

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)
) ADMINISTRATIVE ORDER
H5.MADRIDIQH.COM)
(AKA H5.MADRIDIQH.COM))
) NO. CD-2022- 0017
)
)
)
RESPONDENT)

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. **H5.MADRIDIQH.COM ("MADRIDIQH")** is an online entity that purports to be an online crypto currency trading platform, having an unknown business address. **MADRIDIQH** is accessible via the website **h5.madridiqh.com** and may be served through its domain registrar **SHANGHAI MEICHENG TECHNOLOGY INFORMATION DEVELOPMENT CO. LTD.** located at Room 3001, No. 707 Zhangyang Road Shanghai, China 200122 via domain@cnnds.com.

STATEMENT OF FACTS

2. On April 11, 2022, an Alabama resident filed a written complaint with the Commission regarding an investment made with a crypto currency trading platform named **MADRIDIQH**. The Alabama resident was referred to the website, **H5.MADRIDIQH.COM**, by a subject named Cary Lin ("Lin") whom the Alabama investor met through the dating website Hinge. The Alabama resident was directed by Lin to open an account with Coinbase and purchase Ethereum ("ETH") crypto currency. The Alabama resident was then directed by Lin to transfer their ETH in their Coinbase account to the website **H5.MADRIDIQH.COM**. The Alabama investor was led to

believe by Lin that the investor would be able to trade the ETH through **MADRIDIQH** for a large profit margin. The Alabama investor stated that all information pertaining to the account management and profits was provided by Lin.

3. On or about February 26, 2022, through March 26, 2022, the Alabama investor, at Lin's direction, created a Coinbase account and purchased \$108,483.13 US of ETH. Specifically, Lin provided the **MADRIDIQH** website address and told the Alabama investor to make transfers of ETH from the Alabama investors Coinbase account into a **MADRIDIQH** website account.

4. On March 26, 2022, the Alabama investor's **MADRIDIQH** website account balance showed 1,443,067 in Q Cool Coin ("QCC") crypto currency, which translates to a \$211.00 US profit. The Alabama investor attempted to withdraw funds from the **MADRIDIQH** account, but **MADRIDIQH** advised the Alabama investor they must pay a personal income tax of \$46,000.00 US to withdraw the funds. In addition, the tax payment funds could not come from the investor's gains. **MADRIDIQH** failed to disclose this information prior to the investor opening the account. The Alabama investor also told Lin about the failed attempt to withdraw funds from the Alabama investors **MADRIDIQH** account.

5. On March 30, 2022, the Alabama investor was directed by Lin to purchase \$47,213.10 of Tether crypto currency (USDT) from the Alabama investor's Coinbase account and transfer it to **MADRIDIQH** in order to pay the required taxes so the funds in the **MADRIDIQH** account could be released. **MADRIDIQH** failed to disclose to the Alabama investor about any fees or taxes associated with the withdrawal or exchange of funds inside the account. On the same date, in order for funds in the Alabama investors account to be released, the Alabama investor transferred the \$47,213.10 of Tether crypto currency from the Coinbase account to **MADRIDIQH** to pay the required personal income tax of \$46,000.00. No funds were ever released to the Alabama investor.

6. The Alabama resident was advised by **MADRIDIQH** that they would need to pay an additional \$30,000.00 US refundable deposit into the account in order to receive the funds. The Alabama resident communicated with Lin about the additional funds, and Lin stated he was unable to assist. Lin suggested that the Alabama investor borrow the money from family to pay the

\$30,000.00 deposit. No further contact has been made between the Alabama resident and Lin and no funds have been returned from the account. The Alabama investor did not receive any account documents at the time the **MADRIDIQH** account was opened. The Alabama investor stated that the **MADRIDIQH** website account was no longer accessible.

7. Records obtained during the investigation revealed the domain provider of the website was **SHANGHAI MEICHENG TECHNOLOGY INFORMATION DEVELOPMENT CO. LTD.**, located in Shanghai China.

8. On May 2, 2022, a review of the registration files of the Alabama Securities Commission revealed no registration for the **RESPONDENT** in any capacity.

9. **MADRIDIQH** website was checked in the National Futures Association (NFA) Basic database and was not registered.

CONCLUSIONS OF LAW

10. Pursuant to Section 8-6-2(10), Code of Alabama, 1975, the definition of a security includes investment contracts and profit-sharing agreements. The NFT's offered by the **RESPONDENT** require the investment of money from the Alabama investor who expected profits to be derived from the efforts of **RESPONDENT** and are securities as defined by the Act.

11. Pursuant to Section 8-6-3(a), Code of Alabama 1975, it is unlawful for any dealer or issuer to transact business in this state as a Dealer or Agent unless, he is registered under the Act. The **RESPONDENT** is not registered in any capacity with the Commission and has affected securities transactions in the state of Alabama in violation of the Act.

12. 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 **RESPONDENT** was neither registered nor exempt from registration in Alabama at the time of solicitation or sale and were offered and sold in violation of the Act.

13. Pursuant to Section 8-6-17(a)(1) 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: employ any device, scheme, or artifice to defraud. **RESPONDENT** employed a scheme or artifice to defraud, which represented through their website large, guaranteed investment returns without any reasonable basis 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.

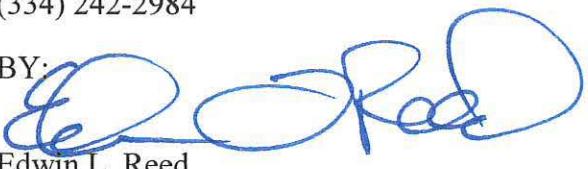
This Order does not prevent the Commission from seeking such other civil or criminal remedies that may be available to it under the Alabama Securities Act.

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 **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 5th day of August, 2022.

ALABAMA SECURITIES COMMISSION
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BY: 
Edwin L. Reed
Deputy Director-Administration

