

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

Bullcoin Foundation a/k/a Bullcoin Gold

Respondent.

**SUMMARY CEASE AND
DESIST ORDER**

Pursuant to the authority granted to Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -83 (“Securities Law”) and certain regulations thereunder, and based upon an investigation by the New Jersey Bureau of Securities (“Bureau”), the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Cease and Desist Order (“Order”) against the Bullcoin Foundation a/k/a Bullcoin Gold.

The Bureau Chief makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Seeking to capitalize on the popularity of cryptocurrencies, the Bullcoin Foundation markets and offers the Bullcoin Gold cryptocurrency (the “BCG token”) through its website <https://bullcoin.gold>, and through various social media websites. The Bullcoin Foundation describes itself as “[t]he newest cryptocurrency hedge fund.” In actuality, the Bullcoin Foundation is fraudulently offering unregistered securities in violation of the Securities Law.

The Respondent

2. The Bullcoin Foundation conducts its business on the internet, principally by means of a website accessible at <https://bullcoin.gold>. The Bullcoin Foundation identifies its physical address as “[Re: Privacy Compliance Officer] Blk 320 #11-535 Ubi Ave 1, Singapore, 04, 400320, Singapore” on its website.

3. The Bullcoin Foundation purports to be comprised of a project team that was created to manage the sale of the BCG tokens and manage the Bullcoin Gold investment fund, which will purportedly use the funds raised from the sales of the BCG tokens to invest in various cryptocurrencies. The project team is purportedly comprised of a highly experienced group of experts, including experienced cryptocurrency fund managers with proven track records in cryptocurrency investing.

4. The Bullcoin Foundation is not registered with the Bureau as a broker-dealer or in any capacity.

The Bullcoin Website

5. The Bullcoin Foundation maintains a website accessible at <https://bullcoin.gold> (the "Bullcoin Website"). The Bullcoin Foundation also maintains a social media presence on websites, including Facebook, Twitter, LinkedIn, YouTube, Reddit, Medium, and the BitcoinTalk forums, and has issued a press release via PRWeb. The Bullcoin Website and its social media presence (collectively referred to as the "Bullcoin Websites") are accessible to the general public, including residents of New Jersey.

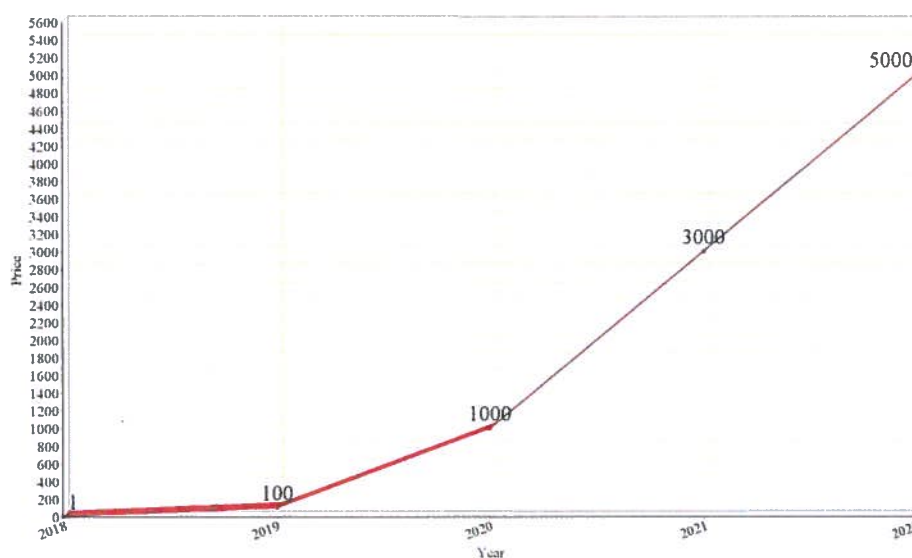
6. The Bullcoin Foundation conducted an initial coin offering of the BCG tokens starting on or about January 20, 2018, and ending on or about February 20, 2018 (“Bullcoin ICO”).

