

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)
YIELDTRUST.AI,) **ADMINISTRATIVE ORDER**
STEFAN CIOPRAGA)

RESPONDENTS) **NO. CD-2023-0006**

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. YIELDTRUST.AI ("YIELDTRUST") is being served by (1) registered mail addressed to YieldTrust.ai at Mun.Bucuresti Sec.1 Bd.Bucurestii Noi. Nr.78 Bl.C1 SC.1 Et.3 Ap.16, Bucharest, Romania 12365, (2) certified mail, return receipt requested, addressed to YieldTrust.ai c/o Namecheap, Inc., at 4600 East Washington Street, Suite 305, Phoenix, Arizona 85034, and (3) electronic mail, addressed to business@yieldtrust.ai and yieldtrustai@gmail.com.

2. Stefan Ciopraga ("CIOPRAGA") Service by (1) registered mail addressed to Stefan Ciopraga at Mun.Bucuresti Sec.1 Bd.Bucurestii Noi. Nr.78 Bl.C1 SC.1 Et.3 Ap.16, Bucharest, Romania 12365, (2) certified mail, return receipt requested, addressed to YieldTrust.ai c/o Namecheap, Inc., at 4600 East Washington Street, Suite 305, Phoenix, Arizona 85034, and (3) electronic mail, addressed to su_stefan@yahoo.com.

STATEMENT OF FACTS

3. **YIELDTRUST** is offering investments tied the YieldBot through an internet website accessible by the public at www.yieldtrust.ai (the “YieldTrust Website”). Namecheap, Inc., is the registrar of the YieldTrust Website.

4. **CIOPRAGA** is a contract owner for the YieldBot. His address is Mun.Bucuresti Sec.1 Bd.Bucurestii Noi. Nr.78 B1.C1 SC.1 Et.3 Ap.16, Bucharest, Romania 12365.

5. **YIELDTRUST** and **CIOPRAGA** are using social media and various online influencers to publicly offer investments tied to the YieldBot, a decentralized application (“dApp”) that purports to earn daily profits of up to 2.2%.

6. They are claiming the YieldBot uses “Quantum Artificial Intelligence” and has a “deep learning core... programmed to “analyse [sic] the crypto markets and – in milliseconds – make its own trading decisions, autonomously choosing from hundreds of trading methods and chaining them together to create unique strategies - achieving an exhilarating performance.”

7. They are also representing the artificial intelligence “is capable of executing 70 times more trades with 25 times higher profits than any human trader could” and it “continually improves itself by learning from its past success and modifying its decision-making process, becoming more effective with each trade made.”

8. A recent smart contract assessment, however, determined the YieldBot is dangerous, and the developers retained sufficient control over the smart contract to prevent investors from withdrawing funds.

9. After the publication of the smart contract assessment, **YIELDTRUST** announced it was “no longer viable to continue [its] operations.” It cited the publicity surrounding the

publication of the smart contract assessment, as well as the CEO's decision not to return to work due to food poisoning and other pressing matters.

10. Although **YIELDTRUST** announced it would cease operations, **YIELDTRUST** is now using the YieldBot to generate returns to cover withdrawals and accommodate new deposits.

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

THE MARKETING OF THE YIELDBOT

12. **YIELDTRUST** is promoting its YieldBot through the YieldTrust Website, Telegram from its channel at t.me/yieldtrustai, Twitter from its handle at @yieldtrust_ai and Medium from its account at @yieldtrustai.

13. **YIELDTRUST** is also promoting the dApp through AMAs with online influencers, including the following online influencers:

A. VenoMCalls, an online influencer that promotes projects through its Twitter handle at @VenoMCalls and its Telegram channel at t.me/venomcalls,

B. CaesarsCalls Crypto Lounge, an online influencer that promotes projects through its Twitter handle at @CaesarsCalls and its Telegram channel at t.me/caesars_calls, and

C. The Defi Sniperz Collective, a group of online influencers that promote projects through various online and social media platforms, including a Twitter handle at @defi_sniperz, a Telegram channel at t.me/defisniperz, a website at defisniperz.com and a YouTube channel at youtube.com/@yocryptorock.

14. Other online influencers are promoting **YIELDTRUST** and its YieldBot through the affiliate program described later in this action. For example, CryptoSkillet, is an online influencer that promotes projects through its YouTube channel at youtube.com/@cryptoskillet, its Twitter handle at @CryptoSkillet and its Facebook page through User ID 100081606601413. CryptoSkillet is using an affiliate link to refer prospective investors to Respondent YieldTrust in exchange for a commission equal to 6% of their deposits.

15. Although **YIELDTRUST** is promoting its YieldBot through its internet website, its social media accounts and various online influencers, it is not disclosing **CIOPRAGA** or the identities of its principals. Instead, a person claiming to be its Chief Executive Officer is identifying himself only as Benji and Benji CPR and a person identifying himself as a marketing officer is identifying himself only as Jake and Jaketheinvestor.

