

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF: )  
 )  
YSIGN )  
 )  
IVAN VUJIC )  
 )  
RESPONDENTS )  
 )  
ADMINISTRATIVE ORDER  
NO. CD-2019-0004

**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. YSIGN (“YSIGN”) is a St. Julian, Malta corporation operating an online entity with the express purpose of raising capital for a decentralized messenger application based on blockchain technology. YSIGN operates by means of the domain name “YSIGN.io” and is accessible through the website: <https://ysign.io>. YSIGN may be served through its United States domain name registrar, NameCheap, Inc., located at 11400 W. Olympic Blvd, Ste 200, Los Angeles, California 90064. YSIGN may also be served through a U.S. network services provider, Cloudflare, Inc., located at 101 Townsend Street, San Francisco, CA, 94107.

2. IVAN VUJIC (“VUJIC”) is represented in the YSIGN website and domestic advertisements as the Chief Executive Officer (“CEO”) of YSIGN. He may be served through its United States domain name registrar, NameCheap, Inc. located at 11400 W. Olympic Blvd, Ste 200, Los Angeles, California 90064.

**STATEMENT OF FACTS**

3. On or about April 2, 2018, YSIGN began an online marketing campaign via Reuters Editorial News online portal (<https://reuters.com>), advertising YSIGN as a “*new messaging application aiming to revolutionize modern communications and to announce a token generation event (TGE)*.” The advertisement, which was introduced by VUJIC, the YSIGN CEO, was intended at raising capital through an Initial Coin Offering (“ICO”), i.e. TGE, of their

proprietary digital currency YSN token, which would be based on the Ethereum Network. The TGE was to start on April 19, 2018 and end on May 4, 2018. The advertisement encouraged readers to visit the website, whitepaper and technical paper for further information.

4. According to the **YSIGN** website, and White Paper, the ICO event for the YSN token was for raising capital for the purposes of platform development, marketing, core services, legal support and pooled reserves. The benefits for the YSN token holders *“will be app features, invitations for roadshows and future benefits associated with the growth and success of our project.”*

5. According to the **YSIGN** website and marketing materials, the ICO timeline horizon included closing the ICO in 2019 and providing the ability of YSN token holders to earn tokens through an affiliate link on the **YSIGN** website to invite additional investors to the ICO sale. Those affiliates who invite others; *“will become [sic] 3% of tokens sold from that address. Those tokens will be saved on [sic] user’s wallet.”*

6. An Alabama resident reported that they were repeatedly asked in 2018 to promote and access [twistedcrypto.com](http://twistedcrypto.com), which is an affiliate of **YSIGN**. Both [twistedcrypto.com](http://twistedcrypto.com) and **YSIGN** are currently accessible to residents of Alabama. An advertisement link, which leads to the **YSIGN** website, is located prominently on the [twistedcrypto.com](http://twistedcrypto.com) website.

7. The **YSIGN** website and offering materials are made accessible to Alabama residents via the website; <https://ysign.io>. The **RESPONDENTS**’ foreign website utilizes a United States domestic domain and network services providers. Additionally, **RESPONDENTS** have purchased United States domestic online advertisement through the Reuters Editorial News online portal (<https://reuters.com>).

8. On February 12, 2019, a review of the registration files of the Alabama Securities Commission revealed no record of registration, nor any perfected exemption from registration for the securities offered and sold by **YSIGN**. In addition, the **RESPONDENTS** were neither registered to offer or sell securities in Alabama, nor exempt from registration.

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

#### CONCLUSIONS OF LAW

10. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of “security” includes investment contracts and profit sharing agreements. **RESPONDENTS’** cryptocurrency investment plan 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 based on the investments profitability, as represented by **RESPONDENTS**, and the profit is derived from the managerial efforts of **RESPONDENTS**. Therefore, **RESPONDENTS’** ICO development plans constitute investment contracts and profit sharing agreements and are “securities” as defined by the Act.

11. 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 **YSIGN**, were neither registered nor subject to a perfected exception from registration in Alabama at the time of solicitation or sale and were offered and sold in violation of the Act.

12. 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, are an “issuer” as defined by the Act.

13. 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 **YSIGN** were securities, which required registration in the state of Alabama, a material omission, 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 25th day of February 2019.



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BY:

Joseph P. Borg  
Director