

ALABAMA SECURITIES COMMISSION

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STATE REGULATORS STOP FRAUDULENT ARTIFICIAL INTELLIGENCE INVESTMENT SCHEME

BAD ACTORS ARE NOW PROMOTING INVESTMENT SCAMS THAT LEVERAGE WIDESPREAD INTEREST IN AI

Montgomery, Alabama (April 4, 2023) - Earlier today, the Alabama Securities Commission joined the Montana Commissioner of Securities and Insurance, and Texas State Securities Board in filing enforcement actions to stop a fraudulent artificial intelligence investment scheme. The actions accuse YieldTrust.ai and Stefan Ciopraga of illegally soliciting investments tied to a decentralized application (dApp) that purportedly uses quantum artificial intelligence to trade digital assets. The initial scheme recently collapsed, and the respondents are now allegedly perpetrating a Ponzi scheme by raising capital from new investors to cover withdrawals from previous investors.

According to the orders, YieldTrust.ai is illegally marketing its dApp, known as the YieldBot, through an internet website, its social media channels and various online influencers. YieldTrust.ai is claiming the YieldBot is powered by cutting-edge artificial intelligence designed to interact with the market for digital assets. It is touting the sophistication of the artificial intelligence, claiming it is “capable of executing 70 times more trades with 25 times higher profits than any human trader could.” YieldTrust.ai claims the artificial intelligence continuously evolves, as the YieldBot “continually improves itself... becoming more effective with each trade made.”

The YieldBot was purportedly developed for Binance’s BNB Smart Chain and YieldTrust.ai permits clients to stake Binance USD, USD Coin and Tether. According to the orders, YieldTrust.ai is claiming the YieldBot interfaces with the staking programs, that it “picks up on the money deposited” and then “uses... funds on various centralized exchanges to generate profits with every withdrawal.”

“The promised profits are extremely attractive. YieldTrust.ai claims that new investors can expect returns of up to 2.2% per day. The claim that this investment scheme could generate returns exceeding 500% per year should be a massive red flag of fraud to anyone considering investing,” said ASC Chief Deputy Director Amanda Senn.

Artificial intelligence and investments tied to machine learning are generating widespread public interest, scammers are already leveraging the hype to perpetrate fraudulent securities schemes. Alabama, Montana and Texas filed today’s actions to proactively stop this type of fraud.

“Artificial intelligence may be an exciting concept, but scammers are attempting to capitalize on the excitement by developing high-tech ploys to deceive investors. We are uncovering an increasing number of promotions for illegal and fraudulent investments tied to artificial intelligence. Today’s action is just the tip of the iceberg,” said Senn.

An audit of this scheme establishes the involvement of a dangerous smart contract allowing the fraudsters to block users from withdrawing their assets. In fact, this scheme is using new investors’ money to pay some older investors to keep the scheme going. YieldTrust.ai is not disclosing the identities of its principals, officers, or team members to prospective investors. In March 2023, it was discovered that some users could not withdraw their funds. On March 24, 2023, YieldTrust.ai announced its CEO “Benji... will be unable to return to the company due to food poisoning.” YieldTrust.ai announced that it is no longer viable. Nevertheless, YieldTrust.ai continues to accept new investors.

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For further information contact 1-800-222-1253 and ask for Public Affairs.

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