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## Texas State Securities Board

Mail: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300  
Facsimile: (512) 305-8310

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.texas.gov

IN THE MATTER OF §  
SYMATRI, LLC FKA SIVITAS, LLC, MINTAGE §  
MINING, LLC, BC HOLDINGS AND INVESTMENTS §  
LLC DBA MINTAGE MINING, SOCIAL MEMBERSHIP §  
NETWORK HOLDING, LLC, NUI SOCIAL, LLC, §  
DARREN OLAYAN, WYATT MCCULLOUGH AND §  
WILLIAM DOUGLAS WHETSELL §

**Order No.** ENF-18-CDO-1765

TO: SYMATRI, LLC FKA SIVITAS, LLC  
219 S 2035 W, Lehi, UT 84043, and  
2600 W. Executive Parkway, Suite 500, Lehi, UT 84043

MINTAGE MINING, LLC  
219 S 2035 W, Lehi, UT 84043, and  
2600 W. Executive Parkway, Suite 500, Lehi, UT 84043

BC HOLDINGS AND INVESTMENTS LLC DBA MINTAGE MINING  
c/o Mintage Mining LLC at 219 S 2035 W, Lehi, UT 84043, and  
c/o Mintage Mining LLC at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043

SOCIAL MEMBERSHIP NETWORK HOLDING, LLC  
219 S 2035 W, Lehi, UT 84043, and  
2600 W. Executive Parkway, Suite 500, Lehi, UT 84043

NUI SOCIAL, LLC  
219 S 2035 W, Lehi, UT 84043, and  
2600 W. Executive Parkway, Suite 500, Lehi, UT 84043

DARREN OLAYAN  
219 S 2035 W, Lehi, UT 84043, and  
2600 W. Executive Parkway, Suite 500, Lehi, UT 84043

WILLIAM DOUGLAS WHETSELL  
219 S 2035 W, Lehi, UT 84043, and  
2600 W. Executive Parkway, Suite 500, Lehi, UT 84043

WYATT MCCULLOUGH  
5829 West Sam Houston Pkwy #501, Houston, TX 77041,  
2600 W. Executive Parkway, Suite 500, Lehi, UT 84043, and  
219 S 2035 W, Lehi, UT 84043

## **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:

### **FINDINGS OF FACT**

1. Darren Olayan (hereinafter referred to as "**Respondent Olayan**") can be served with process at 219 S 2035 W, Lehi, UT 84043, and at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043.
2. Symatri, LLC fka Sivities, LLC (hereinafter referred to as "**Respondent Symatri**") can be served with process at 219 S 2035 W, Lehi, UT 84043, and at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043. Respondent Olayan is the Managing Member and Chief Executive Officer of Respondent Symatri.
3. Social Membership Network Holding LLC (hereinafter referred to as "**Respondent Social Membership Network Holding**") can be served with process at 219 S 2035 W, Lehi, UT 84043, and at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043. Respondent Olayan is a Managing Member of and Registered Agent for Respondent Social Membership Network Holding.
4. Mintage Mining, LLC (hereinafter referred to as "**Respondent Mintage Mining**") can be served with process at 219 S 2035 W, Lehi, UT 84043, and at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043. Respondent Social Membership Network Holding, controlled by Respondent Olayan, is a Managing Member of and Registered Agent for Respondent Mintage Mining.
5. Nui Social, LLC (hereinafter referred to as "**Respondent NUI Social**") can be served with process at 219 S 2035 W, Lehi, UT 84043, and at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043. Respondent Olayan is the Managing Member of and Registered Agent for Respondent NUI Social.
6. William Douglas Whetsell (hereinafter referred to as "**Respondent Whetsell**") is affiliated with Respondent NUI Social. He can be served with process at 219 S

2035 W, Lehi, UT 84043, and at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043.

7. Wyatt McCullough (hereinafter referred to as "**Respondent McCullough**") is also affiliated with Respondent NUI Social. He can be served with process at 5829 West Sam Houston Pkwy #501, Houston, TX 77041, 219 S 2035 W, Lehi, UT 84043, and at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043.
8. BC Holdings and Investments LLC dba Mintage Mining (hereinafter referred to a "**Respondent BC Holdings**"), as described herein, is involved in the sale of cryptocurrency mining investments offered by Respondent Mintage Mining. Respondent BC Holdings can be served through Respondent Mintage Mining at 219 S 2035 W, Lehi, UT 84043, and at 2600 W. Executive Parkway, Suite 500, Lehi, UT 84043.

