

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

IN THE MATTER OF:

BITSTRADE

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 et seq. (“Securities Law”) and certain regulations thereunder, and based upon documents and information obtained during the 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 Bitstrade.

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

FINDINGS OF FACT

A. The Respondent

1. Bitstrade conducts its business on the internet, principally by means of a website accessible at www.bitstrade.org (“BT Website”). The BT Website is accessible to the general public, including residents of New Jersey. According to the BT Website, Bitstrade is “a registered United States company providing Private Banking service to the masses.”

2. Bittrade's purported mission and vision is "...to empower people financially and make the world more open and connected . . . with a common cause to make bitcoin the most used payment system in the world . . . [and] foster a trusted bitcoin community, more friendly than OTC, but ore [sic] involved than a bitcoin broker." In actuality, Bittrade is fraudulently offering unregistered securities in violation of the Securities Law.

3. Bittrade claims to maintain addresses at 14455 North Hayden Road Redlands, California and 14455 N Hayden Road Scottsdale, Arizona. According to Google Maps, the address of 14455 North Hayden Road, Redlands, California, does not exist. And 14455 N Hayden Road, Scottsdale, Arizona is the address of GoDaddy.com's headquarters with no listing for Bittrade at that address.

4. Bittrade has never been registered to sell securities in the State of New Jersey.

B. Bittrade Offers Investments on the BT Website

5. Bittrade offers an investment ("Bittrade Investment") on the BT Website to the general public, including New Jersey residents.

6. According to the BT Website, the Bittrade Investment is an investment pool, whereby it collects "multiple lower value investments and grouping them into one single HUGE investment, using those funds to trade on the stock market, and generate outstanding returns. We then share back a portion of our revenue to our customers, who made an investment..."

7. The BT Website homepage prominently displays that the Bittrade Investment is guaranteed:

INVESTMENT PROFIT GUARANTEED

Our Investment Plans With all of our plans the following are the common: You will receive profit every day, incl. weekends.

8. Bitstrade offers investors the opportunity to invest in the Bitstrade Investment for as little as \$10.00. Potential investors must use Bitcoin to purchase the Bitstrade Investment. According the BT Website, investors “don’t need thousands or millions to have a private trader working for you day by day. You don’t need to make a huge investment to have a personal account assistant assigned to you. With Bitstrade all of these are possible from only \$10.00!”

9. According to the BT Website, the Bitstrade Investment pays interest on the amount of capital invested. The interest rate purportedly accrues on a daily basis and increases based upon the amount of money invested. The BT Website contains a chart which purports to illustrate the guaranteed returns from the Bitstrade Investment within a set period of time:

Leading Amount	Interest(Accrued Daily)	Capital Return
\$10-\$100	2.00%	199 Days
\$101-\$1000	4%	179 Days
\$1001-\$10,000	6%	120 Days
\$10,001-\$100,000	10%	99 Days

10. The BT Website also contains a “Profit Calculator” which purports to compute a potential investor’s profit, rate of return, and term length:

PROFIT CALCULATOR

Last 30 Day Average ▼

Principal : \$ (USD)

Rate of Interest : %

Term Length : In days

Your profit : \$408
ROI : 20.4%

Profit with principal \$2408

11. On the BT Website, Bitstrade further claims that investors: will receive profit on their Bitstrade Investment every day, including weekends; can withdraw their profits instantly; can invest a minimum of \$10; and can withdraw a minimum of \$10.

12. In addition, Bitstrade purports to pay a 10% referral commission to individuals on the amount invested in the Bitstrade Investment by the referred investor.

13. The material set forth on the BT Website constitutes offers to purchase or sell securities.

C. Registration Violations

14. The Bitstrade Investment is a security as defined by N.J.S.A. 49:3-49(m).

15. The Bitstrade Investment is neither registered with the Bureau or exempt from registration with the Bureau, nor federally covered.

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

D. Omissions of Material Facts to Potential Investors by Bitstrade in the Offer of the Bitstrade Investment

17. In connection with the offer of securities in the Bitstrade Investment, Bitstrade is omitting materials facts including:

- a. the identity of Bitstrade's principals;
- b. Bitstrade's physical address and its principal place of business;
- c. Bitstrade's assets and liabilities, or financial information about the business;
- d. the risks of the Bitstrade Investment;
- f. the basis to "guarantee" the Bitstrade Investment;
- g. how Bitstrade invests the investor's money;
- h. that the Bitstrade Investment is not registered as required by the Securities Law.

CONCLUSIONS OF LAW

18. The Bitstrade Investment as offered by Bitstrade is a "security" as defined by N.J.S.A. 49:3-49(m).

19. Bitstrade is offering securities in the form of the Bitstrade Investment which are neither registered with the Bureau, nor "federally covered," nor exempt from registration, in violation of N.J.S.A. 49:3-60.

20. Bitstrade 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.

21. In connection with the offer of the Bitstrade Investment, Bitstrade is engaging in fraud by 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 to investors, in violation of N.J.S.A. 49:3-52(b).

22. 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.

23. 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.

24. Bitstrade's violations of the Securities Law is continuous and ongoing, therefore there is good cause and it is in the public interest to enter this Order against Bitstrade.

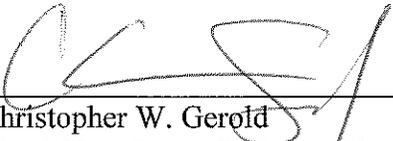
ORDER

Therefore, based upon all of the foregoing,

It is on this 9th day of February, 2018 hereby **ORDERED** that:

1. Bitstrade and any person, employee, officer, director, entity, or independent contractor under Bitstrade'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 Bitstrade.

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 Bitstrade.



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.