

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)	
)	ADMINISTRATIVE ORDER
Flamingo Casino Club)	
)	NO. CD-2022-0011
<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. Flamingo Casino Club ("**Flamingo Casino Club**") is being served by (1) registered mail addressed to Flamingo Casino Club c/o Hostinger UAB at Jonavos g. 60C, Kaunas, 44192 Lithuania, (2) registered mail addressed to Flamingo Casino Club c/o Hostinger UAB at J. Basanaviciaus g. 26, Vilnius 03224 Lithuania, (3) registered mail addressed to Flamingo Casino Club c/o Hostinger International LTD at 61 Lordou Vironos Street, 6023 Larnaca, Cyprus, (4) certified mail, return receipt requested, addressed to Flamingo Casino Club c/o Privacy Protect LLC at 10 Corporate Drive, Burlington, MA 01803, (5) registered mail addressed to Flamingo Casino Club c/o VK LLC, at 125167 Moscow, Leningradsky Prospekt 39 bld. 79, and (6) certified mail, return receipt requested, addressed to Flamingo Casino Club at 4440 Cherry Ridge Drive, Rochester, New York 32746.

STATEMENT OF FACTS

2. In March 2022, Flamingo Casino Club began operating in Russia. It is now soliciting investors by way of the internet, including residents of Alabama, to participate in a fraudulent metaverse investment.

3. In this case, the **RESPONDENT** is representing that it is developing an internet casino in the metaverse with the funds raised by way of the profit sharing agreement.

4. In furtherance of the scheme, Flamingo Casino Club is using an internet website and various social media platforms to publicly solicit securitized NFTs, or nonfungible tokens, tied to the metaverse casino.

5. The securitized NFTs are similar to shares of stock and other equities insofar as the securitized NFTs purportedly provide purchasers with ownership of the metaverse casino and the right to passively share in half the profits generated by the metaverse casino.

6. The securitized NFTs also purportedly convey the right to participate in various drawings and lotteries, including contests that award 11 Tesla Model 3 automobiles, 1,111 Apple iPhone 13 Pro Max smartphones and cash prizes worth more than \$1 million.

7. Flamingo Casino Club is promoting the securitized NFTs by claiming it partnering with and supported by Flamingo Las Vegas, a casino and hotel in Paradise, Nevada, owned and operated by Caesar's Entertainment, Inc.

8. The offering is simply a high-tech scam. Although Flamingo Casino Club is touting its partnership with Flamingo Las Vegas, it actually has no relationship or affiliation with Flamingo Las Vegas. Flamingo Casino Club is also concealing material information, including its address and location, the qualifications of its principals, the identities of its sales agents, and its use of principal paid by investors.

9. The Commission is entering this Cease and Desist Order to stop the scheme and prevent immediate and irreparable harm to the public

THE PROVISION OF FALSE INFORMATION TO SECURE HOSTING SERVICES
FOR ITS INTERNET WEBSITE

10. At approximately 13:10:50 UT or 7:10:50AM CT on March 3, 2022, Respondent Flamingo Casino Club engaged Hostinger UAB, a firm operating in Lithuania that is affiliated with Hostinger International LTD, to provide web hosting services for <https://flamingocasino.io> (the “Flamingo Casino Website”).

11. On the same day, Respondent Flamingo Casino Club used an Application Programming Interface (API), a desktop computer and a mobile device to interact with Hostinger UAB. The IP addresses for the API, desktop computer and mobile device resolve to Moscow, Russia.

12. Respondent Flamingo Casino Club represented to Hostinger UAB that its email address is flamingocasinoclub@mail.ru. This email address is administered by VK LLC, a Russian social media and communication firm located at 125167 Moscow, Leningradsky Prospekt 39 p. 79.

13. Respondent Flamingo Casino Club represented to Hostinger UAB that its address is 4440 Cherry Ridge Drive, Rochester, New York 32746. This address, however, is a fake address that does not exist.

14. Respondent Flamingo Casino Club also represented to Hostinger UAB that its telephone number is +1 3142555175. This telephone number, however, is not in service.

THE ANONYMOUS PAYMENTS FOR WEB HOSTING SERVICES

15. Hostinger UAB does not collect or maintain information that reflects the actual identity of parties paying for web hosting services or contact information for parties paying for web hosting services. It also does not require these parties to provide a form of identification, such as their passports, their driver licenses or other records confirming their identities.

16. Hostinger UAB does not process payments for web hosting services. Instead, Hostinger UAB relies on CoinGate to process these payments.

17. CoinGate operates from Lithuania and, in addition to acting as a processor of payments, it provides cryptocurrency trading and management services.

18. CoinGate also does not collect or maintain records that show the actual identity of parties transacting through its platform or contact information for parties transacting through its platform. ~~It also does not require these parties to provide a form of identification, such as their~~ passports, their driver licenses or other records confirming their identities.

