

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	
POOLTRADE)	
HAROLD THERON)	ADMINISTRATIVE ORDER
)	NO. CD-2018-0006
<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. **POOLTRADE ("POOLTRADE")** is an entity that represents itself as an internet-based business with a domain name: "POOLTRADE.IO" and is accessible via the website www.pooltrade.io. **POOLTRADE** may be served through its website administrator namecheap.com located at 11400 W. Olympic Blvd., Suite 200, Los Angeles, CA 90064 and via website www.namecheapcom.

2. **HAROLD THERON ("THERON")** is represented in **POOLTRADE's** advertisements as a "Marketing Partner," and is listed as the person to contact for information regarding **POOLTRADE**. His address is listed as 130 E. Randolph St, 22nd Floor, Chicago, IL 60601.

STATEMENT OF FACTS

3. On April 13, 2018, Commission staff discovered an advertisement on a local Montgomery television station's web page titled "Pooltrade, a new ICO Investment Service, lets you pool money together with other users." The web address for the advertisement is http://www.wsfa.com/story/37827271/pooltrade-a-new-ico-investment-service-lets-you-pool-money-together-with-other-users. The advertisement describes **POOLTRADE** as follows: "Pooltrade allows users wherever they are to put their money together in order to make huge

investments in any new and upcoming projects. Investors can invest in a project, even if his country won't allow it, by owning a virtual token for the specific project through Pooltrade.”

4. The advertisement also listed the person to contact for additional information for **POOLTRADE** as: Harold Theron, Marketing Partner, 130 E. Randolph St., 22nd Floor, Chicago, IL 60601, 312-542-9000.

5. The **POOLTRADE** website makes the following representations:

- a) **POOLTRADE** “is a Decentralized ICO Pooling Community where members pool their funds together in order to invest in new Initial Coin Offerings. The Pooltrade service provides a way for anybody in nearly any country to invest in any ICO that they wish.”
- b) “Due to new regulations put in place every day, less and less people are able to invest in ICOs...Pooltrade allows users worldwide to put their money together in order to make large investments in new & upcoming projects. If an investor wants to invest in a project but his country won’t allow it, they can own a virtual token for that specific project through Pooltrade.”
- c) “Pooltrade works like normally investing in an ICO. You become part of a community where everybody lumps their money together in order to invest in new and upcoming projects. When someone begins a Pooling session for a project, you’ll be able to invest any amount. Everybody pools their money together to make one single investment behind an anonymous member who is already verified and ready to invest. PLTRD (**POOLTRADE** tokens) will be used to invest in any ICO or Pre-ICO via the current ETH rate. Your contribution will be exchanged for tokens from the ICO you’re investing in. If an ICO has tokens that aren’t available yet, you’ll receive VPTR (Virtual **POOLTRADE**) tokens in its place. VPTR tokens are an internal network token used as a temporary measure and will always be exchangeable for an ICO token. VPTR tokens can also be exchanged for PLTRD tokens. Once your ICO tokens are received, you’re free to do anything you wish with them.”
- d) “Through smart contracts and escrow, anonymous ICO investing can be possible through trusted contacts who are eligible to invest. Anyone from any country can now participate in any ICO without needing to wait until it hits exchanges months later. Of course, do so at your own discretion and remember to never break the law...Pooltrade will allow more investors than ever before to participate in ICO investment. Owning a large portion of tokens is key to creating steady profits and this isn’t possible without a pooling community. Pooltrade is an excellent option when it comes

to funding your own project. If you're the developer of an upcoming project and need funds raised, Pooltrade's community will be given the chance to contribute to your project if it's interesting enough..."

6. The **POOLTRADE** website made no representations concerning the type of investment fund or interest-generating vehicle. The **POOLTRADE** website made no representations regarding the corporate office's location, identity of the principals, their management team, or their expertise in the cryptocurrency field. In addition, **POOLTRADE** omitted a material fact—that the pooled investment plans are securities and are not registered with the Commission.

7. On April 13, 2018, a review of the registration files of the Alabama Securities Commission revealed no registration, nor any perfected exemption from registration, for the securities offered and sold by **POOLTRADE** and **THERON**. In addition, the **RESPONDENTS** were neither registered to offer or sell securities in Alabama nor exempt from registration.

8. A corporation search of the Alabama Secretary of State's online website revealed no registration for **POOLTRADE** as a business entity or a foreign corporation to do business in the State of Alabama.

CONCLUSIONS OF LAW

9. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of "security" includes investment contracts and profit sharing agreements. **POOLTRADE's** automated investment plans require investors to invest money into the common investment plan in order to pool their investments with other investors. Investors share and expect a profit, as represented by **POOLTRADE**, and the profit is derived from the managerial efforts of **POOLTRADE**. Therefore **POOLTRADE's** investment plans constitute investment contracts and profit sharing agreements and are "securities" as defined by the Act.

10. Pursuant to Section 8-6-4, Code of Alabama 1975, it is unlawful for any person to offer or sell any security in this state unless it is registered under the Act; the security is exempt from registration under Section 8-6-10; or the transaction is exempt under Section 8-6-11. The securities, i.e. the investment contracts and/or the profit sharing agreements offered and sold by **POOLTRADE** were neither registered nor subject to a perfected exemption from registration in Alabama at the time of solicitation or sale and were offered and sold in violation of the Act.

11. Pursuant to Section 8-6-2(5), Code of Alabama 1975, the definition of an “issuer” includes every person who proposes to issue, or has issued, any security. **RESPONDENT POOLTRADE**, by issuing securities, to wit: investment contracts and/or profit sharing agreements, is an “issuer” as defined by the Act.

12. Pursuant to Section 8-6-17(a)(2), Code of Alabama 1975, it is unlawful for a person, in connection with the offer, sale or purchase of a security, to make or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. **RESPONDENTS** failed to disclose that the investments offered and sold by **POOLTRADE** were securities which required registration in the state of Alabama, a material omission, in violation of the Act.

13. Pursuant to Section 8-6-17(a)(3), Code of Alabama 1975, it is unlawful for a person, in connection with the offer, sale or purchase of a security, to engage in an act, practice, or course of business which operates or would operate as a fraud or deceit upon a person. **RESPONDENT POOLTRADE**’s business model- revealed through the website’s marketing materials contain information that is materially misleading or would otherwise deceive the public in violation of the Act.

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

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

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

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

Entered at Montgomery, Alabama, this 4th day of May 2018.



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