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STATE OF WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS SECURITIES DIVISION

IN THE MATTER OF DETERMINING Whether there has been a violation of the Securities Act of Washington by:

Coscoin LLC,

Order No. S-23-3671-24-FO01

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW AND FINAL ORDER TO CEASE AND DESIST, TO IMPOSE FINES, AND TO CHARGE COSTS AS TO COSCOIN, LLC

Respondent.

THE STATE OF WASHINGTON TO:

Coscoin LLC

On January 9, 2024, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, To Impose Fines, and to Charge Costs, Order No. S-23-3671-23-SC01 ("Statement of Charges"). The Statement of Charges, together with a Notice of Opportunity for Hearing ("Notice") and an Application for Adjudicative Hearing ("Application"), were served on Respondent Coscoin LLC on January 16, 2024. The Notice advised Respondent Coscoin LLC that the Application must be received within twenty days from the date of service. Respondent Coscoin LLC failed to request an administrative hearing within twenty days of service.

The Securities Administrator therefore adopts as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges and enters a final order against Respondent Coscoin LLC to cease and desist from violations of the Securities Act, and to impose the fines and costs sought in the Statement of Charges.

FINDINGS OF FACT

Respondent

Coscoin LLC ("Coscoin") dba "Coscoin" "Cos" and "Cosetek," is a Washington entity formed 1. on March 30, 2023 with its principal place of business purportedly in Fife, Washington. Coscoin claims to be a global cryptocurrency trading platform that utilizes artificial intelligence ("AI") quantification, which allows investors to buy and sell cryptocurrency on the Coscoin platform at a guaranteed profit. 4

Nature of the Conduct

Overview

2. From on or around October of 2023 through November of 2023, Coscoin defrauded at least 7 twenty-three internationally located investors who purchased securities in the form of cryptocurrency 8 9 investment contracts via the Coscoin platform by making false or misleading claims about its trading platform and offerings. Specifically, Coscoin offered and sold cryptocurrency investment contracts with the promise 10 of returns ranging from .05%-.07% compounded up to four times daily. Coscoin also offered and sold separate 11 time-limited "bonus" cryptocurrency investment contracts that promised immediate returns of 100%. At least 12 twenty-three investors purchased investment contracts in amounts ranging from several hundred to several 13 14 thousands of United States dollars. None of the known investors have been able to withdraw any of their initial investment nor purported profit since late November of 2023. 15

Background

17 3. Coscoin offered investment contracts in AI driven crypto trades to the general public through its websites (https://www.coscoins.com, https://cosetek.com, and https://coshman.com). All websites 18 19 appeared similar or identical to each other in layout and substance with the only readily apparent deviations 20 being the company names of "Coscoin," "Cos," and "Cosetek." Coscoin's websites claim it utilized AI driven "quantitative intelligence system" technology that quickly identified the best buy and sell rates of digital 21 22 currency products across multiple exchange platforms. By identifying various crypto products in multiple 23 exchanges, Coscoin's websites and promotional materials claimed its expeditious AI technology was able to

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ensure investment gains by purchasing a crypto product on one exchange at a lower price, and immediately selling that same crypto product on another exchange at a higher price.

The Offering

4. Through the Coscoin platform and Coscoin promotional "step by step safe user" video, investors were instructed to transfer crypto to Coscoin via Kraken, a third-party cryptocurrency exchange.
Investors transferred crypto to Coscoin via a personal Coscoin wallet address that was created for each investor by hitting a "\$ recharge" button on the platform.

8 5. Once investors transferred crypto to Coscoin, they were able to passively invest on the platform
9 by hitting a "quantification" button. After investors clicked the button, the investor relied on Coscoin to trade
10 for a profit. The investor did not have any additional role in earning a profit on their investment.

6. The platform allowed investors to hit the quantification button up to four times within twentyfour hours. Each time an investor clicked "quantify," the platform made it appear they earned a profit within
the promised "profit ratio."

14 7. Prior to clicking "quantify," investors were shown the rate of return on the investment contract 15 as a percentage "profit ratio" which ranged from at least .5% to .7% per "quantification." The most commonly 16 advertised rate of return was .057-.70%, which was the rate offered to the lowest level investors who were 17 identified as "VIP1." As investors were allowed to quantify four times a day, the platform made it appear 18 investment proceeds rapidly grew.

