



1           7.       In reality, a significant portion of the funds that CoinMarketBull received from  
2 investors was used to pay other investors, in the manner of a Ponzi scheme.

3           8.       CoinMarketBull represented that its Investments produced daily returns of 1.2% -  
4 1.8%, which would be available for investors to withdraw at any time. The Plans were publicly  
5 available to investors in California via CoinMarketBull’s websites: [www.coinmarketbull.co.uk](http://www.coinmarketbull.co.uk) and  
6 [www.cmbackoffice.com](http://www.cmbackoffice.com). CoinMarketBull’s website falsely claimed that it was “unable to accept  
7 applications from residents of the United States” under the guise of complying with applicable laws  
8 and regulations. In reality, CoinMarketBull had no methods in place that would prevent a California  
9 resident from creating an account and purchasing Investments.

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

13          10.      CoinMarketBull facilitated investor deposits and withdrawals using crypto assets.

14          11.      CoinMarketBull charged investors a 5% fee to withdraw their funds from the platform.

15          12.      In his roles as Chief Marketing Officer and Global Leader/Corporate Brand Manager  
16 of CoinMarketBull, Cerato appeared in videos on social media to recruit prospective investors in  
17 which he explained the business and illustrated how investors would make money by investing in  
18 CoinMarketBull. Cerato stated that investors could expect returns of 400% annually.

19          13.      Cerato advised prospective investors that CoinMarketBull was engaged in trading  
20 activity that was prohibited in the United States. However, Cerato stated that CoinMarketBull could  
21 legally offer these investments to American investors because CoinMarketBull was not based in the  
22 United States.

23          14.      As part of its solicitation efforts, CoinMarketBull used a multi-level marketing scheme  
24 that would reward investors for inducing others to send money to CoinMarketBull. According to this  
25 program, investors would be paid a referral bonus based on the amount of funds deposited by the  
26 investors that they recruited. Investors would also be paid additional referral bonuses when the  
27 investors that they recruited, in turn, recruited new investors.

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1           15.     Investors seeking to take advantage of CoinMarketBull’s referral program created and  
2 posted videos to YouTube and posted content on other social media websites to recruit others to  
3 invest in CoinMarketBull.

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

12           17.     The Investments offered by CoinMarketBull were securities that were neither  
13 qualified nor exempt from the qualification requirement under the CSL. The Department has not  
14 issued a permit or other form of qualification authorizing CoinMarketBull to sell these securities in  
15 California.

16           18.     In connection with the offer or sale of these securities, CoinMarketBull and Cerato  
17 made, or caused to be made, untrue statements of material fact and material omissions to investors  
18 and potential investors, including but not limited to the following:

- 19           a.     failing to disclose that CoinMarketBull used investor funds to pay purported profits to
- 20                     other investors, in the manner of a Ponzi scheme;
- 21           b.     misrepresenting the expected profits and risk of loss; and
- 22           c.     failing to disclose that the offer or sale of CoinMarketBull’s securities was not
- 23                     qualified in California;

24           Based on the foregoing findings, the Commissioner is of the opinion that the securities offered  
25 or sold by CoinMarketBull a/k/a Coin Market Bull a/k/a CMB and Jan Gregory Cerato were subject  
26 to qualification under the CSL and have been or are being offered or sold without first being qualified  
27 in violation of Corporations Code section 25110.

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1           Moreover, the Commissioner is of the opinion that Jan Gregory Cerato has violated  
2 Corporations Code section 25110 by knowingly, directly or indirectly controlling or inducing or  
3 providing substantial assistance to CoinMarketBull a/k/a Coin Market Bull a/k/a CMB to violate  
4 Corporations Code section 25110 within the meaning of Corporations Code section 25403,  
5 subdivisions (a) and (b).

6           Pursuant to Corporations Code section 25532, CoinMarketBull a/k/a Coin Market Bull a/k/a  
7 CMB and Jan Gregory Cerato are hereby ordered to desist and refrain from the further offer or sale of  
8 securities in California, including but not limited to investment contracts known as Investments,  
9 unless and until the qualification requirements of the CSL have been met.

10           In addition, the Commissioner is of the opinion that CoinMarketBull a/k/a Coin Market Bull  
11 a/k/a CMB and Jan Gregory Cerato offered or sold securities in California by means of oral or written  
12 communications which included untrue statements of material facts or omitted to state material facts  
13 necessary in order to make the statements made, in the light of the circumstances under which they  
14 were made, not misleading, in violation of Corporations Code section 25401.

15           Further, the Commissioner is of the opinion that Jan Gregory Cerato has violated  
16 Corporations Code section 25401 by knowingly, directly or indirectly controlling or inducing or  
17 providing substantial assistance to CoinMarketBull a/k/a Coin Market Bull a/k/a CMB to violate  
18 Corporations Code section 25401 within the meaning of Corporations Code section 25403,  
19 subdivisions (a) and (b).

20           Pursuant to Corporations Code section 25532, CoinMarketBull a/k/a Coin Market Bull a/k/a  
21 CMB and Jan Gregory Cerato are hereby ordered to desist and refrain from offering or selling or  
22 buying or offering to buy any security in California, including but not limited to investment contracts  
23 known as Investments, by means of any written or oral communication which includes an untrue  
24 statement of a material fact or omits to state a material fact necessary in order to make the statements  
25 made, in the light of the circumstances under which they were made, not misleading.

26           Any person who with knowledge directly or indirectly controls and induces another person to  
27 violate any provision of the CSL, or knowingly provides substantial assistance to another person to  
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1 violate any provision of the CSL, is deemed to be in violation of that provision to the same extent as  
2 the other person. Cal. Corp. Code § 25403(a) and (b).

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

5 Dated: August 9, 2023  
6 San Diego, California

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation



By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

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