

1 CLOTHILDE V. HEWLETT  
Commissioner  
2 MARY ANN SMITH  
Deputy Commissioner  
3 DANIEL P. O'DONNELL  
Assistant Chief Counsel  
4 RYAN M. CASSIDY (State Bar No. 340274)  
5 Counsel  
6 Department of Financial Protection and Innovation  
2101 Arena Boulevard  
7 Sacramento, CA 95834  
8 Telephone: (916) 764-8358

9 Attorneys for Complainant

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  
14 PROTECTION AND INNOVATION,

15 Complainant,

16 v.

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

19 Respondents.

FINAL ORDER LEVYING  
ADMINISTRATIVE PENALTIES,  
PURSUANT TO COPORATIONS CODE  
25252

(Corp. Code § 25252)

20  
21 The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

22 I.

23 **STATEMENT OF FACTS**

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

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

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

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

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

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

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

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

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

27          10.       Corporations Code section 25110 prohibits the offer or sale of unqualified, non-  
28 exempt securities in issuer transactions in the State of California. The securities offered and sold by

1 the Respondents are subject to qualification under the CSL. These securities were offered or sold in  
2 this state in issuer transactions. The Department has not issued a permit or other form of qualification  
3 authorizing any person to offer or sell these securities in this state. The offer or sale of these securities  
4 is not exempt.

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

7 a. Falsely representing to investors that their investment in the mining operation  
8 is backed by real-world income-generating assets. In fact, at least one investor has repeatedly  
9 requested a refund, but has yet to receive any money.

10 b. Falsely representing to investors that their investment in the mining operation  
11 would generate an annual return of 250% during a “bull market” and a 99% annual return in a “bear  
12 market.” In fact, at least one investor has repeatedly requested a refund or a distribution, but has yet  
13 to receive any money.

14 c. Falsely representing to investors that their investment in the mining operation  
15 would continue to generate weekly returns and is superior to banks and other traditional investments.  
16 In fact, at least one investor has repeatedly requested a refund or a distribution, but has yet to receive  
17 any money.

18 d. Falsely representing to investors that rewards begin immediately. In fact, at  
19 least one investor has never received any reward or dividend.

20 12. In addition, in connection with the offers and sales of securities, Respondents made, or  
21 caused to be made, omissions of material fact to investors and potential investors, including that:

22 a. Respondents failed to disclose that Pylon Finance was never legally  
23 incorporated anywhere.

24 b. Respondents failed to disclose that if they stopped supporting the mining  
25 operation, the value of the \$PYLON tokens would drop significantly.

26 13. Corporations Code section 25401 prohibits the offer or sale of securities in this state  
27 by means of written or oral communications that include untrue statements of material fact or omit  
28 materials facts necessary in order to make the statements made, in light of the circumstances under

1 which they were made, not misleading. The omissions and misrepresentations of Respondents are  
2 material facts necessary in order to make the statements made, in the light of the circumstances under  
3 which they were made, not misleading.

4 **II.**

5 **FINAL ORDER LEVYING ADMINISTRATIVE PENALTIES**

6 **(For violations of Corporations Code sections 25110 and 25401)**

7 14. The Commissioner re-alleges and reincorporates by reference paragraphs 1-13 of this  
8 Final Order Levying Administrative Penalties as fully set forth herein.

9 15. On or about August 30, 2023, the Commissioner served “John Doe,” as an authorized  
10 person to accept service of process for Pylon Finance and Ali Amer, with the Notice of Intention to  
11 Issue Order Levying Administrative Penalties Pursuant to Corporations Code 25252, Statement in  
12 Support, and accompanying documents.

13 16. The Commissioner has not received a request for hearing, and the statutory time  
14 period to request a hearing has expired.

15 17. Corporations Code section 25252 authorizes the Commissioner to issue an order  
16 levying administrative penalties against any person for willful violations of any provision of the CSL  
17 and any rules promulgated thereunder. Specifically, Corporations Code section 25252 provides, in  
18 relevant part:

19 The commissioner may, after appropriate notice and opportunity for hearing,  
20 by orders, levy administrative penalties as follows: (a) Any person subject to  
21 this division, other than a broker-dealer or investment adviser, who willfully  
22 violates any provision of this division, or who willfully violates any rule or  
23 order adopted or issued pursuant to this division, is liable for administrative  
24 penalties of not more than one thousand dollars (\$1,000) for the first violation,  
and not more than two thousand five hundred dollars (\$2,500) for each  
subsequent violation.

25 18. Based on the foregoing findings of fact, as set forth fully above in paragraphs 1-13,  
26 Respondents willfully violated Corporations Code section 25110 by offering the above described  
27 securities in California in issuer transactions without a permit or other form of qualification from the  
28 Department authorizing any person to offer or see these securities in the form of promissory notes.

1           19.     Also based on the foregoing findings of fact, as set forth fully above in paragraphs 1-  
2 13, Respondents willfully violated Corporations Code section 25401 by making untrue statements or  
3 omissions in association with the offer and sale of securities in the form of promissory notes in  
4 California and elsewhere, to at least one investor.

5           **NOW, GOOD CAUSE APPEARING, IT IS HEREBY ORDERED THAT:**

6           Administrative penalties totaling \$16,000.00 are levied against Pylon Finance and Ali Amer,  
7 individually, jointly and severally, as follows:

- 8           a) First Violation: \$1,000.00 for the first violation of Corporations Code 25110;
- 9           b) Additional violations:
  - 10           i. \$2,500.00 for the misrepresentation in paragraph 11a, made in at least one
  - 11           transaction;
  - 12           ii. \$2,500.00 for the misrepresentation in paragraph 11b, made in at least one
  - 13           transaction;
  - 14           iii. \$2,500.00 for the misrepresentation in paragraph 11c, made in at least one
  - 15           transaction;
  - 16           iv. \$2,500.00 for the misrepresentation in paragraph 11d, made in at least one
  - 17           transaction;
  - 18           v. \$2,500.00 for the omission in paragraph 12a, made in at least one transaction;
  - 19           and
  - 20           vi. \$2,500.00 for the omission in paragraph 12b, made in at least one transaction.

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1 The administrative penalties levied in the amount of \$16,000.00 shall be due and payable to  
2 the Department of Financial Protection and Innovation within 30 days of service of this Final Order  
3 and sent to the attention of: Accounting, Department of Financial Protection and Innovation,  
4 located at 2101 Arena Boulevard, Sacramento, California 95834. Notice of the payment shall  
5 concurrently be sent to the attention of: Ryan M. Cassidy, Counsel, Enforcement Division, 2101  
6 Arena Boulevard, Sacramento, California 95834.

7 This Final Order Levying Administrative Penalties is the final decision of the Commissioner  
8 pursuant to Corporations Code 25252.

9 DATED: November 7, 2023  
10 Sacramento, California

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation



11 By: \_\_\_\_\_  
12 MARY ANN SMITH  
13 Deputy Commissioner  
14 Enforcement Division  
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