

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

**IN THE MATTER OF:**

Trident d/b/a Trident Crypto Index Fund

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 Trident d/b/a Trident Crypto Index Fund (“Trident”).

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

**FINDINGS OF FACT**

1. Seeking to capitalize on the recent popularity of cryptocurrencies, Trident offers its own token, as well as investments in the Trident Crypto Index Fund – purportedly a fund that invests exclusively in crypto-assets and cryptocurrencies – through its websites and various social media outlets. In actuality, Trident is fraudulently offering unregistered securities in violation of the Securities Law.

**A. The Respondent**

2. Trident conducts its business on the internet, principally by means of websites accessible at [www.tridentcryptofund.com](http://www.tridentcryptofund.com) and [www.tridentcoin.com](http://www.tridentcoin.com) (collectively, the “Trident Websites”). The Trident Websites do not disclose a physical location or address for Trident.

3. The Trident Websites describe Trident as being “. . . a trusted partner to individuals, family, offices, investment managers, wealth managers and institutions in navigating cryptocurrency. Trident develops funds, insight, indexes and other services....” The Trident Websites also state that Trident was founded in 2017.

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

**B. Trident’s Web Presence**

5. The Trident Websites provide links to Trident’s social media websites including Facebook, Twitter and YouTube (collectively, with the Trident Websites, referred to as “Trident’s Web Presence”). Trident’s Web Presence is accessible to the general public, including residents of New Jersey.

6. Trident claims that the Trident Crypto Index Fund is the “world’s first coin based index fund.” In actuality, Trident is fraudulently offering unregistered securities through the Trident’s Web Presence in violation of the Securities Law.

**C. Trident Investments**

7. Trident offers investments opportunities (“Trident Investments”) to the general public, including New Jersey residents. The Trident Investments, as described below, are (1) the Trident Crypto Index Fund, and (2) the TDC Coins.

8. The Trident Investments described on Trident’s Web Presence constitute fraudulent offers to purchase or sell securities.

### **i. The Trident Crypto Index Fund**

9. The Trident Websites contain a Whitepaper dated April 2018 (“Whitepaper”) and a pamphlet describing the Trident Crypto Index Fund and compensation plan (together the “Trident Offering Materials”).

10. Trident states the Trident Crypto Index Fund “autonomously entails a portfolio of the best performing ten crypto assets by market capitalization, running on the conventional stock market models.”

11. The purported strategy of the Trident Crypto Index Fund is to invest “exclusively in top 10 (ten) underlying crypto assets with the highest market capitalization.”

12. Trident claims that the Trident Crypto Index Fund is “instrumental” to both risk-averse investors and risk-taking investors because Trident selects “only the best performing crypto assets.”

13. Trident claims in the Trident Offering Materials that the Trident Crypto Index Fund had 1400% returns in 2017 and investors receive a daily profit. The following describes an investor’s investment in the Trident Crypto Index Fund:

## TRIDENT CRYPTO INDEX FUND

You can invest in Trident crypto index fund. This investment involves profiting from index fund and you will receive DAILY profit based on your investment option.

FREELANCE	STUDIO	VIP
\$ 100 - \$ 1000	\$ 1010 - \$ 10000	\$ 10010 - \$ 100000
0.50% Profit Daily	0.75% Profit Daily	1.00% Profit Daily

*All of these packages expire at 140% that includes your principal amount.*

### ii. The TDC Coins

14. Trident offers an investment in “TDC Coins” which it describes as “a utility token (coin) that is a measure of the value of transactions [of the Trident Crypto Index Fund].”

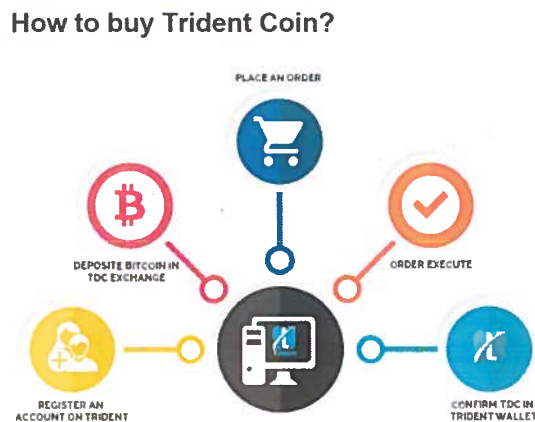
15. On May 16, 2016, Trident claimed on the Trident Websites to be conducting phase 11 of 77 of an initial coin offering of Trident coins starting in June 2018. Trident stated that the “current price” of a TDC Coin was \$1.07 with a “next price” of \$1.11. On May 17, 2018, Trident claimed on the Trident Websites that it was conducting phase 12 of 77 of an initial coin offering of TDC Coins starting in June 2018. Trident stated the “current price” of a TDC Coin as \$1.11 with a “next price” of \$1.16.”