19. Respondent Flamingo Casino Club paid Hostinger UAB through CoinGate by transferring 1.303 Litecoin, commonly referred to as LTC, a cryptocurrency created from a fork in the Bitcoin blockchain. The transaction is described in greater detail as follows:

A. At approximately 13:11:15 UTC or 7:11:15 AM CT on March 3, 2022, Respondent Flamingo Casino Club accessed the payment processing platform using an IP address that resolves to Moscow, Russia;

B. Respondent Flamingo Casino Club thereafter either transferred or directed the transfer of 1.303 Litecoin, priced at around \$110.36 per LTC, to a wallet owned or managed by CoinGate; and

C. At approximately 13:18:03 or 7:18:15 AM CT on March 3, 2022, the transaction was confirmed as hash 09e3acf588070e204cc0b950b81d8ee4ddfa9e78105982d87a304477a64c4562 and recorded in block 2220970 in the Litecoin blockchain.

THE FLAMINGO CASINO WEBSITE AND SOCIAL MEDIA PLATFORMS

20. After retaining Hostinger UAB and paying for web hosting services through CoinGate, on or about March 10, 2022, Respondent Flamingo Casino Club created and published the Flamingo Casino Website.

21. Contemporaneously with the publication of the Flamingo Casino Website, Respondent Flamingo Casino Club began using Twitter, YouTube, Telegram, Instagram and Discord (collectively the “Flamingo Casino Social Media Platforms”) and promoting itself through social-media-influencers. ~~The Flamingo Casino Social Media Platforms and use of social media influencers are described in greater detail as follows:~~

A. In or around February 2022, Respondent Flamingo Casino Club created an account with Twitter with @flamingocasino3 as its handle. Respondent Flamingo Casino Club posted its first tweet on March 11, 2022, one day after publishing the Flamingo Casino Website.

B. On or about March 9, 2022, just two days before publishing the Flamingo Casino Website, Respondent Flamingo Casino Club registered an account with YouTube. It published its first video on March 15, 2022, several days after publishing the Flamingo Casino Website.

C. On or about March 11, 2022, the day after publishing the Flamingo Casino Website, Respondent Flamingo Casino Club began posting information through a

Telegram channel accessible at t.me/flamingocasino. The telegram channel has been and is moderated by an unidentified person acting through the aliases Flamingo Host and flamingo_casino_admin (the “Telegram Agent”).

D. On or about March 11, 2022, Respondent Flamingo Casino Club began posting content through @flamingo.casino, its handle on Instagram.

E. On or around March 14, 2022, Respondent Flamingo Casino Club began disseminating information through Discord Server ID 952197530354081874, a server hosted by Discord named FlamingoCasino. This server has been and is administered by an unidentified person acting through the alias Brownec#8345 and User ID 52196125740388482 (the “Discord Agent”).

F. In or around March 2022, Respondent Flamingo Casino Club began ~~recruiting influencers to market Respondent Flamingo Casino Club. On March 17, 2022,~~ social media influencers began promoting Respondent Flamingo Casino Club by publishing videos in their YouTube channels.

THE METAVERSE CASINO

22. Respondent Flamingo Casino Club is using the Flamingo Casino Website and the Flamingo Casino Social Media Platforms to promote the development of a casino in the metaverse.

23. Respondent Flamingo Casino is reportedly developing this metaverse casino in the Sandbox metaverse. The Sandbox metaverse is a decentralized community-driven metaverse where creators share and monetize voxel assets on the Ethereum blockchain. Voxel assets are assets consisting of 3D pixels that exist as cubes instead of squares, and they can be equipped by avatars and bought and sold in metaverse marketplaces. Voxel assets are airdropped when they are freely distributed from one party to another party on a blockchain platform.

24. The metaverse casino will purportedly include a virtual stadium for virtual games and concerts, a virtual hotel, a virtual movie theater, a virtual bowling alley, virtual tennis courts, and virtual poker, polo and golf clubs. It will also purportedly host a virtual hockey team named "Flamingos."

25. Patrons, acting through digital representations of themselves known as avatars, will be able to gamble in the metaverse casino by playing craps, baccarat, mini-baccarat, blackjack and roulette.

THE SECURITIZED NFTS

26. Respondent Flamingo Casino Club is using the Flamingo Casino Website and the Flamingo Casino Social Media Platforms to solicit sales of securitized NFTs to raise capital for the development of the metaverse casino.

27. Respondent Flamingo Casino Club is directing investors to the Flamingo Casino Website, as well as an affiliated website accessible at <https://flamingo.casinonft.com>, to purchase and mint the securitized NFTs.

28. The aggregate number of mintable securitized NFTs is 11,111, with 10,711 securitized NFTs available for purchase by investors, 250 securitized NFTs reserved for pre-launch and post-launch marketing, 100 securitized NFTs reserved for prizes in the metaverse casino and 50 securitized NFTs reserved for the team managing Respondent Flamingo Casino Club.

29. The securitized NFTs have been minted and published in the Ethereum Mainnet as FlamingoCasino or FCC through Contract 0x64b02c06BC769dCed16648b7A214e73369279F3F.

30. The contract was created by an unidentified person using 0x35acbbfCA9331fE8aB323def266B1737169896fa as their address.

31. The contract was executed on April 11, 2022, as transaction hash 0x05e71f6b69d11a382d7bb9f64eff01042ffc415918f0476865d06f8acc3916a3 in block 14566450.

