenced to prison;
- 10 d. touting Zimbardi’s purported business success while failing to disclose that Zimbardi
11 had previously filed for Chapter 7 bankruptcy;
- 12 e. representing that investor funds would not be used for any kind of trading activity,
13 while failing to disclose that a significant portion of investor funds was transferred to
14 the trading accounts of an offshore forex and CFD broker; and
- 15 f. misrepresenting the expected profits and risk of loss associated with the Packages.

16 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered
17 or sold by CryptoProgram a/k/a CryptoProgram.me a/k/a Crypto Program and Edward Anthony
18 Zimbardi were subject to qualification under the CSL and have been or are being offered or sold
19 without first being qualified in violation of Corporations Code section 25110.

20 Moreover, the Commissioner is of the opinion that Edward Anthony Zimbardi has violated
21 Corporations Code section 25110 by knowingly, directly or indirectly controlling or inducing or
22 providing substantial assistance to CryptoProgram to violate Corporations Code section 25110 within
23 the meaning of Corporations Code section 25403, subdivisions (a) and (b).

24 Pursuant to Corporations Code section 25532, CryptoProgram a/k/a CryptoProgram.me a/k/a
25 Crypto Program and Edward Anthony Zimbardi are hereby ordered to desist and refrain from the
26 further offer or sale of securities in California, including but not limited to investment contracts
27 known as Packages, unless and until the qualification requirements of the CSL have been met.

28 ///

1 In addition, the Commissioner is of the opinion that CryptoProgram a/k/a CryptoProgram.me
2 a/k/a Crypto Program and Edward Anthony Zimbardi offered or sold securities in California by
3 means of oral or written communications which included untrue statements of material facts or
4 omitted to state material facts necessary in order to make the statements made, in the light of the
5 circumstances under which they were made, not misleading, in violation of Corporations Code
6 section 25401.

7 Further, the Commissioner is of the opinion that Edward Anthony Zimbardi has violated
8 Corporations Code section 25401 by knowingly, directly or indirectly controlling or inducing or
9 providing substantial assistance to CryptoProgram to violate Corporations Code section 25401 within
10 the meaning of Corporations Code section 25403, subdivisions (a) and (b).

11 Pursuant to Corporations Code section 25532, CryptoProgram a/k/a CryptoProgram.me a/k/a
12 Crypto Program and Edward Anthony Zimbardi are hereby ordered to desist and refrain from
13 offering or selling or buying or offering to buy any security in California, including but not limited to
14 investment contracts known as Packages, by means of any written or oral communication which
15 includes an untrue statement of a material fact or omits to state a material fact necessary in order to
16 make the statements made, in the light of the circumstances under which they were made, not
17 misleading.

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

20 Dated: June 28, 2023
21 San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



22 By _____
23 MARY ANN SMITH
24 Deputy Commissioner
25 Enforcement Division
26
27
28