#### OVERVIEW

9. Respondent Olayan controls Respondent Mintage Mining. Respondent Mintage Mining is illegally and fraudulently issuing and offering two different investments in cryptocurrency mining.
10. Respondent Olayan controls Respondent Symatri. Respondent Symatri issued Kala, a new cryptocurrency, during a recent initial token offering.
11. Respondent Symatri, together with Respondent Mintage Mining, is illegally and fraudulently offering investors a third investment in cryptocurrency mining where investors own and possess pre-configured hardware that passively mines Kala.
12. Respondent Olayan controls Respondent NUI Social, a multi-level marketing company that purports to have more than 300,000 members in 140 countries and is involved in the offer the investments in cryptocurrency and the pre-configured hardware that passively mines Kala.
13. Respondent McCollough, a resident of Houston, Texas, and Respondent Whetsell are affiliated with Respondent NUI Social and are publishing advertisements targeting Texas residents that offer an investment in cryptocurrency mining issued by Respondent Mintage Mining.

#### THE ADVERTISEMENTS THAT TARGET TEXAS RESIDENTS AND OFFER INVESTMENTS IN CRYPTOCURRENCY MINING

14. Respondents McCullough and Whetsell are publishing advertisements that target Texas residents and offer them the opportunity to purchase investments in cryptocurrency mining issued by Respondent Mintage Mining.

15. The advertisements published by Respondents McCullough and Whetsell highlight the methodology for mining cryptocurrencies as follows:
  - A. The advertisements claim Respondent Mintage Mining uses an “Advanced Mining System” that “Mines the Right Coin at the Perfect Time.”
  - B. The advertisements also claim Respondent Mintage Mining uses an “Advanced Proprietary Mining AI” that “evaluates the current cryptocurrency market and strategically picks the best coin to mine.”
16. The advertisements published by Respondent McCullough tout the profitability of the investments in cryptocurrency mining as follows:
  - A. The advertisements represent the average weekly rate of interest varies from three percent to seven percent and the annual rate of interest ranges from 180 percent to 250 percent.
  - B. The advertisements also represent Respondent McCullough is “up 500% on [his] investment in 7 weeks” and his “uncle is up 4,000% in 10 weeks!”
17. The advertisements published by Respondent McCullough tout the security of the investments in cryptocurrency mining by claiming the investments are “the safest way to get involved into crypto” and the investments are “the safest way to make money from crypto!”

**RESPONDENT MINTAGE MINING  
AND ITS INVESTMENTS IN CRYPTOCURRENCY MINING**

18. Respondent Mintage Mining maintains a webpage accessible by the public at <https://www.mintage mining.com> (hereinafter referred to as the “**Mintage Mining Website**”).
19. The Mintage Mining Website describes Respondent Mintage Mining as a “collaborative crypto mining platform” that “mine[s] the most current coins on the most state-of-the-art hardware.”
20. The Mintage Mining Website affords potential investors the opportunity to become members of Respondent Mintage Mining. The membership levels are described as follows:
  - A. Free members may purchase a fixed number of investments from Respondent Mintage Mining but may not refer new investors in exchange for the payment of commissions.

- B. Pro members may purchase an unlimited number of investments from Respondent Mintage Mining but may not refer new investors in exchange for the payment of commissions.
  - C. Elite members must purchase an enrollment from Respondent NUI Social. They may thereafter purchase unlimited investments from Respondent Mintage Mining and may refer new investors in exchange for the payment of commissions.
21. Potential investors must create an account through the Mintage Mining Website to purchase an investment in cryptocurrency mining. Potential investors may create an account as follows:
- A. Potential investors who are enrolled as members of Respondent NUI Social may simply enter their email address to locate their account.
  - B. Potential investors who are not enrolled as members of Respondent NUI Social must enter a referral code to create an account. Potential investors may use a referral code from a sales agent, such as Respondent Whetsell, or request a referral code from Respondent Mintage Mining.
22. After creating an account through the Mintage Mining Website, potential investors may log into their accounts, access their dashboards and purchase investments in cryptocurrency mining programs referred to as "Hash Rate Units," described elsewhere as a "3-year hash rate share" products (hereinafter referred to as the "**Hash Rate Unit Investment Program**"), and "Open Ended Units," described elsewhere as "open-ended hardware rentals" (hereinafter referred to as the "**Open-Ended Unit Investment Program**").
23. Respondent Mintage Mining is describing the Hash Rate Unit Investment Program as follows:
- A. Investors may purchase an investment in the Hash Rate Unit Investment Program for \$1.00 per unit with a first-time purchase minimum of 25 units for \$25.00.
  - B. The Hash Rate Unit Investment Program involves the purchase of a contract that entitles investors to a share of net mining revenue produced by hashpower allocated as of the date of a particular batch.
  - C. Each weekly batch of hashpower represents a fixed amount of mining capacity in algorithms such as various proportions of cryptotnight, qubit, myriad-groestl, skein, script, blake2b, quark and decred to mine coins that include digibyte, auroracoin, myriadcoin, zcash, siacoin, dash, electroneum and monero.

