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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,  
Respondent.

Order No. S-23-3671-23-SC01

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND  
DESIST, TO IMPOSE A FINE, AND TO CHARGE  
COSTS

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**THE STATE OF WASHINGTON TO:** Coscoin LLC

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**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Coscoin LLC violated the Securities Act of Washington. The Securities Administrator believes these violations justify the entry of an order against Respondent Coscoin LLC to cease and desist from such violations, to impose a fine, and to charge costs pursuant to RCW 21.20.390 and RCW 21.20.395.

The Securities Administrator finds as follows:

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**TENTATIVE FINDINGS OF FACT**

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**Respondent**

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1. Coscoin LLC (“Coscoin”) dba “Coscoin” “Cos” and “Cosetek,” is a Washington entity formed 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.

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**Nature of the Conduct**

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*Overview*

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2. From on or around October of 2023 through November of 2023, Coscoin defrauded at least twenty-three internationally located investors who purchased securities in the form of cryptocurrency

1 investment contracts via the Coscoin platform by making false or misleading claims about its trading platform  
2 and offerings. Specifically, Coscoin offered and sold cryptocurrency investment contracts with the promise  
3 of returns ranging from .05%-.07% compounded up to four times daily. Coscoin also offered and sold separate  
4 time-limited “bonus” cryptocurrency investment contracts that promised immediate returns of 100%. At least  
5 twenty-three investors purchased investment contracts in amounts ranging from several hundred to several  
6 thousands of United States dollars. None of the known investors have been able to withdraw any of their  
7 initial investment nor purported profit since late November of 2023.

8 *Background*

9 3. Coscoin offered investment contracts in AI driven crypto trades to the general public through  
10 its websites (<https://www.coscoins.com>, <https://cosetek.com>, and <https://coshman.com>). All websites  
11 appeared similar or identical to each other in layout and substance with the only readily apparent deviations  
12 being the company names of “Coscoin,” “Cos,” and “Cosetek.” Coscoin’s websites claim it utilized AI driven  
13 “quantitative intelligence system” technology that quickly identified the best buy and sell rates of digital  
14 currency products across multiple exchange platforms. By identifying various crypto products in multiple  
15 exchanges, Coscoin’s websites and promotional materials claimed its expeditious AI technology was able to  
16 ensure investment gains by purchasing a crypto product on one exchange at a lower price, and immediately  
17 selling that same crypto product on another exchange at a higher price.

18 *The Offering*

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

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

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

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

12           8.       Coscoin’s platform advertised various “VIP” levels based on one’s investment amount and the  
13 number of investors one recruited to invest in the platform. Once logged in to the platform, an investor’s  
14 “current level” was displayed. Investor categories were broken down to various “VIP” levels ranging from  
15 VIP1 through VIP 6. The posted VIP investment levels were inconsistent and overlapped such that investment  
16 amounts appeared in more than one VIP level. VIP1 was designated for amounts ranging from “30 USDT<sup>1</sup>-  
17 5,000 USDT, VIP2 500-20,000 USDT, VIP3 3,000-50,000 USDT, VIP4 10,000-200,000 USDT, VIP5  
18 30,000-500,000 USDT and VIP 6 50,000 USDT-999,999 USDT.”

19           9.       The Coscoin platform offered a bonus for signing up new investors. The platform stated that  
20 “when you invite subordinates to recharge 100 USDT and above for the first time, you will get 20 USDT  
21 bonus.” To sign new investors up, users merely had to click on an “invite friends” button on the platform.  
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<sup>1</sup> Tether (USDT) is a stablecoin, or a type of cryptocurrency, pegged to the United States Dollar.





1 Secretary of State on March 30, 2023. The Washington State physical address Coscoin identified on its  
2 webpages and the Washington State’s Corporations Database is an address in Fife, Washington associated  
3 with a legal support services company. There is no known Coscoin business located in Washington State.

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

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

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

15 **Registration Status**

16 19. Coscoin LLC is not currently registered to sell its securities in the state of Washington and has  
17 not previously been so registered, nor has it filed a claim of exemption from registration.

18 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

19 **CONCLUSIONS OF LAW**

20 1. The offer and/or sale of the investment contracts described above constitutes the offer and sale  
21 of a security as defined in RCW 21.20.005(14) and (17).

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1           2.       Coscoin LLC violated RCW 21.20.140, the securities registration section of the Securities Act  
2 of Washington, by offering and/or selling securities for which no registration is on file with the Securities  
3 Administrator.

4           3.       Coscoin LLC violated RCW 21.20.010, the anti-fraud section of the Securities Act of  
5 Washington, by employing a device, scheme, or artifice to defraud, by making untrue statements of material  
6 fact or omitting to state material facts necessary to make the statements made, in light of the circumstances in  
7 which they were made, not misleading, and by engaging in an act, practice, or course of business which  
8 operated as a fraud or deceit upon any person.

9                           **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

10           Pursuant to RCW 21.20.390(1), and based upon the Tentative Findings of Fact and Conclusions of  
11 Law, the Securities Administrator intends to order Coscoin LLC, and their agents and employees, to each  
12 permanently cease and desist from violating RCW 21.20.010 and RCW 21.20.140.

13                           **NOTICE OF INTENT TO IMPOSE FINES**

14           Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,  
15 the Securities Administrator intends to order that Coscoin, LLC shall be liable for and shall pay a fine of  
16 \$75,000.

17                           **NOTICE OF INTENT TO CHARGE COSTS**

18           Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,  
19 the Securities Administrator intends to order that Coscoin LLC shall be liable for and shall pay the costs, fees,  
20 and other expenses incurred in the administrative investigation and hearing of this matter, in an amount not  
21 less than \$4,250.00

22                           **AUTHORITY AND PROCEDURE**

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1 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject  
2 to the provisions of Chapter 34.05 RCW. Coscoin LLC may make a written request for a hearing as set forth  
3 in the Notice of Opportunity for Hearing accompanying this Order. If a respondent does not make a hearing  
4 request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact  
5 and Conclusions of Law as final and to enter a permanent order to cease and desist as to that respondent, to  
6 impose any fines sought against that respondent, and to charge any costs sought against that respondent.

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8 SIGNED and ENTERED this 9th day of January, 2024.



/s/

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William M. Beatty  
Securities Administrator

18 Approved by:

Presented by:

19 /s/

/s/

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Brian Guerard  
Chief of Enforcement

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Denise Griffith  
Financial Legal Examiner

22 Reviewed by:

23 /s/



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Holly Mack-Kretzler  
Financial Legal Examiner Supervisor