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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-23-3671-24-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

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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

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

3 *The Offering*

4 4. Through the Coscoin platform and Coscoin promotional “step by step safe user” video,
5 investors were instructed to transfer crypto to Coscoin via Kraken, a third-party cryptocurrency exchange.
6 Investors transferred crypto to Coscoin via a personal Coscoin wallet address that was created for each
7 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.

11 6. The platform allowed investors to hit the quantification button up to four times within twenty-
12 four hours. Each time an investor clicked “quantify,” the platform made it appear they earned a profit within
13 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.

19 8. Coscoin’s platform advertised various “VIP” levels based on one’s investment amount and the
20 number of investors one recruited to invest in the platform. Once logged in to the platform, an investor’s
21 “current level” was displayed. Investor categories were broken down to various “VIP” levels ranging from
22 VIP1 through VIP 6. The posted VIP investment levels were inconsistent and overlapped such that investment
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1 amounts appeared in more than one VIP level. VIP1 was designated for amounts ranging from “30 USDT¹-
2 5,000 USDT, VIP2 500-20,000 USDT, VIP3 3,000-50,000 USDT, VIP4 10,000-200,000 USDT, VIP5 30,000-
3 500,000 USDT and VIP 6 50,000 USDT-999,999 USDT.”

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

7 10. The investment amount and number of new investors signed up increased investors’ VIP levels.
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
10 most investors. When posted, the advertised rates of return for the VIP levels promised investment returns
11 that often decreased with larger investments and number of recruited investors, thus defying logic as investors
12 were penalized for increased investments and recruitment. At least one platform user indicated the platform
13 promised “VIP1 – invest 30-500 USDT 0.57% to 0.7%; VIP2 – invest 500 to 3000 USDT, recruit five affiliate
14 investors and receive 0.56% to 0.66% a day; VIP3 – invest 3000 USDT to 10,000 USDT, recruit ten affiliate
15 investors and receive 0.53% to 0.63% a day; VIP4 – invest 10,000 USDT to 50,000 USDT, recruit twenty
16 affiliate investors and receive 0.54% to 0.61% a day; VIP5 – invest 30,000 to 999,999 USDT, recruit thirty
17 affiliate investors and receive 0.53% to 0.6% a day; VIP6 – invest 50,000 to 999,999 USDT, recruit forty
18 affiliate investors and receive 0.53% to 0.58% a day.”

19 *Bonus Promotions*

20 11. Coscoin ran time-limited investment promotions that created a sense of urgency with a
21 promised immediate 100% rate of return. Coscoin then extended those promotions upon termination of the
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23 ¹ Tether (USDT) is a stablecoin, or a type of cryptocurrency, pegged to the United States Dollar.

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

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

14 13. Coscoin also advertised an “emergency notice!! COSCOIN has been attacked by hackers from
15 unknown sources, and the withdrawal amounts of all users have been maliciously tampered with. The
16 COSCOIN technical department has solved this problem, in order to ensure the safety of all users’ funds, all
17 withdrawal applications have been cancelled. To express our apology, the Thanksgiving Giveback event will
18 be extended for 24 hours!” The platform then posted the same 100% bonus structure with the same numerical
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
21 activities will receive a [Thanksgiving double surprise reward] worth 1,000 USDT.”

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23 ² Thanksgiving occurred on November 23, 2023.

1 **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 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 of Washington, by offering and/or selling securities for which no registration is on file with the Securities
10 Administrator.

11 2. Coscoin LLC violated RCW 21.20.010, the anti-fraud section of the Securities Act of
12 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 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 Based upon the foregoing and finding it in the public interest:

17 **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.

1 IT IS FURTHER ORDERED that Respondent Coscoin LLC shall be liable for and pay a fine in the
2 amount of \$75,000.

3 IT IS FURTHER ORDERED that Respondent Coscoin LLC shall be liable for and pay costs in the
4 amount of \$4,250.00.

5 **AUTHORITY AND PROCEDURE**

6 This FINAL ORDER is entered pursuant to RCW 21.20.390 and is subject to Chapter 34.05 RCW.
7 Respondents have the right to petition the superior court for judicial review of this agency action under Part
8 V of Chapter 34.05 RCW. Pursuant to RCW 21.20.395(4), a certified copy of this Final Order may be filed in
9 superior court. If so filed, the clerk shall treat the Final Order in the same manner as a superior court judgment
10 as to the fine, and the fine may be recorded, enforced, or satisfied in like manner.

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13 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

14 SIGNED and ENTERED this 12th day of February, 2024.



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21 /s/

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23 William M. Beatty
Securities Administrator

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Approved by:

_____/s/_____
Brian J. Guerard
Chief of Enforcement

Presented by:

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Financial Legal Examiner

Reviewed by:

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Financial Legal Examiner Supervisor