32. Although Respondent Flamingo Casino Club originally announced the securitized NFTs were being minted in the Ethereum blockchain, it later announced the securitized NFTs are being minted in either the Solana blockchain or both the Solana blockchain and Ethereum blockchain.

THE TERMS OF THE SECURITIZED NFTS

33. The securitized NFTs provide purchasers with ownership interests of the metaverse casino.

34. The securitized NFTs also provide purchasers with the right to passively share in half the profits generated by the metaverse casino.

35. Respondent Flamingo Casino Club originally announced that owners of the securitized NFTs are eligible to participate in lotteries, including lotteries awarding \$150,000 to the owners of 5 securitized NFTs, \$10,000 to owners of 25 securitized NFTs, Apple iPhone 13 smartphones to owners of 200 securitized NFTs and Tesla Model 3 automobiles to owners of 10 securitized NFTs.

36. On April 14, 2022, Respondent Flamingo Casino Club expanded the lotteries. It explained the lotteries will now reward owners of securitized NFTs with 11 Tesla Model 3 automobiles, 111 prizes of \$11,111, 1,111 iPhone Pro Max smartphones and 1,111 prizes of \$111.

THE SALES OF THE SECURITIZED NFTS

37. As of April 29, 2022, the NFT Contract generated 41 transactions through 35 hashes for holders using 32 unique wallet addresses. Accordingly, 41 securitized NFTs have been minted, and 10,679 securitized NFTs remain available for minting and sale.

THE TEAM

38. David Aaronson, also referred to as David Aaronson, is allegedly a co-founder of Respondent Flamingo Casino Club. Respondent Flamingo Casino Club is representing that David Aaronson is an experienced lawyer, seasoned financial expert and Vice President of a large but unidentified financial company.

39. Waldo Lorenzo purportedly serves as the Casino Manager for Respondent Flamingo Casino Club.

~~40. Julia Munn purportedly serves as Social Media Manager for Respondent Flamingo Casino Club.~~

41. Sebastian Ruspoli purportedly serves as Community Manager for Respondent Flamingo Casino Club.

42. Other than the information set forth in this section relating to David Aaronson, Respondent Flamingo Casino Club is not providing any material information relating David Aaronson, Waldo Lorenzo, Julia Munn and Sebastian Ruspoli.

43. Respondent Flamingo Casino Club is also failing to provide sufficient information to permit investors to independently verify that David Aaronson, Waldo Lorenzo, Julia Munn and Sebastian Ruspoli actually exist.

**THE LOCATION OF RESPONDENT FLAMINGO CASINO
AND CONTACT INFORMATION FOR RESPONDENT FLAMINGO CASINO**

44. Although Respondent Flamingo Casino Club and its team are offering and selling securitized NFTs, they are not providing purchasers with the following information:

A. Respondent Flamingo Casino Club is not providing purchasers of securitized NFTs with its physical address or any information relating to its physical location;

B. Respondent Flamingo Casino Club is not providing purchasers of securitized NFTs with the physical business addresses for David Aaronson, Waldo Lorenzo, Julia Munn and Sebastian Ruspoli or any information relating to their physical location;

C. Respondent Flamingo Casino Club is not providing purchasers of securitized NFTs with its telephone number; and

D. Respondent Flamingo Casino Club is not providing purchasers of securitized NFTs with its email address.

45. Purchasers of the securitized NFTs are only able to contact Respondent Flamingo Casino Club or its personnel through the Flamingo Casino Club Social Media Platforms.

**THE SOCIAL MEDIA SALES AGENTS
FOR RESPONDENT FLAMINGO CASINO CLUB**

46. As described herein, an unidentified anonymous promoter referred to herein as the Discord Agent is the moderator of Respondent Flamingo Casino's Discord server. The Discord Agent is offering the securitized NFTs through Respondent Flamingo Casino Club's Discord server.

47. As also described herein, an unidentified anonymous promoter referred to herein as the Telegram Agent is the moderator of Respondent Flamingo Casino Club's Telegram channel. The Telegram Agent is offering the securitized NFTs through Respondent Flamingo Casino Club's Telegram channel.

48. Respondent Flamingo Casino Club is not providing any information relating to the identity, business repute, qualifications, experience or licensure of the Discord Agent or the Telegram Agent.

**THE SOCIAL MEDIA INFLUENCERS
FOR RESPONDENT FLAMINGO CASINO CLUB**

49. In March 2022, Respondent Flamingo Casino Club began recruiting influencers to market the securitized NFTs.

50. An anonymous influencer from the United Kingdom known as Tommy is now promoting Respondent Flamingo Casino and its securitized NFTs. The promotion is described in more detail as follows:

A. Tommy is not a financial advisor. He publishes videos through a YouTube channel accessible at <https://www.youtube.com/c/itstommy>. These videos generally promote various projects tied to digital assets and the metaverse, and they have been viewed more than 4,300,000 times.

B. Since the start of 2022, Tommy has published more than 140 videos discussing projects tied to digital assets and the metaverse. He brands these videos using titles that incorporate hyperbole and tout extreme profits, such as "Top 3 NFT's that'll EXPLODE in 2022 (100x HUGE POTENTIAL)," "Top 3 Crypto Gems that'll 100X in 2022 (HUGE POTENTIAL)," "\$3 MILLION PROFIT with Jade Protocol (PASSIVE

CRYPTO INCOME)” and “How to Stake \$META for 500,000% APY (MetaversePRO) Passive CRYPTO INCOME.”