**THE YIELDBOT PURPORTEDLY USES
ARTIFICIAL INTELLIGENCE TO EARN UP TO 2.2 PERCENT PER DAY**

16. The YieldBot is a dApp purportedly deployed on Binance's Build N Build Smart Chain, commonly referred to as the BNB Smart Chain.

17. **YIELDTRUST** is describing the YieldBot as follows:

A. It is claiming the YieldBot is a “cutting-edge investment platform offering modern wealth solutions through cryptocurrencies, artificial intelligence (AI) and decentralised [sic] finance (DeFi),”

B. It is describing the YieldBot as a product of “Quantum Artificial Intelligence” that has a “deep learning core... programmed to “analyse [sic] the crypto markets and – in milliseconds - make its own trading decisions, autonomously choosing from hundreds of trading methods and chaining them together to create unique strategies - achieving an exhilarating performance,” and

C. It is representing the YieldBot “is capable of executing 70 times more trades with 25 times higher profits than any human trader could” and it “continually improves itself by learning from its past success and modifying its decision-making process, becoming more effective with each trade made.”

18. Investors access the YieldBot by navigating to the YieldTrust Website and connecting their digital asset wallet.

19. Investors then deposit digital assets, subject to a 3% fee paid to **YIELDTRUST**, and elect to stake their funds in pools for Binance USD (BUSD), USD Coin (USDC) or Tether (USD).

20. **YIELDTRUST** is representing the YieldBot thereafter “picks up on the money deposited” and “[t]he bot uses your funds on various centralised [sic] exchanges to generate profits with every withdrawal.”

21. **YIELDTRUST** is claiming the YieldBot earned 2.6% per day for four months and investors should expect daily profits of up to 2.2% or more.

22. Investors may reinvest profits to compound their investment. **YIELDTRUST** claims that an initial investment of \$10,000 with compounded returns should earn approximately \$5,500 in 20 days.

23. **YIELDTRUST** is telling investors they may withdraw profits every 24 hours but it is also claiming they must wait either 15 days or 30 days before withdrawing their initial deposits.

PERFORMANCE

24. **YIELDTRUST** is providing investors with reports that purport to reflect the success of its YieldBot.

25. The reports are hosted in Google Drive, and they claim to show the YieldBot earned the following profits between February 21, 2023, and February 27, 2023:

- A. Total realized profit of 3.71% and total net profit of 2.38% on February 21, 2023,
- B. Total realized profit of 5.32% and total net profit of 2.96% on February 22, 2023,
- C. Total realized profit of 4.62% and total net profit of 2.59% on February 23, 2023,
- D. Total realized profit of 6.12% and total net profit of 2.92% on February 24, 2023,
- E. Total realized profit of 5.63% and total net profit of 2.66% on February 25, 2023,
- F. Total realized profit of 5.64% and total net profit of 2.55% on February 26, 2023, and
- G. Total realized profit of 5.06% and total net profit of 2.17% on February 27, 2023.

26. **YIELDTRUST** is not, however, providing blockchain data or other information that permits investors to independently verify the profitability represented in the reports.

RISK MANAGEMENT AND THE INSURANCE FUND

27. **YIELDTRUST** is representing it stores some assets in a cold storage system and that it does not trade funds on a single centralized exchange to protect against “unexpected bankruptcies like FTX exchange [sic].”

28. **YIELDTRUST** is also representing it protects users through an insurance fund populated by returns earned through trading and compounding. It is further representing that all wallets used by investors are entitled to a portion of the insurance fund.

THE AFFILIATE PROGRAM

29. **YIELDTRUST** is recruiting investors and influencers to act as its agents.

30. **YIELDTRUST** is promising to pay agents that refer new investors “a whopping 6% reward on their deposit.”

THE UNDISCLOSED PRINCIPALS, OFFICERS AND TEAM MEMBERS

31. As described herein, **YIELDTRUST** is not disclosing the identities of its principals, officers or team members to prospective investors. As also described herein, it is only telling prospective investors that Benji aka Benji CPR is its Chief Executive Officer and Jake aka Jaketheinvestor is responsible for marketing **YIELDTRUST** and its YieldBot.

32. **YIELDTRUST** is, however, providing prospective investors with the following files that contain identifying information in their metadata:

A. A pitch deck containing hidden metadata showing it was authored by Zain Hashmi on January 28, 2023, and

B. A disclaimer containing a hidden comment drafted by Mustafa Demirkiran on January 30, 2023.

33. Although **YIELDTRUST** is not identifying its principals, it is touting its legitimacy by claiming it satisfied KYC, a term typically used to describe the process whereby financial institutions identify their clients.