8. Coscoin's platform advertised various "VIP" levels based on one's investment amount and the
 number of investors one recruited to invest in the platform. Once logged in to the platform, an investor's
 "current level" was displayed. Investor categories were broken down to various "VIP" levels ranging from
 VIP1 through VIP 6. The posted VIP investment levels were inconsistent and overlapped such that investment

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amounts appeared in more than one VIP level. VIP1 was designated for amounts ranging from "30 USDT¹-5,000 USDT, VIP2 500-20,000 USDT, VIP3 3,000-50,000 USDT, VIP4 10,000-200,000 USDT, VIP5 30,000-500,000 USDT and VIP 6 50,000 USDT-999,999 USDT."

9. The Coscoin platform offered a bonus for signing up new investors. The platform stated that "when you invite subordinates to recharge 100 USDT and above for the first time, you will get 20 USDT bonus." To sign new investors up, users merely had to click on an "invite friends" button on the platform.

10. The investment amount and number of new investors signed up increased investors' VIP levels. 7 8 While the VIP investment levels were posted clearly on the top portion of the platform, the promised rates of 9 return and benefits associated with each VIP level were not consistently advertised nor readily apparent to most investors. When posted, the advertised rates of return for the VIP levels promised investment returns 10 that often decreased with larger investments and number of recruited investors, thus defying logic as investors 11 were penalized for increased investments and recruitment. At least one platform user indicated the platform 12 promised "VIP1 - invest 30-500 USDT 0.57% to 0.7%; VIP2 - invest 500 to 3000 USDT, recruit five affiliate 13 investors and receive 0.56% to 0.66% a day; VIP3 - invest 3000 USDT to 10,000 USDT, recruit ten affiliate 14 investors and receive 0.53% to 0.63% a day; VIP4 - invest 10,000 USDT to 50,000 USDT, recruit twenty 15 affiliate investors and receive 0.54% to 0.61% a day; VIP5 – invest 30,000 to 999,999 USDT, recruit thirty 16 affiliate investors and receive 0.53% to 0.6% a day; VIP6 - invest 50,000 to 999,999 USDT, recruit forty 17 affiliate investors and receive 0.53% to 0.58% a day." 18

Bonus Promotions

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11. Coscoin ran time-limited investment promotions that created a sense of urgency with a promised immediate 100% rate of return. Coscoin then extended those promotions upon termination of the

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¹ Tether (USDT) is a stablecoin, or a type of cryptocurrency, pegged to the United States Dollar.

time-period. For instance, the Coscoin platform ran a Thanksgiving Special which stated "In order to Welcome Thanksgiving Day, we launch a Thanksgiving Feedback Campaign! Both new users and old users 2 can participate in this event and receive generous rewards!" The platform advertised its 100% return using 3 numerical examples including that "a single deposit of 123 USDT -123.99 USDT will receive a bonus of 123 4 USDT.....A single deposit of 46,023 USDT -46,023.99 USDT will receive a bonus of 46,023 USDT." The 5 Thanksgiving special was advertised as running from "Nov 20 00:00- -Nov21² 23:59 [Washington time]." 6 The platform posted that "The rewards for this Thanksgiving event are very generous and the time is limited." 7

12. After the termination of the Thanksgiving promotion, the Coscoin platform posted "COSCOIN 8 9 major upgrade notice: due to the large amount of funds involved in this Thanksgiving feedback event, COSCOIN needs to pay taxes and wait for the tax department to verify the payment. COSCOIN has optimized 10 and updated the withdrawal system! The tax department will implement the new [72-hour T+2] mode to 11 review the user's withdrawal application! At the same time, in order to celebrate this system optimization and 12 upgrade, the Thanksgiving feedback activity will be extended for an additional 24 hours!" 13

13. Coscoin also advertised an "emergency notice!! COSCOIN has been attacked by hackers from 14 unknown sources, and the withdrawal amounts of all users have been maliciously tampered with. The 15 COSCOIN technical department has solved this problem, in order to ensure the safety of all users' funds, all 16 17 withdrawal applications have been cancelled. To express our apology, the Thanksgiving Giveback event will be extended for 24 hours!" The platform then posted the same 100% bonus structure with the same numerical 18 19 examples, but also indicated that "all users who have completed 2 or more levels of bonus events will receive 20 a [Thanksgiving Surprise Reward] worth 500 USDT. All users who have completed 3 or more level of rewards activities will receive a [Thanksgiving double surprise reward] worth 1,000 USDT." 21

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² Thanksgiving occurred on November 23, 2023.

14. While some earlier investors were able to withdraw a small portion of their initial investment, no known investors have been able to withdraw any of their investment nor alleged profit since late November of 2023.

