



STATE OF CALIFORNIA

**Department of Financial Protection and Innovation**

GOVERNOR **Gavin Newsom** • COMMISSIONER **Clothilde V. Hewlett**

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## **DFPI Continues Actions To Protect Investors from Crypto Scams *Releases Enforcement Actions, Social Media Campaign, and Updated Crypto Scam Tracker***

SACRAMENTO – The Commissioner of the California Department of Financial Protection and Innovation (DFPI) announced today that she has issued desist and refrain orders against three different entities for violations of California securities laws. Each of these entities allegedly offered and sold unqualified securities and made material misrepresentations and omissions to investors related to crypto asset investments.

“The DFPI is on the forefront of combatting investment scams involving crypto assets and will continue to leverage the tools at our disposal to do so,” said DFPI Commissioner Clothilde V. Hewlett. “This includes enforcement actions, social media, and our crypto Scam Tracker. Enforcement and investor education go hand-in-hand.”

The subjects of today’s desist and refrain orders are the following entities:

- [CloudFi and Jan Gregory Cerato](#)
- [CoinMarketBull and Jan Gregory Cerato](#)
- [Vortic United and Jan Gregory Cerato](#)

The entities and individuals named in these actions solicited funds from investors to purportedly trade crypto assets on their behalf. The entities in today’s actions are classic examples of high-yield investment programs (HYIPs). HYIPs are investment frauds that typically promise high returns with low risk, promise overly consistent returns, provide little details about the people running the HYIP, use vague language to describe how the HYIP makes money, offer referral bonuses, facilitate deposits and withdrawals with crypto assets, and use social media to gain attention and attract investors. [Click here](#) to learn more about HYIPs and the red flags to look out for.

All three of the entities named in the orders today also claimed to use Artificial Intelligence (A.I.) and/or expert traders to trade crypto assets and generate too-good-to-be-true returns for investors. These entities used multi-level marketing schemes that rewarded investors for recruiting new investors. Often, these recruiters were paid for their efforts, while the investors they brought in lost their investment.

As part of a new social media campaign aimed at alerting current and prospective investors of these investment scams, the DFPI has posted short videos to all of its social media feeds (see [CloudFi](#), [CoinMarketBull](#), and [Vortic United](#)). These videos provide an overview of the enforcement actions and the violations of law that the DFPI found.

This complements the DFPI's efforts to more effectively reach the audience of investors targeted by these types of scams. HYIPs, including the ones named in today's actions, often use social media, especially YouTube, as a primary method of recruiting new investors. The DFPI is flipping the script, directing these alerts towards the same groups of current and prospective investors that the scams themselves target on social media. The DFPI launched this new social media campaign on July 3, 2023, with a video announcing an enforcement action against another scam involving crypto assets.

Commissioner Hewlett also announced the addition of more crypto scams to the [Scam Tracker](#). The DFPI launched the Scam Tracker earlier in 2023 to help Californians spot and avoid crypto scams. DFPI is committed to providing the public ongoing insight into the many complaints it continues to receive involving crypto assets.

In addition to regulating the offer and sale of securities, the DFPI licenses and regulates financial products and services, including state-chartered banks and credit unions, commodities and investment advisers, finance lenders and brokers, money transmitters, broker-dealers, nonbank installment lenders, payday lenders, mortgage lenders and servicers, student loan servicers, escrow companies, Property Assessed Clean Energy (PACE) program administrators, debt collectors, rent-to-own contractors, credit repair and consumer credit reporting companies, debt-relief companies, and more.

Concerned investors can file a complaint directly with the DFPI if a company is suspected of using unlawful, unfair, deceptive, or abusive practices. Victims of a scam or fraud should let the DFPI know immediately by [filing a complaint](#) with the DFPI online ([dfpi.ca.gov/file-a-complaint](https://dfpi.ca.gov/file-a-complaint)) or calling toll-free at (866) 275-2677.

### **About DFPI**

In addition to regulating the offer and sale of securities, the California Department of Financial Protection and Innovation (DFPI) protects consumers, regulates financial services, and fosters responsible innovation. The DFPI protects consumers by establishing and enforcing financial regulations that promote transparency and accountability. We empower all Californians to access a fair and equitable financial marketplace through education and preventing potential risks, fraud, and abuse. Learn more at [dfpi.ca.gov](https://dfpi.ca.gov).

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