34. **YIELDTRUST** is publishing certificates issued by organizations that purport to demonstrate **YIELDTRUST** submitted to and satisfied processes that identify at least one contract owner or team member.

35. **YIELDTRUST** obtained at least one of these certificates after **CIOPRAGA**, as the contract owner for the dApp, provided a government identification card and a video to the organization that conducted KYC.

36. **YIELDTRUST** is not, however, identifying **CIOPRAGA** or providing any information about **CIOPRAGA** to prospective investors.

THE SMART CONTRACT AUDIT

37. On or about March 2, 2023, an organization that audits smart contracts published a report that summarized its audit of the smart contract for the YieldBot.

38. The report concluded the smart contract is “DANGEROUS” in part because the ownership privileges permit the deployer team to:

A. Blacklist users and prevent them from withdrawing funds, receiving interest or receiving refunds,

B. Change the used token at any time, potentially preventing users from withdrawing funds,

C. Change the delay between claims with no restrictions, which could be used as a way to blacklist all users, and

D. Withdraw funds from the contract balance.

39. The report also identified other risks uncovered during the audit, including the following:

A. The smart contract deployer team “is unknown, and given that the contract's ownership privileges were found to be extensive and included many dangerous permissions, it may be prudent not to place trust in them. These privileges pose significant risks to users and investors and could lead to financial losses,”

B. The dApp is “a 'ROI' type of yield farm that relies on funds invested to payout existing users. If the contract's funds deplete, investors will not receive any further payouts,”

C. The dApp and other “[c]entralized referral systems pose a significant threat, as influencers and developers can potentially earn a substantial amount of funds from referrals, more than the regular interest payouts,” and

D. The smart contract and other “[y]ield farming contracts without external funding are similar to gambling products, and thus should be treated as such. These contracts have a high-risk, high-reward profile, and it is recommended that investors conduct thorough research before investing.”

40. The audit also considered a certificate that **YIELDTRUST** is using to tout its satisfaction of KYC. It concluded that, “considering the dangerousness of the contract, we consider it null & void.”

YIELDTRUST ANNOUNCED IT WILL CEASE OPERATING

41. On March 24, 2023, **YIELDTRUST** announced its CEO Benji aka Benji CPR “will be unable to return to the company due to food poisoning and other pressing business matters” and **YIELDTRUST** “has faced significant negative publicity in recent weeks, beginning with the audit [of its smart contract.]”

42. **YIELDTRUST** also announced that, “[g]iven these circumstances, we have decided that it is no longer viable to continue our operations.”

43. **YIELDTRUST** is now relying on the YieldBot to generate returns to repay investors, and **YIELDTRUST** is now providing investors with an online form they can use to request a refund of their digital assets.

44. Although **YIELDTRUST** announced it planned to cease operations, it nevertheless continues to accept new investors.

REGISTRATION VIOLATIONS

45. The investments tied to the YieldBot have not been registered by notification, coordination or qualification in Alabama, and no permit has been issued for their sale in Alabama.

46. **RESPONDENTS** have not been registered with the Commission as dealers or agents at any time material hereto.

FRAUD AND CONCEALED ORGANIZATIONAL INFORMATION

47. In connection with the offer of investments tied to the YieldBot, **RESPONDENTS** are intentionally failing to disclose the following material facts about the business and operations of Respondent YieldTrust:

A. The physical address or addresses of **YIELDTRUST** and the country or countries of its primary office,

B. The capitalization of **YIELDTRUST** and other material financial information, including its assets, liabilities and revenue, whether denominated in cryptocurrencies or fiat currency,

C. The source and value of compensation paid or owed to parties responsible for developing, maintaining and updating the YieldBot, including any royalties paid or owed to the party or parties responsible for coding the YieldBot,

D. The source and value of compensation paid or owed to parties responsible for performing KYC assessments for **YIELDTRUST** and smart contract audits for the YieldBot,

E. The source and value of compensation paid or owed to online influencers and any other person acting as an agent of **YIELDTRUST**, and

F. The public addresses of the corporate wallets, including the wallet custodializing assets purportedly used to insure clients against losses.

**FRAUD AND CONCEALED INFORMATION ABOUT
THE PRINCIPALS AND OFFICERS OF RESPONDENT YIELDTRUST**

48. In connection with the offer of investments tied to the YieldBot, **YIELDTRUST** and **CIOPRAGA** are intentionally failing to disclose the following material facts about the principals and officers of **YIELDTRUST** and other persons described herein:

A. The identity of Benji aka Benji CPR, the purported Chief Executive Officer of **YIELDTRUST**, as well as his business repute, qualifications and experience,

B. The identity of Jake aka Jaketheinvestor, the person purportedly responsible for marketing **YIELDTRUST**, as well as his business repute, qualifications and experience,

C. Any information about **CIOPRAGA**, his affiliation with **YIELDTRUST** and the YieldBot, and his business repute, qualifications and experience,

D. Any information about Zain Hashmi and his affiliation with **YIELDTRUST**, **CIOPRAGA** and the YieldBot, and

E. Any information about Mustafa Demirkiran and his affiliation with **YIELDTRUST, CIOPRAGA** and the YieldBot.

FRAUD AND CONCEALED INFORMATION
RELATING TO THE YIELDBOT AND SMART CONTRACT

49. In connection with the offer of investments tied to the YieldBot, **YIELDTRUST** and **CIOPRAGA** are intentionally failing to disclose the identity of the party or parties responsible for designing, developing and coding the YieldBot, and this information constitutes a material fact.