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Misrepresentations and Omissions

15. Coscoin misrepresented material information related to the company's age and location in an 5 apparent attempt to give the company legitimacy. The Coscoin platform indicated "COSCOIN is a dynamic 6 technology company based in Washington, DC, USA, we founded COSCOIN in 2015." Coscoin's webpages 7 represented the company is located in Washington State rather than the United States Capital, and was formed 8 9 on March 30, 2023 rather than in 2015. Coscoin filed its Articles of Incorporation with Washington State's Secretary of State on March 30, 2023. The Washington State physical address Coscoin identified on its 10 webpages and the Washington State's Corporations Database is an address in Fife, Washington associated 11 with a legal support services company. There is no known Coscoin business located in Washington State. 12

13 16. Coscoin failed to disclose material information when it did not warn users of any associated
risks with investment nor the possibility that investors may not earn a profit within the advertised ranges of
rates of return.

16 17. Coscoin failed to disclose material information related to the function of the Coscoin 17 quantification system including but not limited to what cryptocurrencies it trades in, the assumptions and 18 parameters used to program the quantification system, whether these assumptions and parameters could 19 change, the mistakes or malfunctions that could impact the function of the quantification system, how it could 20 earn up to 100% immediate investment returns, and whether an investor had a remedy if the quantification 21 system does not function as expected.

18. Coscoin failed to disclose to investors that the offered investment contracts are securities, and
that anyone who offers or sells securities must be registered or exempt from registration.

Registration Status

2	19. Coscoin LLC is not currently registered to sell its securities in the state of Washington and has		
3	not previously been so registered, nor has it filed a claim of exemption from registration.		
4	Based upon the above Findings of Fact, the following Conclusions of Law are made:		
5	CONCLUSIONS OF LAW		
6	The offer and/or sale of the investment contracts described above constitutes the offer and sale of a		
7	7 security as defined in RCW 21.20.005(14) and (17).		
8	1. Coscoin LLC violated RCW 21.20.140, the securities registration section of the Securities Act		
9	9 of Washington, by offering and/or selling securities for which no registration is on file with the Securities		
10	0 Administrator.		
11	2. Coscoin LLC violated RCW 21.20.010, the anti-fraud section of the Securities Act of		
12	2 Washington, by employing a device, scheme, or artifice to defraud, by making untrue statements of material		
13	fact or omitting to state material facts necessary to make the statements made, in light of the circumstances in		
14	4 which they were made, not misleading, and by engaging in an act, practice, or course of business which		
15	operated as a fraud or deceit upon any person.		
16	6 Based upon the foregoing and finding it in the public interest:		
17	7 FINAL ORDER		
18	IT IS HEREBY ORDERED that Respondent Coscoin LLC, and their agents and employees, shall each		
19	cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the		
20	securities registration section of the Securities Act of Washington.		
21	IT IS FURTHER ORDERED that Respondent Coscoin LLC, and their agents and employees, shall		
22	each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act of		
23	Washington.		

IT IS FURTHER ORDERED that Respondent Coscoin LLC shall be liable for and pay a fine in the 1 amount of \$75,000. 2 IT IS FURTHER ORDERED that Respondent Coscoin LLC shall be liable for and pay costs in the 3 amount of \$4,250.00. 4 **AUTHORITY AND PROCEDURE** 5 6 This FINAL ORDER is entered pursuant to RCW 21.20.390 and is subject to Chapter 34.05 RCW. Respondents have the right to petition the superior court for judicial review of this agency action under Part 7 V of Chapter 34.05 RCW. Pursuant to RCW 21.20.395(4), a certified copy of this Final Order may be filed in 8 9 superior court. If so filed, the clerk shall treat the Final Order in the same manner as a superior court judgment as to the fine, and the fine may be recorded, enforced, or satisfied in like manner. 10 11 12 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE. 13 14 SIGNED and ENTERED this 12th day of February, 2024. 15 16 17 18 19 20 /s/ 21 William M. Beatty 22 Securities Administrator 23 FINAL ORDER DEPARTMENT OF FINANCIAL INSTITUTIONS

1	Approved by:	Presented by:
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3	/s/Brian J. Guerard	/s/ Denise Griffith
	Chief of Enforcement	Financial Legal Examiner
4	Reviewed by:	
5		
6	/s/ Holly Mack-Kretzler	
7	Financial Legal Examiner Supervisor	
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	FINAL ORDER	DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 41200 Olympia, WA 98504-1200 360-902-8760