C. On March 17, 2022, Tommy published a video titled “FLAMINGO CLUB could be the next 10x NFT/HUGE NFT DROP.”

D. The video shows Tommy reading from the Flamingo Casino Website, promoting the securitized NFTs, and encouraging prospective purchasers to join the Flamingo Casino Social Media Platforms.

E. The video also shows Tommy representing purchasers of the securitized NFTs will share in 80 percent of the metaverse casino profits, not 50 percent of the metaverse casino profits.

F. The video is accompanied by a referral link for Tommy that redirects to the Flamingo Casino Website. It is accompanied by a disclaimer that explains Tommy “**may earn a commission**” if viewers use the referral link to “make a purchase and/or subscribe.” The disclaimer further explains that Tommy “believes in and personally uses” all products tied to referral links.

G. As of April 30, 2022, the video received almost 40,000 views and more than 1,200 likes.

51. An anonymous influencer from the United Kingdom known as Flozin is now promoting Respondent Flamingo Casino and its securitized NFTs. The promotion is described in more detail as follows:

A. Flozin is not a financial advisor. He is recruiting promoters to engage and pay him to advertise their products through his YouTube channel.

B. Flozin's YouTube channel is accessible at <https://www.youtube.com/channel/UCLSGeucA-BnWamEl4K86vDw>. Its videos generally tout various projects tied to digital assets and the metaverse, and they have been viewed more than 12,300,000 times.

C. Since the start of 2022, Flozin has published more than 200 videos discussing projects tied to digital assets and the metaverse. He brands these videos using titles that incorporate hyperbole and tout extreme profits, such as "YIELD ZILLA 916,474% APY | THE HIGHEST PAYING PROTOCOL [sic]," "YieldZard/The Yield WiZard | Turn \$1,000 into \$9,186,575 in 12 months," and "STAKR/Stake Your BNB & Earn up to 20% Daily | NEW DAPP."

D. On April 6, 2022, Respondent Flamingo Casino Club encouraged potential purchasers of securitized NFTs to view a video created by Flozin titled "Flamingo Casino Club NFT: 50% profits for being a holder. Week of WHITELIST competitions."

E. The video shows Flozin reading from the Flamingo Casino Website, promoting the securitized NFTs, and encouraging prospective purchasers to join the Flamingo Casino Social Media Platforms.

F. The video also depicts Flozin claiming to have inside, nonpublic information relating to Respondent Flamingo Casino Club. He stressed "the fact the team is negotiating to buy land in the Sandbox, which is a big deal... And they showed me that they're doing that so I'm really happy to see that."

G. As of April 30, 2022, the video received almost 41,500 views and more than 4,400 likes.

CLAIMS OF PARTNERSHIP WITH THE FLAMINGO LAS VEGAS

52. Flamingo Las Vegas is a casino and hotel located on the Las Vegas Strip in Paradise, Nevada. It is owned and operated by Caesars Entertainment, Inc.

53. Respondent Flamingo Casino Club is publishing images of Flamingo Las Vegas and claiming it is partnering with Flamingo Las Vegas.

54. These representations are false. Respondent Flamingo Casino Club is not partnering with Flamingo Las Vegas and has no affiliation with Flamingo Las Vegas.

CLAIMS OF AFFILIATION WITH OTHER CASINOS

55. Respondent Flamingo Casino Club is also representing Respondent Flamingo Casino Club is partnering with other casinos operating in or near Las Vegas, Nevada.

56. Respondent Flamingo Casino Club is not, however, identifying these casinos or providing investors with sufficient information to independently verify the veracity of the statements.

CLAIMS OF SUPPORT BY AND PARTNERSHIP WITH YAHOO, MARKETWATCH AND COINPEDIA

57. Respondent Flamingo Casino Club is providing prospective purchasers of its securitized NFTs with an article titled “Flamingo Casino NFT Club Successfully Launches an NFT Collection... while Preparing for the Metaverse.”

58. The article was authored by Trushti Patel and published in CryptoNewZ on or about April 11, 2022. The article reports Respondent Flamingo Casino Club is supported “by some serious partners” and identifies these partners as Flamingo Las Vegas, Yahoo, MarketWatch and Coinpedia.

59. Although the article reports Respondent Flamingo Casino Club is partnering with and supported by Flamingo Las Vegas, as already described herein, Respondent Flamingo Casino

Club is not partnering with or supported by Flamingo Las Vegas and it has no affiliation with Flamingo Las Vegas.

60. Although the article reports Respondent Flamingo Casino Club is partnering with and supported by Coinpedia, Respondent Flamingo Casino Club is not providing purchasers with any information reflecting any type of relationship with Coinpedia. Instead, Respondent Flamingo Casino Club is only providing a hyperlink to an article written by Mustafa Mulla, a Project Manager at Ultimez Technology Inc., that was published in Coinpedia and that discussed Respondent Flamingo Casino Club.

