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## Texas State Securities Board

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IN THE MATTER OF §  
COINS MINER INVESTMENT LTD. AKA §  
COINS MINER AND ANA JULIA LARA §

Order No. ENF-18-CDO-1767

TO: Coins Miner Investment Ltd. aka Coins Miner  
2 Amersham Road, London, SE14 6QE, United Kingdom  
and Shtemenko Ul., bld. 41.A appt.3, Volgograd, Volgogradskaya

Ana Julia Lara  
2 Amersham Road, London, SE14 6QE, United Kingdom  
and Shtemenko Ul., bld. 41.A appt.3, Volgograd, Volgogradskaya

### EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas (hereinafter referred to as the "**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. arts. 581-1 to 581-45 (West 2010 & Supp. 2017) (hereinafter referred to as the "**Securities Act**").

The Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find that:

#### FINDINGS OF FACT

1. Coins Miner Investment Ltd. aka Coins Miner (hereinafter referred to as "**Respondent Coins Miner**") maintains addresses at 2 Amersham Road, London, SE14 6QE, United Kingdom, and Shtemenko Ul., bld. 41.A appt.3, Volgograd, Volgogradskaya.
2. Ana Julia Lara (hereinafter referred to as "**Respondent Lara**"), as described herein, is affiliated with Respondent Coins Miner and is a VIP member of Respondent Coins Miner. Respondent Lara maintains addresses at 2 Amersham Road, London, SE14 6QE, United Kingdom, and Shtemenko Ul., bld. 41.A appt.3, Volgograd, Volgogradskaya.

#### OVERVIEW

3. Respondent Coins Miner is an issuer of investments in cryptocurrency mining programs that publicly claims to be operating in the United Kingdom. In truth and in fact, it is actually operating from Russia.

4. Respondent Coins Miner is using a variety of techniques to manipulate technology in a manner that falsely adds legitimacy to its fraudulent cryptocurrency mining programs. These techniques include the following:
  - A. Respondent Coins Miner is spoofing the email address of a domestic provider of cryptocurrency wallet and trading services, making it appear as if this domestic entity is endorsing Respondent Coins Miner,
  - B. Respondent Coins Miner is publishing a phony video that falsely depicts its facilities, engineers and financial professionals,
  - C. Respondent Coins Miner is using fake photographs that purport to show the interior of its office suite, and
  - D. Respondent Coins Miner is misappropriating a video of a journalist speaking about cryptocurrencies that was manipulated to appear as if it was created by Respondent Coins Miner.
5. Respondent Coins Miner is also attempting to entice potential investors by claiming it will be giving away an automobile to a person who invests in a cryptocurrency program, when it actually does not own the automobile it claims it will give away.

**THE SPOOFING OF COINBASE  
AND RESPONDENT LARA'S MISREPRESENTATION SHE WORKS AT COINBASE**

6. Respondent Coins Miner and Respondent Lara are sending unsolicited electronic mail messages to numerous recipients, including Texas residents, that solicit their purchase of investments in cryptocurrency mining programs issued by Respondent Coins Miner.
7. Respondent Coins Miner and Respondent Lara are using a technique known as "spoofing" to ensure the unsolicited electronic mail messages falsely appear to be sent by Coinbase, a business that acts as a digital currency wallet and platform for trading cryptocurrencies.
8. Respondent Lara is also misrepresenting that she is a trader for Coinbase.

**THE COINS MINER WEBSITE  
AND THE INVESTMENTS IN THE CRYPTOCURRENCY MINING PROGRAMS**

9. The spoofed solicitation directs investors to an internet website maintained by Respondent Coins Miner accessible at <https://coins-miner.info> (hereinafter referred to as the "**Coins Miner Website**").
10. The Coins Miner Website represents that Respondent Coins Miner maintains its business address at 2 Amersham Road, London, SE14 6QE, United Kingdom. Although Respondent Coins Miner publicly claims to be located in the United Kingdom, it is actually operating from Russia at Shtemenko Ul., bld. 41.A appt.3, Volgograd, Volgogradskaya.

11. The Coins Miner Website represents Respondent Coins Miner is issuing four different investments in a cryptocurrency mining platform. The website describes these four different investments as follows:
  - A. Investors may invest between \$300.00 and \$1000.00 in the “starter plan” and receive a 200% commission and one day of compounding,
  - B. Investors may invest between \$1,001.00 and \$10,000.00 in the “silver plan” and receive a 400% commission and three days of compounding,
  - C. Investors may invest between \$10,001.00 and \$100,000.00 in the “gold plan” and receive 600% commission and five days of compounding, and
  - D. Investors may invest between \$100,001.00 and \$1,000,000.00 in the “platinum plan” and receive 800% commission and seven days of compounding.
12. Respondent Coins Miner is representing, on social media and elsewhere, that the purchase of an investment in a cryptocurrency mining program will provide a return of 240% every 24 hours, paid on an automated basis to investors' bitcoin addresses.
13. Respondent Coins Miner claims that it does not charge any type of fee for its services. Instead, the Coins Miner Website explains that Respondent Coins Miner “will pay you the fixed fee for each transaction we create so that we can also support the mining community.”