7. The Bullcoin Website states that “[t]he Bullcoin Foundation is a cryptocurrency hedge fund, and BCG is our token. Funds collected from the token distribution will be managed by a team of experienced cryptocurrency fund managers with proven track records in cryptocurrency investing.”

8. The Bullcoin Website contains a link to a Whitepaper (the “Whitepaper”), which states “We are offering investors the opportunity to obtain Bullcoin Gold tokens at a cheaper rate in its early stage before it gets listed on major exchanges. Early investors can obtain BCG tokens for as low as \$0.8 which is at a 20% discount of market price.” A valuation of \$1.00 USD was to be used immediately after the Bullcoin ICO ended.

9. The Bullcoin Foundation touts the Bullcoin ICO as an “amazing opportunity” and includes a “Bullcoin Gold Projection Chart” in the Bullcoin Websites that shows the value of BCG increasing from “1” in 2018 to “5000” by 2022.

Bullcoin Gold Projection Chart



10. The Whitepaper asserts “Mass adoption of cryptocurrencies, the outstanding performance of the BCG investment fund portfolio, the growing demand and the limited supply of

BCG are factors that will lead to the continuous appreciation of the market value of BCG.” The Whitepaper continues, “Bullcoin Gold will become a worldwide store of value and also a valuable medium of exchange in the future.”

11. The Bullcoin Foundation offers the BCG token to the general public, including the residents of New Jersey, on its website, and offered the BCG tokens to the general public through an initial coin offering. The BCG tokens are securities as defined by N.J.S.A. 49:3-49(m).

The Bullcoin ICO and BCG Token Offering

12. According to the Bullcoin Website, between January 20, 2018 and February 20, 2018, the Bullcoin Foundation conducted an initial coin offering of up to five (5) million BCG tokens, with no soft cap.

13. On February 13, 2018, the following solicitation was posted to the Bullcoin Gold Facebook page:



14. On February 14, 2018, the following “ICO Valentine” solicitation was posted to the Bullcoin Gold Facebook page:



15. On March 4, 2018, a post on the Bullcoin Gold Facebook page indicated that “The Bullcoin Gold investment portfolio has been created and investment has begun. We will provide monthly updates of the portfolio performance. Please follow us.”

16. The Bullcoin Foundation stated that the BCG tokens that were not sold during the Bullcoin ICO would be sold through various channels at market prices, and would continue to be offered after the conclusion of the Bullcoin ICO.

17. For example, a post on the Bullcoin Gold Facebook page, dated March 14, 2018, states “Buy Bullcoin Gold (BCG) on bullcoin.gold with your Paypal account, Credit Card and Debit Card ! Buy BCG Now and have an opportunity to make exponential gains! bullcoin.gold”

18. Another post on the Bullcoin Gold Facebook page, also dated March 14, 2018, indicates that “[m]any plans for Global expansion are underway!! Get your Bullcoin Gold while it is still cheap!! Fasten your seatbelts Bullcoin Gold Passengers!! Bullcoin Gold is about to Take Off!! Buy with credit card and debit card on <https://bullcoin.gold>.”

19. The Whitepaper lists the allocation for the “Use of Funds” as follows: 90% to the investment fund, 5% for project team expenses, and 5% for marketing.

20. The Bullcoin Foundation states that, “Our mission is to develop a robust hedge fund with a diversified portfolio of cryptocurrency assets that will minimize investment risks and maximize returns for the token holders. The portfolio will contain more than 50 cryptocurrencies and offer more opportunities to make exponential gains while limiting token holders’ risk exposure should any of these cryptocurrency projects fail.”

21. The Whitepaper contains a chart listing the value in U.S. Dollars of several cryptocurrencies for the period of January 1, 2017 through December 17, 2017. The chart shows that during this time period, the cryptocurrencies presented had percentage increases of approximately 1,898% to 33,897%. The Whitepaper states “[t]he BCG project team is confident that Bullcoin Gold will replicate the exponential increase in market value that the above cryptocurrencies have made.”

