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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:

13 THE COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION,

14 Complainant,

15 v.

16 PYLON FINANCE, also known as
17 \$PYLON, and ALI AMER, also known as
@xGrimReaper,

18 Respondents.

DESIST AND REFRAIN ORDER;

and

CLAIM FOR ANCILLARY RELIEF

(Corp. Code § 25532)

19
20 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and
21 believes, and based upon such information and believe, alleges and charges as follows:

22 **I. FACTUAL BACKGROUND**

23 1. At all relevant times, Pylon Finance is and was a business entity of unknown
24 formation, located at 2216 Dunmore Court, High Point, North Carolina 27263, operating a public
25 website, www.pylon.finance, an email address, pylon.finance@gmail.com, and Telegram addresses,
26 https://t.me/xGrimReaper and https://t.me/pylonfinance, through which to conduct business.

27 2. At all relevant times, Ali Amer (Amer), also known as @xGrimReaper, is and was a
28 North Carolina resident, using the address 2216 Dunmore Court, High Point, North Carolina 27263.

1 3. Pylon Finance and Amer are collectively referred to as Respondents.

2 4. Pylon and Amer created crypto asset tokens on the Ethereum blockchain called
3 \$PYLON and began offering and selling investments in a crypto asset “mining operation,” in order to
4 earn rewards on the Ethereum blockchain.

5 5. Pylon and Amer represented that after an investor purchased these \$PYLON tokens
6 (offering either the PYLON or PYLON-ETH liquidity pool token) they could then “stake” the token
7 into the Pylon vault, controlled by Pylon and Amer. These “staked” tokens would then be used in
8 GPU mining farms controlled by Pylon and Amer that would “mine” Ethereum and earn rewards
9 from “gas fees” paid by Ethereum.

10 6. Pylon and Amer represented that investors in Pylon could profit multiple ways,
11 including that they would use the rewards paid by Ethereum to “market buy” \$PYLON tokens, which
12 they would then send to investors, claiming that “the constant buying of \$PYLON from externally
13 generated revenue gives your tokens real value,” and additionally, they were going to construct new
14 mining farms to help the Pylon project grow, thereby increasing profits for all investors.

15 7. Thus, beginning sometime at least in 2020, Pylon and Amer offered and sold securities
16 in the form of \$PYLON tokens to be used in their mining operation – investment contracts, in
17 California.

18 8. The securities were offered or sold in this state in issuer transactions. The Department
19 of Financial Protection and Innovation has not issued a permit or other form of qualification
20 authorizing any person to offer or sell these securities in this state and the securities are not exempt
21 from qualification.

22 9. Respondents and their agents sold securities to at least one investor, residing in
23 California and elsewhere, in at least 15 separate transactions. Respondents raised at least \$170,353.00
24 from investors.

25 10. In connection with the offers and sales of securities, Respondents made, or caused to
26 be made, misrepresentations of material fact to investors and potential investors, including that:

27 a. Falsely representing to investors that their investment in the mining operation
28 is backed by real-world income-generating assets. In fact, at least one investor has repeatedly

1 securities, including but not limited to investment contracts, unless and until qualification has been
2 made under the law, or unless exempt.

3 In addition, the Commissioner is of the opinion that Ali Amer, @xGrimReaper, and Pylon
4 Finance offered or sold securities in this State by means of written or oral communications which
5 included an untrue statement of material fact or omitted to state a material fact necessary to make the
6 statements made, in light of the circumstances under which they were made, not misleading, in
7 violation of Corporations Code section 25401.

8 Pursuant to Corporations Code section 25532, Ali Amer, @xGrimReaper, and Pylon Finance
9 are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any
10 security in the State of California, including but not limited to investment contracts, by means of any
11 written or oral communication which includes an untrue statement of a material fact or omits to state
12 a material fact necessary in order to make the statements made, in light of the circumstances under
13 which they were made, not misleading.

14 **III. CLAIM FOR ANCILLARY RELIEF**

15 Complainant re-alleges and reincorporates by reference, as set forth fully above in paragraphs
16 1 to 11.

17 Corporations Code section 25532 authorizes the Commissioner to seek ancillary relief on
18 behalf of any person injured by violations of any provision of the Corporations Code and any rules
19 promulgated thereunder.

20 Based on the foregoing findings, the Commissioner finds that the Respondents offered and sold
21 unqualified, non-exempt securities in an amount of at least \$170,353.00, and made numerous material
22 misrepresentations and omissions of fact, to at least one investor, in at least 15 transactions, in
23 violation of Corporations Code sections 25110 and 25401.

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WHEREFORE, good cause showing and the Commissioner’s determination that this action is in the public interest and necessary to effectuate the Department’s primary, legitimate, regulatory purpose based upon the Respondents’ violations of the Corporations Code, the Commissioner hereby prays for an order of ancillary relief pursuant to Corporation Code section 25532, individually, jointly and severally against Pylon Finance and Amer as follows:

A) Full restitution, consisting of Investors’ investment principal in an amount of \$170,353.05 and interest accumulated on the investment principal or according to proof.

This Order is necessary, in the public interest, for the protection of investors, and consistent with the purposes, policies, and provisions of the CSL.

Dated: August 24, 2023
Sacramento, California

CLOTHILDE V. HEWLETT
Department of Financial Protection and Innovation



By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division