16. The Trident Websites and Whitepaper describes the various ways investors can invest or earn money with TDC Coin:

- a. **Staking:** According to Trident, the moment an investor acquires TDC Coins they becomes an interest bearing asset with up to 120% return through proof of stake minting. All an investor needs to do to earn the interest is to hold the coins in a Trident electronic wallet.

- b. “Trident Lending”: According to Trident, to take part in Trident Lending an investor must use TDC Coin. The interest rate is calculated by Trident price volatility software and the Trident Trading Bot.
- c. Trading: According to Trident, investors can earn profit on the fluctuation of TDC Coin by buying TDC Coin at a low price and sell it at a higher price.
- d. Mining: According to Trident, Trident coin miners can pool their resources together and share hashing power while splitting the reward equally according to the amount of shares they contributed to solving a block.

17. The Trident Websites also state that an investor can purchase TDC Coins from the TDC Coin exchange or other exchanges where TDC Coin is traded. The Trident Websites contain the following diagram to describe:

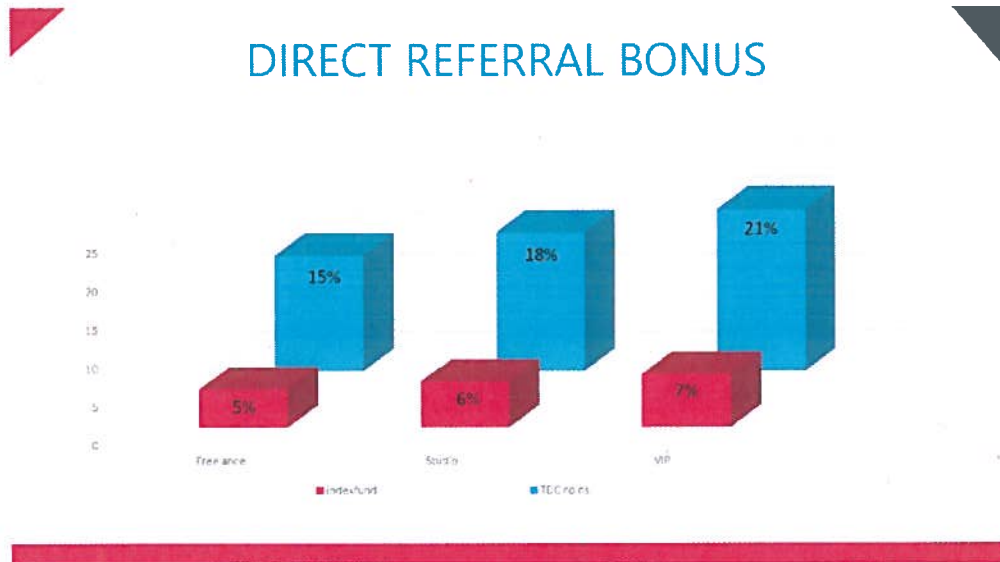


18. The TDC Coins as described and offered on the Trident Websites constitutes a fraudulent offer to purchase or sell unregistered securities.

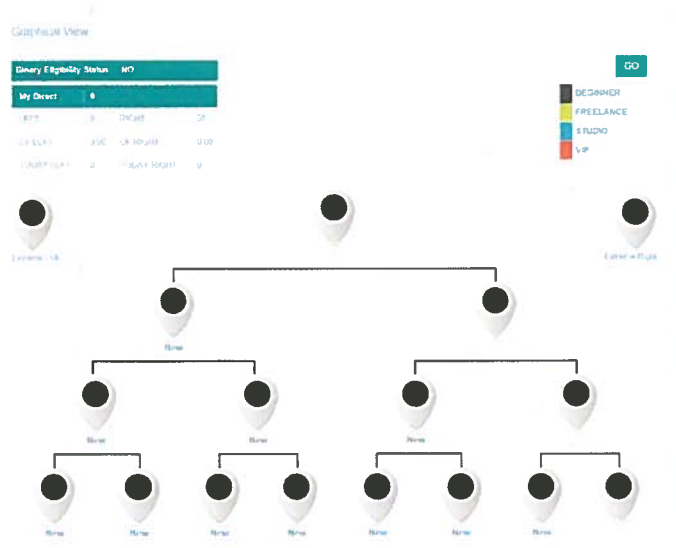
**D. The Use of Agents to Offer Securities**

19. Trident solicits agents, who will be compensated, to sell the Trident Investments (“Trident Agents”). The Trident Agents direct potential investors, including New Jersey residents, to the Trident Websites for the purpose of investing in the Trident Crypto Index Fund or TDC Coins.