61. Although the article reports Respondent Flamingo Casino Club is partnering with and supported by both Yahoo and MarketWatch, Respondent Flamingo Casino Club is not providing purchasers with any information reflecting any type of relationship with either Yahoo or MarketWatch. Instead, Respondent Flamingo Casino Club is only providing hyperlinks to press releases distributed by Blockchain PR Buzz through GlobeNewswire to Yahoo Finance and MarketWatch.

OTHER CLAIMS OF MEDIA COVERAGE

62. Respondent Flamingo Casino Club is also promoting its securitized NFTs by claiming MarketWatch and Yahoo Finance reported its securitized NFTs are “one of the promising and fast-growing NFT projects.”

63. Respondent Flamingo Casino Club is further promoting its securitized NFTs by claiming MarketWatch published an article ranking NFT projects and suggesting Respondent Flamingo Casino Club’s securitized NFTs “took the first place.”

64. As described herein, however, neither MarketWatch nor Yahoo Finance published articles independently endorsing Respondent Flamingo Casino Club or its securitized NFTs.

Instead, as described herein, Blockchain PR Buzz distributed Respondent Flamingo Casino Club's press releases through GlobeNewswire to Yahoo Finance and MarketWatch.

PURCHASING VIRTUAL LAND FROM SNOOP DOGG

65. On April 8, 2022, Respondent Flamingo Casino Club announced it was negotiating the purchase of virtual land in the Sandbox.

66. Its announcement claims the virtual land is currently owned by Snoop Dogg, and its work in acquiring the land will have a "great positive impact" on the price of the securitized NFTs.

67. Respondent Flamingo Casino Club is not, however, providing any material information relevant to the negotiation or purchase of the virtual land, such as the location of the virtual land, the status of negotiations for the purchase of the virtual land, the potential cost of the virtual land and the source of funds for purchasing the virtual land.

REFUSAL TO RESPOND TO REGULATORY INQUIRIES

68. On April 4, 2022, Joe Rotunda, Director, Enforcement Division, Texas State Securities Board ("Rotunda"), contacted Respondent Flamingo Casino Club through its Telegram channel.

69. Rotunda identified himself and his title and provided Respondent Flamingo Casino Club with his agency email address and a hyperlink to his agency's website. He requested that Respondent Flamingo Casino Club immediately respond to his inquiry.

70. The message was delivered at 4:08PM CT on April 4, 2022, and Telegram provided notice of the message to Respondent Flamingo Casino.

71. On April 5, 2022, Rotunda again contacted Respondent Flamingo Casino Club through its Telegram channel.

72. Rotunda again asked Respondent Flamingo Casino Club to respond to his inquiry.

73. The message was delivered at 1:25PM CT on April 5, 2022, and Telegram again provided notice of the message to Respondent Flamingo Casino Club.

74. Respondent Flamingo Casino Club never responded to these inquiries and has ignored these inquiries.

REGISTRATION VIOLATIONS

75. The NFTs constitute investment contracts and certificates in or under profit sharing agreements and as such the Act regulates their offer and sale in Alabama. The NFTs have not been registered by notification, coordination or qualification in Alabama, and no permit has been issued for their sale in Alabama.

76. Respondent Flamingo Casino Club has not been registered with the Commission as a dealer at any time material hereto.

77. Respondent Flamingo Casino Club is offering securitized NFTs through anonymous agents via Telegram, Discord and YouTube. The anonymous agents have not been registered with the Commission as agents of Respondent Flamingo Casino Club at any time material hereto.

FRAUD AND DECEIT **AND THE FALSE CLAIMS OF PARTNERSHIP WITH FLAMINGO LAS VEGAS**

78. As described herein, Flamingo Las Vegas is a casino and hotel located on the Las Vegas Strip in Paradise, Nevada. It is owned and operated by Caesars Entertainment, Inc.

79. As also described herein, Respondent Flamingo Casino Club is using a name that is similar to Flamingo Las Vegas, publishing images of Flamingo Las Vegas in the Flamingo Casino Website and claiming it is partnering with Flamingo Las Vegas.

80. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is misrepresenting its relationship with Flamingo Las Vegas, and this misrepresentation constitutes a misrepresentation of a relevant fact.

81. Its use of a name similar to Flamingo Las Vegas and its publication of images of the Flamingo Las Vegas, coupled with its representation of partnering with Flamingo Las Vegas, constitute statements that are materially misleading or otherwise likely to deceive the public because Respondent Flamingo Casino Club is not Flamingo Las Vegas and is not affiliated with Flamingo Las Vegas.

FRAUD AND DECEIT AND THE FALSE CLAIMS
OF PARTNERSHIP WITH OTHER CASINOS OPERATING IN LAS VEGAS, NEVADA

82. As described herein, Respondent Flamingo Casino Club is representing it is partnering with other casinos operating in Las Vegas, Nevada.

83. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts relating to these partnerships:

A. Respondent Flamingo Casino Club is intentionally failing to disclose the identity of the casinos; and

B. Respondent Flamingo Casino Club is intentionally failing to disclose the terms of any partnerships with these casinos.

