

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	ADMINISTRATIVE ORDER
ETORO.ZONE/##)	NO. CD-2022-0013
)	
<u> RESPONDENT</u>)	

CEASE AND DESIST ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, has determined as follows:

RESPONDENT

1. **ETORO.ZONE/##** ("**ETOROZONE**") is an online entity that purports to be crypto currency mining pool operated on the peer-to-peer blockchain network via a decentralized application (Dapp), having a business address of "sasd, dhxwq 345345 HK." **ETOROZONE** is accessible through the decentralized browser website, etoro.zone, or the website <https://etoro.zone/##> and may be served through its domain provider, GoDaddy.com, LLC located at 2155 E. GoDaddy Way Tempe, Arizona 85284, via fax (480) 624-2546.

STATEMENT OF FACTS

2. On January 3, 2022, the Commission received a complaint regarding an investment made with a crypto currency mining pool operated on the peer-to-peer blockchain network via a Dapp named **ETOROZONE**. The complainant, an Alabama resident, discovered **ETOROZONE** through an alleged female acquaintance, the Alabama resident met through a social media messaging application. The Alabama resident was led to believe by the acquaintance that **ETOROZONE** was a mining pool from which an investor could earn Ethereum (ETH) by investing their Tether (USDT) for a contracted number of days.

3. On December 19, 2021, the Alabama resident navigated to the **ETOROZONE** Dapp through their mobile browser and unknowingly entered into a smart contract with their self-custody wallet for seven days in the amount of 63,819.61 USDT. Two days later, the Alabama resident noticed their 63,819.61 USDT was no longer in their self-custody wallet, but now appeared as a balance in their **ETOROZONE** account.

4. The Alabama resident then attempted to withdraw their deposit from **ETOROZONE**, and **ETOROZONE** customer chat support stated another 86,194.00 USDT must be deposited to fulfill the smart contract initiated by the Alabama resident. **ETOROZONE** customer chat support further stated if the Alabama resident did not deposit the remaining 86,194.00 a 1.5-fold penalty would be assessed, and the Alabama resident would then owe 95,709.00 USDT. **ETOROZONE** customer support would not provide a company name or company address to the Alabama resident. **ETOROZONE** customer support then placed the Alabama resident on their blacklist and closed the chat.

5. On June 3, 2022, a review of the registration files of the Alabama Securities Commission revealed no registration for the **RESPONDENT** in any capacity.

6. A review of the Alabama Secretary of State's online database revealed no record for the **RESPONDENT** as domestic or foreign businesses.

7. **ETOROZONE** was checked in the National Futures Association (NFA) Basic database and was not registered.

CONCLUSIONS OF LAW

8. Pursuant to section 8-6-2(10), Code of Alabama, 1975, the definition of a security includes investment contracts and profit-sharing agreements. The investment plans outlined by **RESPONDENT** require the investment of money in the investment program managed by **RESPONDENT** from which the Alabama investor expected profits to be derived from the efforts of **RESPONDENT** and therefore, are securities as defined by the Act.

9. Pursuant to section 8-6-2(18), Code of Alabama, 1975, an Investment Adviser is any person who, for compensation, advises others, either directly or indirectly, as to the value of, or the advisability of investing in securities. The definition includes those who manage portfolios or the accounts of other investors. **RESPONDENT** represented that they managed and traded the account of the Alabama investor and therefore, is an Investment Adviser as defined in the Act.

10. Pursuant to section 8-6-3(a), Code of Alabama, 1975, it is unlawful for any person to transact business in this State as a dealer or agent for securities unless such person is registered under the Act. **RESPONDENT** affected securities transactions for one Alabama resident while not being registered as a securities dealer in the state of Alabama, in violation of the Act.

11. Pursuant to section 8-6-17(a)(3), Code of Alabama, 1975, it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person. **RESPONDENT** promised returns to investors and imposed undisclosed fees in violation of the Act.

This Order is appropriate in the public interest for the protection of investors and is consistent with the purposes of the Act.

This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

Additionally, if the allegations set forth herein are found to be true, through either administrative adjudication, failure of the **RESPONDENT** to make a timely request for hearing, or default of the **RESPONDENT**, it is the intention of the Commission to impose sanctions upon the **RESPONDENT**. Such sanctions may include, inter alia, an administrative assessment imposed on **RESPONDENT**, an additional administrative assessment for investigative costs arising from the investigation of the violations described herein against **RESPONDENT**, and a permanent order to bar **RESPONDENT** from participation in any securities-related industry in the State of Alabama.

ACCORDINGLY, IT IS HEREBY ORDERED that **RESPONDENT CEASE AND DESIST** from further offers or sales of any security into, within or from the State of Alabama.

Entered at Montgomery, Alabama, this 27TH day of JUNE, 2022.



ALABAMA SECURITIES COMMISSION
445 Dexter Avenue, Suite 12000
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(334) 242-2984

BY:

A handwritten signature in blue ink, appearing to read "Edwin L. Reed", written in a cursive style.

Edwin L. Reed
Deputy Director - Administration