20. The commission or bonus earned by a Trident Agent depends upon their investment package. The following describes the direct referral bonus and commission packages:



21. Additionally, on the account dashboard, the “referral” section tracks the investors recruited and the level of the package:



22. According to the Trident Websites, the benefits of being a Trident Agent include:
  - a. Earning a commission every time a referral invests in the Trident Crypto Index Fund or the Trident ICO; and
  - b. earning commissions ranging from 5% to 21%.
23. The Trident Agents are agents as defined by N.J.S.A. 49:3-49(b).
24. Trident creates marketing material, which are used by Trident Agents, including in online presentations that describe the Trident Crypto Index Fund and TDC Coins.
25. The Trident Agents are not registered as agents with the Bureau or exempt from registration.

**E. Registration Violations**

26. The Trident Investments are securities as defined by N.J.S.A. 49:3-49(m).
27. The Trident Investments are not registered with the Bureau, “federally covered,” or exempt from registration.
28. Trident is not registered with the Bureau as a broker-dealer or in any capacity.
29. Trident is using Trident Agents to offer and sell the investments in the Trident Lending Platform in New Jersey who are not registered with the Bureau as agents.

**F. Omissions of Material Facts to Potential Investors by Trident in the Offer of the Trident Investments**

30. In connection with the offer of securities in the Trident Investments, Trident is omitting materials facts including:
  - a. the identity of its principals;
  - b. its physical address and its principal place of business;
  - c. its assets and liabilities, or financial information about the business;

- d. the persons or entities that developed TDC Coins, including the number of DTC Coins owned by these persons or entities, and the number of TDC Coins owned by the principals of Trident;
- e. the persons or entities that are buying and selling the cryptocurrency in the Trident Crypto Index Fund;
- g. financial information about the obligation to pay investors who stake DTC Coins in the Trident wallet, including, but not limited to, the source of funds that will be used to pay investors;
- h. information about the payment of taxes on any gains or losses;
- i. Trident Agents are not registered as agents as required by the Securities Law;
- j. the Trident Investments are not registered with the Bureau as required by the Securities Law; and
- k. the amount of any fees, including but not limited to the “Maintenance Fees,” “commissions to third parties,” and “transfer fees.”

**G. Untrue Statements Of Material Facts Or Omitting To State A Material Fact Necessary To Make The Statements Made In The Light Of The Circumstances They Are Made, Not Misleading In Connection With The Offer Of Trident Investments.**

31. In connection with the offer of securities in the form of the Trident Investments, Trident is making untrue statement of materials facts or omitting to state a material fact necessary to make the statements made in the light of the circumstances they are made, not misleading, including:

- a. the Whitepaper states the price of a TDC Coin is \$0.70 with an offering price of \$0.60, but the price on the Trident Websites changes, with the current price on May 17, 2018 being \$1.11;
- b. the front page of the [www.tridentcoin.com](http://www.tridentcoin.com) website states that the Trident Crypto Index Fund will have no “broker fees, No exit fees”. However, the



- Whitepaper states there are “Maintenance Fees,” as well as “commissions to third parties,” and “transfer fees,” but does not disclose the amount of the fees;
- c. the Trident Websites that state that in 2017 the Trident Crypto Index Fund had a return of more than 1400%, but there is no evidence provided of these returns;
  - d. the Whitepaper states, since the beginning of 2016, TDC Coin has “gained by a factor of 154”, but the Trident Websites indicate that Trident was not founded until 2017; and
  - e. the Whitepaper states there is a “...likelihood of the crypto assets replacing the conventional fiat money system in this decade, most of the major world economies such as The United States of America (USA), United Kingdom (UK), China, France, South Korea, India, Mexico, South Africa and many more countries” but provides no support for this contention.

### **CONCLUSIONS OF LAW**

- 32. Investments in the Trident Investments are "securities" as defined by N.J.S.A. 49:3-49(m).
- 33. Trident is offering securities that are neither registered with the Bureau, nor “federally covered,” nor exempt from registration in violation of N.J.S.A. 49:3-60.
- 34. Trident is effecting or attempting to effect transactions in securities for the accounts of others or for its own account without registration in violation of N.J.S.A. 49:3-56.
- 35. Trident is engaging in fraud in connection with the offer of securities.
- 36. In connection with the offer of the Trident Investments, Trident is making untrue statements of materials fact and/or omitting to state material facts necessary to make the statements

made in the light of the circumstances they are made, not misleading, to investors in violation of N.J.S.A. 49:3-52(b).

37. 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.

38. 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.

39. Trident's violations are continuous and ongoing, therefore making a cease and desist in the public interest and an appropriate remedy.

### **ORDER**

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

#### **ORDERED:**

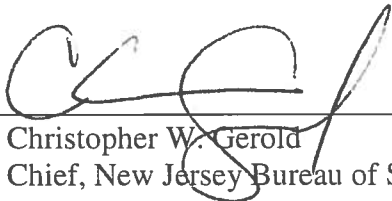
1. Trident and any person, employee, officer, director, entity, agent, Trident Agent, or independent contractor under Trident direction or control immediately CEASE AND DESIST from:

- 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 Trident.

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 Trident.

  
\_\_\_\_\_  
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 revoking your registration, 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.