84. The statements relating to partnership with other casinos are also materially misleading or otherwise likely to deceive the public because Respondent Flamingo Casino Club is not providing information sufficient to independently verify that Respondent Flamingo Casino Club is, in fact, partnering with other casinos.

FRAUD AND THE CONCEALMENT
OF THE LOCATION OF RESPONDENT FLAMINGO CASINO CLUB

85. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the physical address and physical location of Respondent Flamingo Casino Club, and this information constitutes a material fact.

86. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose its ties to Russia, and this information constitutes a material fact.

87. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose it misrepresented its physical address and telephone number to obtain web hosting services for the Flamingo Casino Website, and this information constitutes a material fact.

FRAUD AND THE CONCEALMENT OF MATERIAL INFORMATION
RELATING TO THE PRINCIPALS OF RESPONDENT FLAMINGO CASINO CLUB

88. As described herein, Respondent Flamingo Casino Club is representing David Aaronson is its co-founder, Waldo Lorenzo is its Casino Manager, Julia Munn is its Social Media Manager and Sebastian Ruspoli is its Community Manager.

89. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the education, business repute, qualifications, licensure and experience of David Aaronson, Waldo Lorenzo, Julia Munn and Sebastian Ruspoli, and this information constitutes a material fact.

90. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose information sufficient to permit investors to independently

verify that David Aaronson, Waldo Lorenzo, Julia Munn and Sebastian Ruspoli actually exist, and this information constitutes a material fact.

91. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the identity of the other co-founder or the other co-founders, as well as the business reputé, qualifications, licensure and experience of the other co-founder or other co-founders, and this information constitutes a material fact.

92. As described herein, Respondent Flamingo Casino Club is representing that David Aaronson is an experienced lawyer, seasoned financial expert and Vice President of a large but unidentified financial company.

93. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts relating to David Aaronson:

~~A. Respondent Flamingo Casino Club is intentionally failing to disclose~~
information relating to his education, career as a lawyer, including information describing his professional legal history, his areas of practice and the agency or office administering his license;

B. Respondent Flamingo Casino Club is intentionally failing to disclose information relating to his financial expertise, including information describing his registration or licensure, his employment and experience in the financial industry, the basis for the claim he is a financial expert and any information demonstrating he is a financial expert; and

C. Respondent Flamingo Casino Club is intentionally failing to disclose the identity of the financial company employing him, his employment with the financial company and other companies, his duties and responsibilities as Vice President of the

financial company, his success as Vice President of the financial company and the financial company's success in operating under his leadership.

FRAUD AND DECEIT AND
THE USE OF ANONYMOUS SALES AGENTS AND INFLUENCERS

94. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the identity and licensure of the Discord Agent and any sales-based or other compensation that has been paid to or can be earned by the Discord Agent, and this information constitutes a material fact.

95. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the identity and licensure of the Telegram Agent and any sales-based or other compensation that has been paid to or can be earned by the Telegram Agent, and this information constitutes a material fact.

96. ~~As described herein, Respondent Flamingo Casino Club is representing it began~~ recruiting influencers to market the securitized NFTs in March 2022, and as also described herein, Tommy and Rozin are influencers, and they are now marketing the securitized NFTs through videos published in their respective YouTube channels.

97. The statements relating to the recruitment of influencers are materially misleading or otherwise likely to deceive the public because:

A. Respondent Flamingo Casino Club is not disclosing its criteria for evaluating the business repute, experience and licensure of Tommy, Rozin and/or any other influencers that it has retained or will retain to offer the securitized NFTs; and

B. Respondent Flamingo Casino Club is not disclosing any sales-based or other compensation that has been paid to or can be earned by Tommy, Rozin and/or any other influencers that it has retained or will retain to offer the securitized NFTs.

**FRAUD AND DECEIT IN THE USE
OF MEDIA TO PROMOTE RESPONDENT FLAMINGO CASINO CLUB**

98. As described herein, Respondent Flamingo Casino Club is providing prospective purchasers of its securitized NFTs with an article titled “Flamingo Casino NFT Club Successfully Launches an NFT Collection... while Preparing for the Metaverse.”

99. As also described herein, the article was authored by Trushti Patel and published in CryptoNewZ on or about April 11, 2022. The article reports Respondent Flamingo Casino Club is supported “**by some serious partners,**” including Flamingo Las Vegas, Coinpedia, Yahoo, MarketWatch and Coinpedia.

100. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club has adopted and is providing investors with an article published in CryptoNewZ that represents it is supported by and partnering with Flamingo Las Vegas, and this constitutes a ~~misrepresentation of a material fact because Respondent Flamingo Casino Club is not partnering~~ with Flamingo Las Vegas and has no affiliation with Flamingo Las Vegas.

101. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club has adopted and is providing investors with an article published in CryptoNewZ that represents it is supported by and partnering with Yahoo, MarketWatch and Coinpedia, but it is intentionally failing to disclose the terms of any support by and partnership with Yahoo, MarketWatch and Coinpedia or otherwise explaining how it is being supported by or partnering with Yahoo, MarketWatch and Coinpedia, and this information constitutes a material fact.