22. The Bullcoin Website states that it has chosen to launch the BCG token distribution through the Waves platform, which is a decentralized Blockchain platform that focuses on custom Blockchain token operations and uses a proof-of-stake algorithm that enables holders of tokens to receive interest when they stake their tokens.

23. The Bullcoin Website further indicates that “Waves is in partnership with Deloitte, one of the ‘Big Four’ accounting organizations and the largest professional services network in the world by revenue and number of professionals.”

24. The Bullcoin Whitepaper states that “Deloitte will assist Waves in setting up a selfregulatory [sic] body that will provide reporting, legal, tax & accounting, KYC and business

due diligence standards for ICOs and blockchain industry. The Bullcoin Foundation supports the setting up of such a self-regulatory for the protection of cryptocurrency investors.”

25. According to the Bullcoin Website, investors may purchase BCG tokens through the Waves wallet, using other cryptocurrencies, or through Paypal, at a cost of 1 BGC token per U.S. Dollar, and to be deposited in a Waves Wallet.

26. The Bullcoin Websites and Whitepaper outline a “Roadmap” for The Bullcoin Foundation, with the following milestones:

- a. Dec. 2017: Building website and social media channels. Complete Whitepaper. Start marketing campaign for ICO.
- b. Jan. 2018: Start ICO.
- c. Feb. 2018: Creating investment portfolio, Start of investments, Listings on various exchanges, Application to obtain crypto Hedge fund license.
- d. Mar. 2018: Crypto hedge fund license secured, Preparation of marketing campaign in Japanese, Chinese and Korean markets. Execute marketing campaign.
- e. Apr. 2018: Translation of marketing information into the top 10 spoken languages.
- f. End of 2018: Annual meeting to discuss past year portfolio performance and to discuss the coming year’s portfolio allocation.
- g. 2019: Integration of Bullcoin Gold into major social networking systems apps worldwide. Translation of marketing information into another 10 widely spoken languages.
- h. 2020: Integration of Bullcoin Gold into major social networking systems apps worldwide. Translation of marketing information into another 10 widely spoken languages. Increase Bullcoin Foundation Core team members.
- i. 2021: Bullcoin Gold becomes one of the top 10 cryptocurrencies in terms of market cap.

27. The Whitepaper indicates that the Bullcoin Foundation fund managers will invest funds collected from the sale of BCG tokens in a “diversified portfolio of high-potential

cryptocurrencies, and some of the processes the fund managers will go through when creating the portfolio include studying and analyzing the existing cryptocurrencies on the market, rating a list of hundreds of cryptocurrencies according to factors like project team, utility, market demand, market competition and etc. [sic], and making specific portfolio recommendations with details like substantiating reasons for investment and recommended percentage of allocation.”

28. Although a post on January 3, 2018 on the Bullcoin Gold Facebook page indicates that the members of the Bullcoin Foundation were finalized that week, the Whitepaper section titled “Team Track Record” states that “[t]he Bullcoin Foundation has many an achieved many noteworthy accolades. Below is a quick summary of some of their success which will certainly continue to rise as 2018 is set up to be an amazing year for the cryptocurrency market and Bullcoin Gold [...] • 500 million USD total turnover • 890% return since April 2017 • Sharpe ratio of 2.9 • Sortino Ratio of 6.8”

29. On April 2, 2018, a post on the Bullcoin Gold Facebook page stated “Bullcoin Gold Portfolio Performance for March 2018 Negative 35.6% Due to overall negative market conditions. Continue to HODL!!”¹

Registration Violations

30. The BCG tokens are neither registered with the Bureau, nor “federally covered,” nor exempt from registration.

31. The Bullcoin Foundation is not registered with the Bureau as a broker-dealer or in any capacity.

Omissions of Material Facts in Connection With The Offer Of Securities in the Bullcoin ICO

¹ The internet slang and meme “HODL” is a misspelling of the word “hold.”

