

1 5. Beginning at least as early as 2023, AladdinBot offered and sold securities in the form
2 of investment contracts in California through general solicitations on its website. AladdinBot referred
3 to these investment contracts as “Bots.”

4 6. AladdinBot held itself out as a cryptocurrency trading platform. The purported
5 purpose of the securities offerings was for AladdinBot to use investor funds to engage in
6 cryptocurrency trading, which in turn would generate returns for investors who purchased Bots.
7 AladdinBot claimed that the cryptocurrency trading would be conducted by artificial intelligence (AI)
8 software.

9 7. AladdinBot heavily promoted the benefits of its purported AI software and suggested
10 that investors could expect high returns and stable passive income due to this technological
11 advantage. AladdinBot claimed that its “state-of-the-art system” consistently produced outstanding
12 trading results and promised to “make [investors’] financial wishes come true.”

13 8. AladdinBot represented that its Bots produced daily returns of 1.5% – 2.5% and
14 weekly returns of 10.5% - 17.5%, which would be available for investors to withdraw at any time.
15 The Bots were publicly available to investors in California via AladdinBot’s websites:
16 www.aladdinbot.ai, www.aladdinbot.io, and www.aladdinbot.net.

17 9. In an effort to convince investors that AladdinBot was conducting real trading activity,
18 AladdinBot’s website and Telegram channel published “proof” for investors in the form of weekly
19 unaudited “Trade Reports.” These Trade Reports purported to show a summary of AladdinBot’s
20 finances, including assets under management, weekly revenue, and the results of AladdinBot’s trades
21 for the previous week.

22 10. AladdinBot claimed that it managed millions of dollars of investor funds.

23 11. After investors created their accounts on the AladdinBot website, investors could log
24 into their account using their username and password to monitor their purported balance and returns,
25 deposit funds, and request withdrawals.

26 12. AladdinBot facilitated investor deposits and withdrawals using crypto assets.

27 13. In their roles as AladdinBot executives, Davis and Skeels held Zoom meetings to
28 promote AladdinBot’s securities and to recruit new investors. In these online presentations, Davis and

1 Skeels explained AladdinBot’s purported business, described how investors could make money with
2 AladdinBot, and encouraged investors to recruit other investors.

3 14. As part of its solicitation efforts, AladdinBot used a pyramid scheme structure that
4 would reward investors for inducing others to send money to AladdinBot. According to this program,
5 investors would be paid a referral bonus based on the amount of funds deposited by the investors that
6 they recruited. Investors would also be paid additional referral bonuses when the investors that they
7 recruited, in turn, recruited new investors.

8 15. Investors seeking to take advantage of AladdinBot’s referral program created and
9 posted videos to YouTube and posted content on other social media websites to recruit others to
10 invest in AladdinBot.

11 16. To incentivize investment and recruitment, AladdinBot advertised a “luxurious Dubai
12 getaway,” in which investors who deposited certain amounts of funds and achieved specific
13 recruitment goals would receive airline tickets to Dubai, luxury hotel accommodations, yacht cruises,
14 gourmet dinners, and meetings with the AladdinBot CEO.

15 17. In or around December 2023, AladdinBot began restricting the ability of its investors
16 to withdraw funds.

17 18. In or around February 2024, AladdinBot halted investor withdrawals, ceased
18 communicating with investors on its Telegram channel, and stopped operating its website and
19 investor portal.

20 19. The Bots offered by AladdinBot were securities that were neither qualified nor exempt
21 from the qualification requirement under the CSL. The Department has not issued a permit or other
22 form of qualification authorizing AladdinBot to sell these securities in California.

23 20. In connection with the offer or sale of these securities, AladdinBot made, or caused to
24 be made, untrue statements of material fact and material omissions to investors and potential
25 investors, including but not limited to the following:

- 26 a. falsely representing that investors could withdraw their funds at any time;
- 27 b. misrepresenting the expected profits and risk of loss; and

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1 c. failing to disclose that the offer or sale of AladdinBot’s securities was not qualified in
2 California.

3 Based on the foregoing findings, the Commissioner is of the opinion that the securities offered
4 or sold by AladdinBot Limited were subject to qualification under the CSL and have been or are
5 being offered or sold without first being qualified in violation of Corporations Code section 25110.

6 Moreover, the Commissioner is of the opinion that Mark Ian Davis and Denise Skeels have
7 violated Corporations Code section 25110 by knowingly, directly or indirectly controlling or
8 inducing or providing substantial assistance to AladdinBot Limited to violate Corporations Code
9 section 25110 within the meaning of Corporations Code section 25403, subdivisions (a) and (b).

10 Pursuant to Corporations Code section 25532, AladdinBot Limited, Mark Ian Davis, and
11 Denise Skeels are hereby ordered to desist and refrain from the further offer or sale of securities in
12 California, including but not limited to investment contracts known as Bots, unless and until the
13 qualification requirements of the CSL have been met.

14 In addition, the Commissioner is of the opinion that AladdinBot Limited offered or sold
15 securities in California by means of oral or written communications which included untrue statements
16 of material facts or omitted to state material facts necessary in order to make the statements made, in
17 the light of the circumstances under which they were made, not misleading, in violation of
18 Corporations Code section 25401.

19 Further, the Commissioner is of the opinion that Mark Ian Davis and Denise Skeels have
20 violated Corporations Code section 25401 by knowingly, directly or indirectly controlling or
21 inducing or providing substantial assistance to AladdinBot to violate Corporations Code section
22 25401 within the meaning of Corporations Code section 25403, subdivisions (a) and (b).

23 Pursuant to Corporations Code section 25532, AladdinBot Limited, Mark Ian Davis, and
24 Denise Skeels are hereby ordered to desist and refrain from offering or selling or buying or offering
25 to buy any security in California, including but not limited to investment contracts known as Bots, by
26 means of any written or oral communication which includes an untrue statement of a material fact or
27 omits to state a material fact necessary in order to make the statements made, in the light of the
28 circumstances under which they were made, not misleading.

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

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

Dated: August 20, 2024
San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division