102. The adoption of the article and the statements relating to support and partnership are also materially misleading or otherwise likely to deceive the public because:

A. Respondent Flamingo Casino Club is not disclosing any other information reflecting partnership with or support by Coinpedia except that Respondent Flamingo

Casino Club is providing a hyperlink to an article written by Mustafa Mulla, a Project Manager at Ultimez Technology Inc., that was published in Coinpedia and that discussed Respondent Flamingo Casino Club; and

B. Respondent Flamingo Casino Club is not disclosing any other information reflecting partnership with or support by Yahoo or MarketWatch except that Respondent Flamingo Casino Club is providing hyperlinks to its press releases, which were distributed by Blockchain PR Buzz through GlobeNewswire to Yahoo Finance and MarketWatch.

103. As also described herein, Respondent Flamingo Casino Club is offering its securitized NFTs by claiming MarketWatch and Yahoo Finance reported its securitized NFTs are “one of the promising and fast-growing NFT projects.”

104. As further described herein, Respondent Flamingo Casino Club is also offering its securitized NFTs by claiming MarketWatch published an article ranking NFT projects and suggesting Respondent Flamingo Casino Club’s securitized NFTs “took the first place.”

105. These statements are materially misleading or otherwise likely to deceive the public because neither MarketWatch nor Yahoo Finance published articles independently endorsing Respondent Flamingo Casino Club or its securitized NFTs.

**FRAUD AND THE
CAPITALIZATION OF RESPONDENT FLAMINGO CASINO CLUB**

106. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose its assets, liabilities, revenue and other financial information germane to its operations and the development and management of the metaverse casino, and this information constitutes a material fact.

FRAUD AND THE SOURCE OF FUNDS,
THE USE OF FUNDS AND THE PROFITABILITY OF THE METAVERSE CASINO

107. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose its anticipated use of capital raised through the sale of the securitized NFTs, and this information constitutes a material fact.

108. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts relating to expenses and revenue derived from the virtual stadium for virtual games and concerts, the virtual movie theater, the virtual bowling alley, the virtual tennis courts, the virtual polo and golf clubs, the virtual hotel, the virtual hockey team and the virtual poker club:

A. Respondent Flamingo Casino Club is intentionally failing to disclose the anticipated or projected costs to build, maintain, promote and use the virtual stadium for virtual games and concerts, the virtual movie theater, the virtual bowling alley, the virtual tennis courts, the virtual polo and golf clubs, the virtual hotel, the virtual hockey team and the virtual poker club; and

B. Respondent Flamingo Casino Club is intentionally failing to disclose the anticipated or projected revenue derived from the virtual stadium for virtual games and concerts, the virtual movie theater, the virtual bowling alley, the virtual tennis courts, the virtual polo and golf clubs, the virtual hotel, the virtual hockey team and the virtual poker club.

109. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts relating to expenses and revenue derived from virtual gambling:

A. Respondent Flamingo Casino Club is intentionally failing to disclose the anticipated or projected costs of creating, implementing and administering virtual games such as craps, baccarat, mini-baccarat, blackjack and roulette; and

B. Respondent Flamingo Casino Club is intentionally failing to disclose the anticipated or projected revenue derived from virtual games such as craps, baccarat, mini-baccarat, blackjack and roulette.

110. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts relating to the negotiations for its purchase of virtual land and the expenses associated with its purchase of virtual land:

A. Respondent Flamingo Casino Club is intentionally failing to disclose the status of negotiations for purchasing virtual land from Snoop Dogg;

~~B. Respondent Flamingo Casino Club is intentionally failing to disclose the anticipated or projected cost of purchasing the virtual land from Snoop Dogg; and~~

C. Respondent Flamingo Casino Club is intentionally failing to disclose the source of funds that will be used to purchase virtual land from Snoop Dogg.

111. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts relating to expenses associated with its lotteries:

A. Respondent Flamingo Casino Club is intentionally failing to disclose the costs of prizes, including 11 Tesla Model 3 automobiles and 1,111 iPhone Pro Max smartphones;

B. Respondent Flamingo Casino Club is intentionally failing to disclose the source of funds used to purchase prizes, including 11 Tesla Model 3 automobiles and 1,111 iPhone Pro Max smartphones; and

C. Respondent Flamingo Casino Club is intentionally failing to disclose the source of funds for populating cash prize pools, including 1,111 cash prize pools for \$111 and 111 cash prize pools for \$11,111.

112. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts relating to expenses associated with its marketing of the metaverse casino through press releases and online media:

A. Respondent Flamingo Casino Club is intentionally failing to disclose the costs of retaining Blockchain PR Buzz and/or any other marketing firms or marketing personnel responsible for drafting articles, distributing press releases or otherwise promoting Respondent Flamingo Casino Club through online media; and

B. Respondent Flamingo Casino Club is intentionally failing to disclose the source of funds used to pay Blockchain PR Buzz and/or any other marketing firms or marketing personnel responsible for drafting articles, distributing press releases or otherwise promoting Respondent Flamingo Casino Club through online media.

113. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts relating to revenue derived from the sale of the securitized NFTs:

A. Respondent Flamingo Casino Club is intentionally failing to disclose the financial impact and consequences of failing to raise sufficient capital through the sale of the securitized NFTs; and

B. Respondent Flamingo Casino Club is intentionally failing to disclose the financial impact and consequences of only selling as many as 41 securitized NFTs, with an outstanding allocation of 10,679 securitized NFTs, as of April 29, 2022.

