

ALABAMA SECURITIES COMMISSION

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Alabama Securities Commission cracks down on unregulated Crypto-currency Initial Offerings

MONTGOMERY, ALABAMA (September 24, 2018) The Alabama Securities Commission (ASC) issued emergency Cease and Desist Orders against three crypto-currency scammers selling illegal investment contracts to Alabama citizens posing as Initial Coin Offers (ICO).

ASC Director Joseph P. Borg indicated that the commission has taken this action in the public interest for the protection of Alabama investors and is consistent with the purposes of the Alabama Securities Act (ACT). The suspected businesses have been ordered to immediately cease and desist from sales of any securities in the State of Alabama.

ASC claims that Zanfau LTD, Hashkon Inc. and JINBI Limited have been misleading potential customers with false statements and material misrepresentations relating to the sale of their investment contracts. The three companies, Zanfau LTD, based out of Sofia, Bulgaria; Hashkon Inc., based out of Toronto, Canada; and JINBI Limited, based out of London, England all made outrageous claims of immense profits to be made from these fledgling companies based on alleged cutting-edge block chain technology and unspecified advances in software development. Namely, JINBI Limited falsely claims that their crypto-currency is based on an unspecified production of physical gold and that each shareholder will receive a biannual dividend in physical gold. Hashkon Inc. through its website, YouTube videos and a public white paper claims to make transactions anonymously and makes the patently false claim that “shareholders” will receive minimum monthly returns starting at 10%. They also falsely state that the value of Hashkon coins cannot go below its initial offering value.

These types of claims made by companies that sell securities in the State of Alabama which are not registered or regulated by Alabama offer no protections for investors and are highly speculative. At this time ASC has 21 active ICO ongoing investigations and has issued 8 Cease and Desist Orders involving crypto-currency as part of its initiative which began in May of this year.

While not every ICO or crypto-currency related investment is fraud, it is important for individuals purchasing these products to realize they are highly speculative and very often based outside the United States and are rarely regulated. If you choose to invest in this type of business, do your own research and due diligence and be aware of the risk.

To view the three administrative orders in their entirety, go to: www.asc.alabama.gov; click the Enforcement tab and then Administrative Actions. The three orders numbers are: CD-2018-0014; CD-2018-0015; and CD-2018-0019.

“Be cautious when dealing with promoters who claim their ICO offering is exempt from securities registration but do not ask about your income, net worth or level of investing sophistication,” Director Borg said. “Do your homework and contact the ASC with any concerns *before* parting with your hard-earned money – afterwards may be too late.”

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For further information contact Dan Lord, ASC Education and Public Affairs Manager, 334-353-4858.

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