

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

PLATINUM COIN

MIKHAIL GIL

ROMAN DINKEVICH

SERGEI CHEREPANOV

VLADIMIR GORSHKOV

ANDREY ROGOV

ANATOLY MALEVANCHUK

ROMAN TEREKHIN

RESPONDENTS

)
ADMINISTRATIVE ORDER
NO. CD-2018-00 07

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:

RESPONDENTS

1. Platinum Coin ("PLATINUM") is an entity that represents itself as an internet based business with a domain name "PTINTL.IO" and is accessible via the website: www.ptintl.io.

PLATINUM may be served through its domain name registrar www.marcaria.com located at 8345 North West 66 Street, #B1673 Miami, Florida 33195 and via website www.marcaria.com.

2. Mikhail Gil ("GIL") is represented in PLATINUM's website as "Chief of Business Development" of PLATINUM. His business address is listed as Kemp House, 160 City Road, London EC1V 2NX, United Kingdom.

3. Roman Dinkevich ("DINKEVICH") is represented in PLATINUM's website as "Chief Technology Officer" of PLATINUM. His business address is listed as Kemp House, 160 City Road, London EC1V 2NX, United Kingdom.

4. Sergei Cherepanov ("CHEREPAPOV") is represented in PLATINUM's website as "Chief Finance Officer" of PLATINUM. His business address is listed as Kemp House, 160

City Road, London EC1V 2NX, United Kingdom.

5. Vladimir Gorshkov (“**GORSHKOV**”) is represented in **PLATINUM**’s website as “Chief Commercial Officer” of **PLATINUM**. His business address is listed as Kemp House, 160 City Road, London EC1V 2NX, United Kingdom.

6. Andrey Rogov (“**ROGOV**”) is represented in **PLATINUM**’s website as “Automatisation and Cryptocurrency Adaptation Director” of **PLATINUM**. His business address is listed as Kemp House, 160 City Road, London EC1V 2NX, United Kingdom.

7. Anatoly Malevanchuk (“**MALEVANCHUK**”) is represented in **PLATINUM**’s website as “Director of Local Project Development” of **PLATINUM**. His business address is listed as Kemp House, 160 City Road, London EC1V 2NX, United Kingdom.

8. Roman Terekhin (“**TEREKHIN**”) is represented in **PLATINUM**’s website as “Director of Legal Department” of **PLATINUM**. His business address is listed as Kemp House, 160 City Road, London EC1V 2NX, United Kingdom.

STATEMENT OF FACTS

9. **PLATINUM** offers and promotes to individuals, an investment package as well as an insurance fund created for ICO investors, through the use of an internet website: www.ptintl.io, and through YouTube. These websites reach individuals worldwide, including residents of Alabama.

10. **PLATINUM** website contact’s section lists the corporate address as “Kemp House 160 City Road, London, EC1V 2NX United Kingdom.” An online search of that address revealed the Kemp House location as a private virtual office provider specializing services such as; a complete virtual office, address and mail forwarding, call answering and website design.

11. On May 3, 2018, Commission staff discovered the website: www.ptintl.io. The website contained a “White Paper” that describes the initial coin offering of **PLATINUM**. The **PLATINUM** team provides the following introduction: “The modern economy is at the stage of transition to digital, which leads to the replacement of traditional technological processes with digital ones. In this regard, a unique solution is the creation of a cryptocurrency. The cryptocurrency will allow many enterprises to open for private investments, as well as create their own community thanks to its features that none of the existing traditional currencies has. It becomes evident that decentralized technologies, which are only a financial instrument now, can

also be used in the fields of industry and trade in connection with the active expansion of cryptocurrency around the world.”

12. The **PLATINUM** team’s white paper, captured from the www.ptintl.io website, identifies two problems that manufacturing enterprises have with normal fiat money transactions.

