

STATE OF ALABAMA  
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:

AWAX LTD

ANDREJ PECIORIN  
MAGNUS LARSSON

RESPONDENTS

)  
ADMINISTRATIVE ORDER  
NO. CD-2019-00006

**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. AWAX, LTD (“AWAX”) is an active United Kingdom private limited company registrant with Companies House, corporate #11165316, having a registered office address of #1 Canada Square, London, England, E145DY. AWAX is a web-based entity promoting an Initial Coin Offering (“ICO”) in order to raise capital for a blockchain platform which will enable investors to trade securities through a blockchain. AWAX operates by means of the domain name “AWAX.co.uk” and is accessible through the website: <https://www.awax.co.uk> and <https://www.awax.co.uk/ico>. AWAX, may also be served through its United States domain name registrar, GoDaddy.com, LLC located at 14455 N Hayden Rd Ste 226 Scottsdale, Arizona 85260, via GoDaddy.com. AWAX may also be served through a U.S. network services provider, Cloudfare, Inc. located at 101 Townsend Street, San Francisco, California, 94107, via Cloudfare.com.

2. ANDREJ PECIORIN (“PECIORIN”) is represented on the AWAX website as the Founder and Chief Executive Officer of AWAX. PECIORIN may be served through its domain registrar, GoDaddy.

3. MAGNUS LARSSON (“**LARSSON**”) is represented on the **AWAX** website as the Chief Operating Officer of **AWAX**. **LARSSON** may be served through its domain registrar, GoDaddy.

### **STATEMENT OF FACTS**

4. On or about November 7, 2018, Commission staff discovered an Initial Coin Offering (“ICO”) advertisement on social media “*@awax\_blockchain AWAX is giving you the opportunity to earn crypyo [sic] daily follow the step to earn follow @awax\_blockchain.*” The advertisement was published during a PRE-ICO token sale of **AWAX** Tokens, to the Twitter social media site and made accessible to Alabama residents.

5. The **AWAX** twitter advertisement originated from an advertising BOT identified from the Twitter address: [Habib Adnan @HabibAD51830332](#). The Twitter page joined in November 2018 and contained nineteen (19) Tweets or Twitter posts. All nineteen Tweets contained banners and advertisements for **AWAX** with web links to [www.awax.co.uk](#). One of the advertisements represents; “*AWAX tokes are more than a medium of value, AWAX tokens are a digital asset, mediums of value and tokens are an essential composite parts, fueling the operations and proving the means for reward and collaboration.*” Additionally, several Tweets from this address promoted a marketing scheme to re-tweet, or re-post the **AWAX** advertisements in order to earn income.

6. According to the **AWAX** website, and white paper, **AWAX** is being marketed as a blockchain platform “*where investors can seamlessly trade in real estate funds, exchange traded funds, passive coin traded funds and active coin managed funds,*” boasting a process which can “*significantly lower costs than traditional investing.*” Funds on the **AWAX** blockchain platform carries their own denomination of “Proof of Asset” utility coins (“PoA”). **AWAX** claims their PoA utility coins, traded through a self-executing smart contracts on the Ethereum network, will outperform traditional investing and conventional stock markets.

7. Offering materials reveal **AWAX** is seeking to raise a soft target of \$15 million USD and a hard target of \$200 million in a Pre-ICO event beginning in November 2018, and an ICO event in January 2019. **AWAX** is “*guaranteeing a 20% bonus for investors during the PRE-ICO and a 10% bonus for investors who have invested during the ICO stage.*”

8. Additionally, the **AWAX** offering materials state that the **AWAX** utility tokens can generate value in three ways: 1.) *“Token Cap Buy Back (value increases by demand; 2.) Price Appreciation, the more people use the services and pay with the utility token the hight the token value; 3.) Dividend; as with shareholding companies, dividends are paid from the profits generated.”*

9. According to the **AWAX** online marketing materials, **PECIORIN**, is identified as the Founder and Chief Executive Officer (CEO) and **LARSSON** is identified as the Chief Operating Officer (COO) of **AWAX**.

10. A review of Companies House online records search for the corporations of the United Kingdom revealed **AWAX** as a registered private limited company (#11165316), incorporated on January 23, 2018, having a business address of #1 Canada Square, London, England. The primary nature of the business is; “Web Portals” and “News Agency Activities.”

11. A corporation search of the Alabama Secretary of State’s online website revealed no registration for **AWAX** as a business entity or a foreign corporation doing business in the State of Alabama.

12. On January 25, 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 **AWAX**. In addition, the **RESPONDENTS** were neither registered to offer or sell securities in Alabama, nor exempt from registration.

### **CONCLUSIONS OF LAW**

13. Pursuant to Section 8-6-2(10), Code of Alabama 1975, the definition of “security” includes investment contracts and profit-sharing agreements. **RESPONDENTS’** 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 **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.

14. 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 **RESPONDENTS** 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.

15. 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.

16. 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 **RESPONDENTS** 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.



ALABAMA SECURITIES COMMISSION

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BY:

Joseph P. Borg

Director