

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

4 TO: BitHarvest Ltd
5 1312 17th Street 2173 PMB
6 Denver, CO 80202
7 www.bitharvest.io

8 Logan Lee
9 Lenni Herlin
10 Jan Gregory Cerato

11 **DESIST AND REFRAIN ORDER**
12 **(For violations of section 25110 of the Corporations Code)**

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

14 1. The Department of Financial Protection and Innovation (Department) regulates the
15 offer and sale of securities in California under the Corporate Securities Law of 1968 (Cal. Corp. Code
16 §§ 25000-25707) (CSL).

17 2. At all relevant times, BitHarvest Ltd (BitHarvest) is and was a business incorporated
18 in Colorado on April 23, 2024, with a purported place of business in Kuala Lumpur, Malaysia.
19 BitHarvest operated the website www.bitharvest.io, as well as social media accounts on Telegram
20 (https://t.me/bitharvest_EN), X (formerly known as Twitter) (@bitharvest_io), Facebook
21 (<https://www.facebook.com/Bitharvestio/>), and Instagram (@bitharvest_io).

22 3. At all relevant times, an individual going by the name Logan Lee (Lee) held himself
23 out as the co-founder and CEO of BitHarvest. Lee controlled and induced or knowingly provided
24 substantial assistance to BitHarvest within the meaning of Corporations Code section 25403,
25 subdivisions (a) and (b).

26 4. At all relevant times, an individual going by the name Lenni Herlin (Herlin) held
27 himself out as the co-founder and CTO of BitHarvest. Herlin controlled and induced or knowingly
28 provided substantial assistance to BitHarvest within the meaning of Corporations Code section
25403, subdivisions (a) and (b).

5. At all relevant times, Jan Gregory Cerato (Cerato) is and was a BitHarvest promoter.
Cerato is a serial promoter of scams and was the subject of multiple enforcement actions issued by

1 the Commissioner and other regulators: Cerato was the subject of three separate desist and refrain
2 orders issued by the Commissioner in August 2023 for violations of the qualification and antifraud
3 provisions of the CSL. These actions arose from Cerato’s involvement in three different crypto asset
4 scams called CloudFi, CoinMarketBull, and Vortic United. Cerato was also sanctioned by the Alberta
5 Securities Commission in September 2022 for illegally distributing securities. At all relevant times,
6 Cerato operated a YouTube channel called “Jan Gregory” (<https://www.youtube.com/@jangregory>).
7 Cerato controlled and induced or knowingly provided substantial assistance to BitHarvest within the
8 meaning of Corporations Code section 25403, subdivisions (a) and (b).

9 6. Beginning at least as early as May 2024, BitHarvest offered and sold securities in the
10 form of investment contracts in California through general solicitations on its website. BitHarvest
11 referred to these investment contracts as “BitBoosters.”

12 7. BitHarvest held itself out as a bitcoin mining platform. Investors could register for an
13 account on the BitHarvest website, deposit funds, and purchase BitBoosters from BitHarvest. The
14 company marketed BitBoosters as BitHarvest’s proprietary USB bitcoin mining devices. After
15 investors purchased individual BitBooster devices, BitHarvest claimed that it would connect each
16 device to its onsite mining farm in its Kuala Lumpur headquarters where the company would operate
17 the BitBoosters on behalf of investors. The devices supposedly mined bitcoin around the clock and
18 generated passive investment returns for investors. BitHarvest represented that it would credit
19 investors’ returns to their BitHarvest accounts, which could be withdrawn from the BitHarvest
20 website.

21 8. BitHarvest claimed that it used artificial intelligence (AI) and machine learning to
22 mine bitcoin faster and more efficiently than traditional bitcoin mining.

23 9. After investors created their accounts on the BitHarvest 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 10. BitHarvest facilitated investor deposits and withdrawals using crypto assets.

27 11. As part of its solicitation efforts, BitHarvest used a multilevel marketing (MLM)
28 structure that would reward investors for inducing others to send money to BitHarvest. According to

1 this program, investors would be paid a referral bonus based on the amount of funds deposited by the
2 investors that they recruited. Investors would also be paid additional referral bonuses when the
3 investors that they recruited, in turn, recruited new investors.

4 12. Investors seeking to take advantage of BitHarvest’s referral program created and
5 posted videos to YouTube and posted content on other social media websites to recruit others to
6 invest in BitHarvest.

7 13. In their roles as BitHarvest executives, Lee and Herlin helped BitHarvest solicit
8 investors by appearing in promotional videos in which they explained BitHarvest’s purported
9 business and described how investors could make money with BitHarvest. Promotional videos
10 featuring Lee and Herlin were shared by BitHarvest and by BitHarvest promoters.

11 14. Cerato helped BitHarvest solicit investors by conducting live Zoom meetings with
12 investors and prospective investors to promote BitHarvest’s securities. Cerato also used his YouTube
13 channel to promote BitHarvest to his audience of over 2,220 subscribers. Beginning as early as May
14 2024, Cerato created and published at least 33 videos promoting BitHarvest, in which he presented
15 slide decks, explained BitHarvest’s purported business, described how investors could make money
16 with BitHarvest, conducted interviews with BitHarvest executives, gave tours of BitHarvest’s
17 purported server farm in Kuala Lumpur, and encouraged investors to recruit other investors. All of
18 the videos contained Cerato’s unique referral link so that prospective investors would click on the
19 link to create a BitHarvest account and invest. Cerato would receive compensation for these
20 transactions.

21 15. Cerato made various representations to prospective investors, including that
22 BitHarvest was “the best opportunity of [their] lives,” that BitHarvest was “here for the long game,”
23 that “everybody’s gonna win,” and that the “money won’t stop for another 120 years.”

24 16. The BitBoosters offered by BitHarvest were securities that were neither qualified nor
25 exempt from the qualification requirement under the CSL. The Department has not issued a permit or
26 other form of qualification authorizing BitHarvest to sell these securities in California.

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

4 Moreover, the Commissioner is of the opinion that Logan Lee, Lenni Herlin, and Jan Gregory
5 Cerato have violated Corporations Code section 25110 by knowingly, directly or indirectly
6 controlling or inducing or providing substantial assistance to BitHarvest Ltd to violate Corporations
7 Code section 25110 within the meaning of Corporations Code section 25403, subdivisions (a) and
8 (b).

9 Pursuant to Corporations Code section 25532, BitHarvest Ltd, Logan Lee, Lenni Herlin, and
10 Jan Gregory Cerato are hereby ordered to desist and refrain from the further offer or sale of securities
11 in California, including but not limited to investment contracts known as BitBoosters, unless and
12 until the qualification requirements of the CSL have been met.

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

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

19 Dated: August 20, 2024
20 San Diego, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



21 By _____
22 MARY ANN SMITH
23 Deputy Commissioner
24 Enforcement Division
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