50. In connection with the offer of investments tied to the YieldBot, **YIELDTRUST** and **CIOPRAGA** are intentionally failing to disclose the identity of the party or parties responsible for designing, developing and coding the smart contract, and this information constitutes a material fact.

51. In connection with the offer of investments tied to the YieldBot, **YIELDTRUST** and **CIOPRAGA** are intentionally failing to disclose the features of the code that permit the developers to manipulate the terms of the investments or take steps that may negatively impact the profitability of the investments, and this information constitutes a material fact.

DECEPTION AND STAKING DIGITAL ASSETS

52. **YIELDTRUST** and **CIOPRAGA** are providing investors with a hyperlink to an exchange to purchase BUSD and telling investors the YieldBot can earn returns of up to 2.2% per day through the BUSD staking pool, and its statements are materially misleading or otherwise likely to deceive the public because:

A. In February 2023, the New York Department of Financial Services ordered Paxos Trust to cease issuing BUSD,

B. In February 2023, the United States Securities and Exchange Commission issued a Wells notice to Paxos Trust that explained the SEC is considering recommending

an action alleging that BUSD is a security and that Paxos Trust may have violated federal securities laws by not registering BUSD, and

DECEPTION AND THE ILLEGAL AFFILIATE PROGRAM

53. **YIELDTRUST** and **CIOPRAGA** are representing **YIELDTRUST** will pay agents that refer new investors “a whopping 6% reward on their deposit.” This statement is materially misleading or otherwise likely to deceive the public because:

- A. Parties offering the investments tied to the YieldBot described herein in or from Alabama are offering unregistered securities in violation of the Act, and
- B. Parties offering the investments tied to the YieldBot described herein in or from Alabama are offering securities in violation the Act unless the parties registered as dealers or agents.

FRAUD AND THE UNDISCLOSED RISKS ASSOCIATED WITH THE YIELDBOT AND ITS DEALINGS IN DIGITAL ASSETS

54. In connection with the offer of investments tied to the YieldBot, **YIELDTRUST** and **CIOPRAGA** are intentionally failing to disclose the following material facts relating to the risks associated with the YieldBot and its dealings in digital assets:

- a. Governments may adopt legislation or enact regulations that negatively impact the use, transfer, exchange or price of digital assets,
- b. The value of digital assets may be volatile, and the price of a digital asset as it relates to fiat currency may decrease over a short period of time, resulting in significant loss to the owners of digital assets,
- c. A technical failure or deficient source code may negative impact YieldBot and the ability to stake, trade or exchange digital assets,

- d. A hacking incident or malicious attack may negatively impact the profitability of the YieldBot,
- e. A slashing event may reduce the quantity of staked assets and negatively impact the profitability of the YieldBot,
- f. Digital assets custodialized at exchanges, or deployed in through staking-as-a-service platforms administered by exchanges, may not be fully backed by reserves and exchanges may be use or otherwise appropriate these digital assets in a manner that makes recovery unlikely,
- g. Parties depositing digital assets at exchanges rely on the exchange to maintain solvency, and
- h. **YIELDTRUST** competes with other organizations promoting dApps tied to digital assets that generate passive returns, and this competition may negatively impact the operational viability of **YIELDTRUST**.

CONCLUSIONS OF LAW

55. Pursuant to Section 8-6-2(2), Code of Alabama, 1975, the definition of “agent” includes any individual who represents a dealer or issuer in effecting or attempting to effect sales of securities. By effecting sales of securities to the Investor, **RESPONDENTS** acted as an “agent” of **YIELDTRUST** as defined by the Act.

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

57. Pursuant to Section 8-6-3(a), Code of Alabama, 1975, it is unlawful for any person to transact business as an agent unless he is registered under the Act. **RESPONDENTS** acted as an agent of **YIELDTRUST** while not registered with the Commission in violation of the Act.

58. 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 securities offered by **RESPONDENTS** 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.

59. 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. **RESPONDENTS** are 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 **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 violations 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 CEASE AND DESIST** from further offers or sales of any security into, within or from the State of Alabama.

Entered at Montgomery, Alabama, this 4th day of April, 2023.



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

BY:

AMANDA L SENN
Chief Deputy Director