**THE COINS MINER WEBSITE  
AND MISREPRESENTATIONS REGARDING ITS TEAM OF EXPERTS**

14. The Coins Miner Website explains that Respondent Coins Miner was “founded at the end of 2016 by a team of experts in blockchain programming and IT engineers.”
15. The Coins Miner Website contains an embedded video that represents its staff consists of an “alt coins mining team” with members that “come from different scientific disciplines” and a “team of professional portfolio managers” who are responsible for “alt coin conversion to Bitcoin with better market prices than you can get on a retail exchange market.”
16. The embedded video purports to depict these members, as well as the Respondent Coins Miner’s facilities and computer servers.
17. The embedded video does not actually depict these members or Respondent Coins Miner’s facilities and computer servers. Instead, it consists of stock footage available for purchase on the internet.

**THE COINS MINER WEBSITE  
AND MISREPRESENTATIONS REGARDING ITS VIP MEMBERS**

18. The Coins Miner Website identifies Respondent Lara and two other persons as VIP Members and directs potential investors to contact the VIP Members.
19. The Coins Miner Website provides photographs that purport to depict Respondent Lara and the two other persons identified as VIP Members.

20. The photographs used to depict the two other persons identified as VIP Members do not actually show the two other VIP Members. These photographs are stock photographs available for purchase on the internet.

**THE COINS MINER WEBSITE  
AND THE MISAPPROPRIATION OF A VIDEO OF A SENIOR WRITER FOR FORTUNE**

21. The Coins Miner Website contains an embedded video of a person identified as "Senior Writer" discussing cryptocurrencies. The video depicts a logo for Respondent Coins Miner.
22. The person identified in the embedded video is not a Senior Writer for Respondent Coins Miner but instead a Senior Writer for Fortune.
23. The Senior Writer did not authorize Respondent Coins Miner to use the video, which was filmed for Fortune, her sole employer, and included Fortune's logo instead of Respondent Coins Miner's logo.

**THE USE OF PHONY PHOTOGRAPHS  
THAT PURPORT TO DEPICT RESPONDENT COINS MINER'S OFFICE**

24. Respondent Coins Miner and Lara are publishing photographs that purport to depict the interior of Respondent Coins Miner's office suite.
25. The photographs include images of a reception area, a conference room, a hallway and other facilities that bear Respondent Coins Miner's logo.
26. The photographs do not actually depict the interior of Respondent Coins Miner's office suite. Instead, the photographs are actually mockups of stock photographs available for use on the internet.

**THE GIVEAWAY OF THE AUTOMOBILE  
THAT RESPONDENT COINS MINER DOES NOT OWN**

27. Respondent Coins Miner and Lara are representing that they will give away a white Mazda hatchback with Respondent Coins Miner's logo on the driver side door.
28. Respondent Coins Miner and Lara are telling potential investors in Texas they will be put on the list for the giveaway.
29. The white Mazda hatchback with Respondent Coins Miner's logo on the driver side door is actually a mockup of a stock photograph available for use on the internet.

**RESPONDENT LARA AND HER MISREPRESENTATIONS  
REGARDING RIPPLE AND COINTELEGRAPH MEDIA GROUP**

30. Respondent Lara is telling potential investors she met the President of Ripple and providing potential investors with a photograph that purports to depict her and the President of Ripple.
31. The photograph does not depict Respondent Lara. Instead, the photograph depicts a Vice President at CoinTelegraph Media Group.

## REGISTRATION VIOLATIONS

32. Respondent Coins Miner has not been registered with the Securities Commissioner as a dealer at any time material hereto.
33. Respondent Lara has not been registered with the Securities Commissioner as an agent at any time material hereto.
34. The investments in the cryptocurrency mining programs have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.