32. In connection with the offer of BCG tokens in the Bullcoin ICO, the Bullcoin Foundation omitted the following materials facts:

- a. its assets and liabilities, or financial information about the business;
- b. the risks associated with the BCG tokens;
- c. the cryptocurrencies that the Bullcoin Fund would invest;
- d. how projections of returns were computed; and
- d. that the BCG token securities are not registered as required.

CONCLUSIONS OF LAW

33. The BCG tokens offered in the Bullcoin ICO by the Bullcoin Foundation are "securities" as defined by N.J.S.A. 49:3-49(m).

34. The Bullcoin Foundation is offering securities in the form of the BCG tokens that are neither registered with the Bureau, nor "federally covered," nor exempt from registration, in violation of N.J.S.A. 49:3-60.

35. The Bullcoin Foundation is effecting or attempting to effect transaction in securities for the accounts of others or for its own account without registration in violation of N.J.S.A. 49:3-56.

36. The Bullcoin Foundation is engaging in fraud in connection with the offer for sale of securities.

37. In connection with the offer and sale of the BCG tokens, the Bullcoin Foundation is making materially false and misleading statements and/or omitting to state material facts necessary in order to make the statements made in light of the circumstances under which they were made, not misleading to investors, in violation of N.J.S.A. 49:3-52(b).

38. N.J.S.A. 49:3-67 empowers the Bureau Chief to issue orders that are reasonably necessary to carry out the provisions of the Law.

39. N.J.S.A. 49:3-69(a)(1) empowers the Bureau Chief to issue a cease and desist order against persons engaged in prohibited activities, directing them to cease and desist from further illegal activity or doing acts in furtherance thereof.

40. The Bullcoin Foundation's violations are continuous and ongoing, therefore it is in the public interest that this Order be issued.

ORDER

Therefore, based upon all of the foregoing, it is on this 21st day of May 2018 hereby

ORDERED:


1. The Bullcoin Foundation and any person, employee, officer, director, entity, or independent contractor under The Bullcoin Foundation's direction or control immediately CEASE AND DESIST from:

- a. offering for sale any security in New Jersey until the security is registered with the Bureau or is offered for sale pursuant to an exemption from registration under the Securities Law;
- b. acting as broker-dealers or agents in New Jersey until each is registered with the Bureau or are acting pursuant to an exemption from registration under the Securities Law;
- c. making material misstatements of fact, or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in connection with its offer and/or sale of securities in New Jersey; and

d. violating any other provisions of the Securities Law and any rules promulgated thereunder for the sale of any security in New Jersey.

2. All exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b) are hereby **DENIED** as to The Bullcoin Foundation.

3. All exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g) are hereby **REVOKED** as to the Bullcoin Foundation.



Christopher W. Gerold
Chief, New Jersey Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to N.J.S.A. 49:3-69(a)(1)(i) the Bureau Chief shall entertain on no less than three days' notice a written application to lift the Order to Cease and Desist on written application of the person subject thereto and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the person subject thereto a written statement of the reasons for the Order to Cease and Desist.

Pursuant to N.J.S.A. 49:3-69(a)(1)(ii), upon service of notice of the Order to Cease and Desist issued by the Bureau Chief, the person subject thereto shall have up to 15 days to respond to the Bureau in the form of a written answer and written request for a hearing. The Bureau Chief shall, within five days of receiving the answer and request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing or schedule a hearing at the Bureau of Securities.

Orders issued pursuant to N.J.S.A. 49:3-69 shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the Order shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the Order shall toll the time for filing an answer and written request for a hearing.

Pursuant to N.J.S.A. 49:3-69(a)(1)(iii), if any person subject to the Order fails to respond by filing a written answer and written request for a hearing with the Bureau or moving to vacate the order within the 15 day prescribed period, that person shall have waived the opportunity to be heard. The Order will be a Final Order and shall remain in effect until modified or vacated.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.