- (a) Lack of effective accounting of employee productivity, which provides for unfair pricing for work done. Additionally, the **PLATINUM** team believes that collusion opportunities exist for employees with each other and with their managers. The **PLATINUM** team’s solutions are as follows: “Our project offers introducing the turnover of the cryptocurrency into the entire production and trading processes of the enterprise. Such complex monetization, extended both for each operation and for the salary system, will allow an objective assessment of the work done by the employees at the same time directing their motivation to increase productivity and its quality.”
- (b) Difficulty forming partnerships with regular customers. The **PLATINUM** team views the manufacturing enterprises system of discounts and deferred payments as a constant conflict. The **PLATINUM** team solution for problem two is as follows: “Using the fundamental nature of the crypto currency, the buyers, suppliers, investors, as well as ordinary employees of the enterprise can exchange it with each other, automatically leading the production and sales system to the most efficient distribution of commodity and money resources among all the participants. In addition, the use of crypto coins will provide the most favorable conditions for corporate customers, allowing them to increase their market presence, while reducing the speed of goods delivery to the real consumer. The ‘Platinum’ project will allow each participant to see, if desired in real time, the current financial activity of any partner who has joined the project.”

13. According to the **PLATINUM** white paper, “‘Platinum Coin’ is a mini-blockchain scheme implementation intended for maximum scalability. Scalability is achieved by blocks

depression and providing a solution that allows you to delete transactions from the network after they become old enough. Thanks to this, new nodes quickly synchronize with the network, freeing up disk space for existing nodes, and deleting old transactions. As a result of this scheme, the network does not need to become increasingly centralized only by nodes capable of processing the entire chain of blocks, allowing coins mining to be maximally decentralized.”

14. The **PLATINUM** white paper indicates that the **PLATINUM** ticker symbol will be “PTCO”, the number of coins allocated to the Initial Offering will be three million and the exchange rate will be 1 PTCO = \$15 USD. Additionally, the white paper advertises a “promise” to pay “... at least 320% per annum on the funds invested in them.” The 320% return is based on a “pilot model” that was derived from marketing and mathematical specialist that were hired by **PLATINUM**. The return model is based on the following: (1) “from the increase in the turnover of ‘Platinum Coin’ (the demand for coins will always outpace the opportunities for mining at least 2 times): **200% per annum;**” (2) “from the introduction of ‘Platinum Coin’ into operating businesses with a steady increase in their circulation in the turnover of these businesses (demand based on the growth of the needs of those working on the platform of enterprises is planned approximately equal to the opportunities for mining): **100% per annum;**” (3) “from the preservation of ‘Platinum Coin’ in the investment portfolios of the whole crypto community as an investment tool for future growth (according to our estimates, this amount will be at least 10% of the opportunity for mining): **10% per annum;**” (4) “of the turnover of ‘Platinum Coin’, which are in the working portfolios of the entire crypto community as an input and output tool for various goods and non-commodity transactions: **10% per annum;**”.

15. Additionally, pages Ten (10) and Twenty (20) within the **PLATINUM** white paper, contain key graphics and representations which are labeled in a foreign language. Specifically, the graphic and representations on page Twenty (20), illustrates the flow of investor funds and estimates the revenue of investors through the payment of dividends.

16. According to the **PLATINUM** website, the “security” in **PLATINUM** project is **PLATINUM** acts as an insurance fund for ICO investors. That insurance, is described as an additional coin distribution of 3 million “Platinum coins” to the original ICO investors, should the coin grow less than 6.4 times in 2 calendar years.

17. Additionally, **PLATINUM** omitted to disclose that the pooled investments are securities and not registered with the Commission.

18. On May 9, 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 **PLATINUM**. In addition, the **RESPONDENTS** were neither registered to offer and sell securities in Alabama, nor exempt from registration.

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

CONCLUSIONS OF LAW

20. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of "security" includes investment contracts and profit sharing agreements. **PLATINUM**'s 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 **PLATINUM**, and the profit is derived from the managerial efforts of **PLATINUM**. Therefore, **PLATINUM**'s investment plans constitute contracts and profit sharing agreements and are "securities" as defined by the Act.

21. 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 or 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 profit sharing agreements offered and sold by **PLATINUM** 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.

22. 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. **RESPONDENTS**, by issuing securities, to wit: investment contracts and/or profit sharing agreements, is an "issuer" as defined by the Act.

23. 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 **PLATINUM** were securities which required registration in the state of Alabama, a material omission, in violation of the Act.

24. 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 PLATINUM's business model, revealed through the website's marketing materials, and YouTube, contains 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 cost 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 18th day of May 2018.



ALABAMA SECURITIES COMMISSION

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BY:

Joseph P. Borg

Director