## FRAUD IN CONNECTION WITH THE OFFER OF INVESTMENTS IN THE CRYPTOCURRENCY MINING PROGRAMS

35. In connection with the offer of the investments in the cryptocurrency mining programs, Respondent Coins Miner is intentionally failing to disclose the following material facts relating to Respondent Coins Miner's business:
  - A. Respondent Coins Miner is intentionally failing to disclose the identity of its principals,
  - B. Respondent Coins Miner is intentionally failing to disclose the business repute and qualifications of its principals, and
  - C. Respondent Coins Miner is intentionally failing to disclose its assets, liabilities, capitalization and other financial information necessary to ascertain its ability to pay the promised returns to investors.
36. In connection with the offer of investments in the cryptocurrency mining programs, Respondent Coins Miner and Respondent Lara are misrepresenting relevant facts relating to Coinbase:
  - A. Respondent Coins Miner and Respondent Lara are sending electronic mail messages that spoof Coinbase, thereby making the solicitations falsely appear as if they were sent by Coinbase, and the practice constitutes the misrepresentation of a relevant fact, and
  - B. In connection with the offer of investments in the cryptocurrency mining programs, Respondent Coins Miner and Respondent Lara are misrepresenting that Respondent Lara is a trader at Coinbase, and this misrepresentation constitutes the misrepresentation of a relevant fact.
37. In connection with the offer of investments in the cryptocurrency mining programs, Respondent Coins Miner is publishing a video that falsely purports to depict its team members, facilities and computer servers, and the publishing of this video constitutes the misrepresentation of a relevant fact.
38. In connection with the offer of investments in the cryptocurrency mining programs, Respondent Coins Miner is directing potential investors to contact Respondent Lara and two other VIP Members, and it is publishing photographs that falsely purport to

depict these two other team members, and the publishing of these photographs constitutes the misrepresentation of a relevant fact.

39. In connection with the offer of investments in the cryptocurrency mining programs, Respondent Coins Miner is publishing a video that falsely purports to show a Senior Writer for Respondent Coins Miner speaking about cryptocurrencies:
- A. Respondent Coins Miner is intentionally failing to disclose the video was filmed by a Senior Writer for Fortune and not a Senior Writer for Respondent Coins Miner,
  - B. Respondent Coins Miner is intentionally failing to disclose the Senior Writer did not consent to Respondent Coins Miner's use of the video, and
  - C. Respondent Coins Miner is intentionally failing to disclose it manipulated the video to show Respondent Coins Miner's logo.
40. In connection with the offer of investments in the cryptocurrency mining programs, Respondent Coins Miner is publishing photographs that falsely purport to depict its office suite, and the publishing of these photographs constitutes the misrepresentation of a relevant fact.
41. In connection with the offer of investments in the cryptocurrency mining program, Respondent Lara is presenting potential investors with a photograph that purports to depict her with the President of Ripple, and the presentation of the photograph is a misrepresentation of a relevant fact because the photograph does not depict Respondent Lara and instead depicts a Vice President at CoinTelegraph Media Group.

**MISLEADING AND DECEPTIVE STATEMENTS  
AND THE OFFER OF INVESTMENTS IN CRYPTOCURRENCY MINING PROGRAMS**

42. Respondents are publicly representing Respondent Coins Miner maintains an address at 2 Amersham Road, London, SE14 6QE, United Kingdom, which is materially misleading or otherwise likely to deceive the public because Respondent Coins Miner is actually operating from Russia at Shtemenko Ul., bld. 41.A appt.3, Volgograd, Volgogradskaya.
43. Respondents are touting the profitability of the investment in the cryptocurrency mining programs, which is materially misleading or otherwise likely to deceive the public because they are not disclosing the risks associated with cryptocurrencies, including the following risks:
- A. Governments may adopt legislation or regulations that may negatively impact the use, transfer, exchange, or price of cryptocurrencies,
  - B. A system failure, technical failure, or deficient source code may negatively impact the ability to exchange cryptocurrencies and the price of cryptocurrencies, and
  - C. Cryptocurrencies compete with all other cryptocurrencies, and this competition may negatively impact the price of a specific cryptocurrency.

44. Respondents are touting the profitability of the investment in the cryptocurrency mining programs, which is materially misleading or otherwise likely to deceive the public because they not disclosing the following risks associated with cryptocurrency mining:
- A. The cost of electricity used to power and cool cryptocurrency mining hardware, as well as any changes to the cost of electricity, may decrease the profits obtained through mining coins or result in costs exceeding such profits,
  - B. A cryptocurrency mining platform may mine a coin that declines in value or becomes virtually worthless,
  - C. Although computing power may remain constant, the difficulty of mining may increase over time, correlating with a decrease in the number of coins secured through mining,
  - D. A system or technical failure may impact the efficiency of a cryptocurrency mining platform, and the costs associated with repairs may decrease the profits obtained through mining coins or result in costs exceeding such profits,
  - E. A hacking incident or other malicious attack may impact the efficiency of a cryptocurrency mining platform, decreasing the number of coins secured through mining, and
  - F. Cryptocurrency miners compete with other cryptocurrency miners, and this competition, as well as changes in the competitive environment, may decreasing the number of coins secured through mining.

#### **CONCLUSIONS OF LAW**

1. The investments in the cryptocurrency mining programs are “securities” as that term is defined in Section 4.A of the Securities Act.
2. Respondents are violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Securities Act.
4. Respondents are engaging in fraud in connection with the offer for sale of securities.
5. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondents’ conduct, acts and practices threaten immediate and irreparable harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

**ORDER**

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until they are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

**NOTICE**

Pursuant to Section 23-2 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 18<sup>th</sup> day of September, 2018.

  
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TRAVIS J. ILES  
Securities Commissioner