FRAUD AND THE RISKS ASSOCIATED WITH METAVERSE CASINOS

114. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts that are risks associated with the operation of metaverse casinos:

A. The failure to successfully market the metaverse casino, and the failure to grow or sustain the number of customers, may negatively impact profitability or lead to losses;

B. A metaverse casino competes with physical, virtual and metaverse casinos and may need to significantly invest in technology, research and development and marketing to maintain or increase competitiveness;

C. A metaverse casino competes with other forms of gambling, gaming, entertainment and free-to-play platforms;

D. Delays in the implementation of new games or successfully planning and hosting new events may negatively impact revenue;

E. Fraud, theft and gambling scams may negatively impact profitability;

F. The costs of developing and implementing any necessary anti-money laundering and Know Your Customer standards may limit profitability; and

G. The costs of acquiring and maintaining any necessary licensure, as well as the inability to obtain or retain any necessary licensure, may cause a metaverse casino to close.

FRAUD AND THE RISKS ASSOCIATED WITH NFTS

115. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is intentionally failing to disclose the following material facts that are risks associated with NFTs:

- A. Bad actors may hack or exploit systems and steal NFTs or appropriate digital assets;
- B. Domestic or foreign governments may adopt legislation or regulations that negatively impact the use, transfer, exchange or price of NFTs;
- C. NFTs compete with other digital assets, and this competition may negatively impact the price of an NFT;
- D. The market for NFTs is new and volatile, and the price of an NFT as it relates to fiat currency may greatly decrease over a short period of time, impacting the liquidity of an NFT and the price of an NFT;
- E. Bad actors may attempt to impersonate owners of NFTs, counterfeit NFTs, sell replicas of original NFTs, or misuse art tied to NFTs; and
- F. Businesses or organizations that issue NFTs may go out of business, declare bankruptcy or cease operations, thereby decreasing the use or value of its NFTs.

FRAUD AND THE RISKS ASSOCIATED WITH THE SECURITIZED NFTS

116. In connection with the offer of the securitized NFTs, Respondent Flamingo Casino Club is failing to disclose the following material facts that are additional risks associated with the securitized NFTs:

A. Domestic or foreign governments may adopt legislation or regulations that negatively impact some or all metaverses, gambling in some or all metaverses or gambling in metaverse casinos;

B. Metaverses are new platforms with uncertain viability, and any cessation of operations may negatively impact businesses, including casinos, operating in their metaverses;

C. Metaverses compete with other metaverses, and this competition may limit the population of the metaverses and the number of clients of metaverse casinos;

D. Users must invest in hardware and internet service to access the metaverses, and increases in the actual or relative costs of hardware and internet service may limit the population of metaverses, the number of persons accessing metaverses and the number of clients of metaverse casinos;

E. Cybersecurity risks from criminals targeting Respondent Flamingo Casino Club using distributed denial-of-service attacks, malware and phishing campaigns may limit the ability of Respondent Flamingo Casino Club to market its metaverse casino;

F. Changes to economies in the real world, as well as changes to economies in the Sandbox metaverse, may negatively impact the amount of currency spent in metaverse casinos;

G. The Sandbox metaverse is tied to the \$SAND cryptocurrency and investors typically purchase the securitized NFTs with cryptocurrency, and as such the metaverse casino may create exposure to the risks associated with \$SAND and other cryptocurrencies;

H. Metaverses may limit the ability of businesses to advertise, increase the costs advertising or restrict the locations of advertisements, and their acts may impair the ability to attract new clients; and

I. New technologies may replace NFTs and metaverses, thereby limiting the liquidity and profitability of the securitized NFTs and demand for metaverse casinos.

CONCLUSIONS OF LAW

117. Pursuant to Section 8-6-2(10), Code of Alabama, 1975, the definition of a “security” includes investment contracts and the profit sharing agreements. The NFTs offered by **RESPONDENT** require the investment of cryptocurrency from investors who expect profits to be derived from the efforts of **RESPONDENT** and are securities as defined by the Act.

118. 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 subject to a perfected exemption from registration under the Act. The NFTs offered by **FLAMINGO CASINO CLUB** are neither registered nor subject to a perfected exemption from registration and are being offered and sold to Alabama investors in violation of the Act.

119. Pursuant to Section 8-6-17(a)(2), Code of Alabama, 1975, it is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. **RESPONDENT** is making offers for the sale of securities containing statements that are materially misleading or otherwise likely to deceive the public in violation of the Act.

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

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

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

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

Entered at Montgomery, Alabama, this 11th day of May, 2022.



ALABAMA SECURITIES COMMISSION
445 Dexter Avenue, Suite 12000
Montgomery, AL 36104
(334) 242-2984

BY:

A handwritten signature in black ink, appearing to read "Joseph P. Borg", is written over a horizontal line. Below the signature, the name "JOSEPH P. BORG" and the title "Director" are printed in a sans-serif font. A long, thin, curved line extends from the bottom left of the signature area.