- D. Investors receive net mining revenue, minus a fee of five percent paid to Respondent Mintage Mining, on a weekly basis.
  - E. The investments are valid for the length of time disclosed as part of the purchase but end if the mining hashpower under contract becomes unprofitable for 60 consecutive days.
24. Respondent Mintage Mining is describing the Open-Ended Unit Investment Program as follows:
- A. Investors may purchase an investment in the Open-Ended Unit Investment Program for \$2.00 for each participating rental share with a first-time purchase minimum of \$25.00.
  - B. The purchase of an investment in the Open-Ended Unit Investment Program involves the purchase of a contract that entitles investors to a share of the net mining revenue produced by mining activities of a batch configuration or a single piece of hardware that includes DragonMint B29, the DrangonMint B52, the Antminer L3+ and the Baikal Giant B.
  - C. Investors receive mining revenue, minus hosting and management fees, on a weekly basis.
  - D. The contracts are valid for the dates specified upon purchase, but the contract will end if the mining revenue earned by the rented hardware under contract becomes unprofitable for eight consecutive weeks.
25. Although Respondent Mintage Mining is offering the Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program, Respondent Mintage Mining is now claiming that mining rental contracts are contracts between investors and Respondent BC Holdings.
26. Respondents Mintage Mining, Social Membership Network Holding and Olayan are telling investors that Respondent Mintage Mining is "in compliance" with the securities laws, "works to always stay ahead of cryptocurrency regulation," and "remain[s] so continually by keeping in contact with legal firms."

#### RESPONDENT SYMATRI AND ITS CORE AND REACH ECOSYSTEM

27. Respondent Symatri is administering an ecosystem that incorporates a platform referred to as CORE and another platform referred to as REACH.
28. The platform referred to as CORE allows members to earn "points" by participating in a variety of marketing activities that are reportedly simple, easy to complete and accessible from smartphones, tablets or computers.

29. Members can spend “points” earned through the CORE platform in the REACH platform. The REACH platform is a marketplace that purportedly allows members to redeem their “points” for iPads, Go-Pros, cell phones, Fitbits, gift cards and other goods.

**RESPONDENT SYMATRI  
AND THE CRYPTOCURRENCY REFERRED TO AS KALA**

30. Respondent Symatri issued a cryptocurrency referred to as Kala, an ERC20 token on the Ethereum blockchain, during a recent initial token offering.
31. Respondent Symatri claims that more than 13,000 users signed up for Kala’s initial token offering, that it sold more than 814 million tokens, and that it raised more than \$8.5 million and more than 880 Bitcoin.
32. Respondent Symatri is representing it will integrate Kala in CORE and REACH. It claims members who earn points by completing CORE activities may transfer points to Kala. Owners of Kala may thereafter use Kala to purchase goods in REACH.
33. Respondent Symatri also claims Kala will be fungible and transferable, and it is expected to be traded on cryptocurrency exchanges in the near future.

**THE CHANGE TO A FORK OF THE BITCOIN BLOCKCHAIN  
AND THE MINING OF KALA THROUGH PRE-CONFIGURED MINING RIGS**

34. On or about April 10, 2018, Respondent Symatri announced its plans to remove Kala as an ERC20 token on the Ethereum blockchain so that it could build a blockchain as a fork of Bitcoin.
35. On or about May 30, 2018, Respondent Symatri announced that Respondent Mintage Mining will be supplying and shipping hardware referred to as Kala Rigs, which are pre-configured hardware that run the SHA256 algorithm with a maximum hashrate of 4Th/s for a power consumption of 1027 Watts. The Kala Rigs will be able to mine Kala once the new blockchain is complete.
36. Respondent Mintage Mining is offering Kala Rigs to investors under the following terms:
- A. Respondent Mintage Mining sold the first group of 750 Kala Rigs for \$3,500.00 per unit payable in Bitcoin, Bitcoin Cash, Bitcoin Gold or Litecoin with any associated network or transaction fees calculated using the most recent exchange rate set forth by Coinbase at [coinbase.com](https://coinbase.com). Investors who purchase a Kala Rig as part of the first group are entitled to exclusive access to mining Kala during the first thirty days.

- B. Respondent Mintage Mining is now selling the second group of 1,250 Kala Rigs for \$4,000.00 per unit payable in Bitcoin, Bitcoin Cash, Bitcoin Gold or Litecoin with any associated network or transaction fees calculated using the most recent exchange rate set forth by Coinbase at coinbase.com. Investors who purchase a Kala Rig as part of the second group are entitled to mine Kala after the first thirty days.
  - C. Respondent Mintage Mining will be offering additional groups consisting of an aggregate of over 10,000 Kala Rigs at prices that will be determined at a later date.
37. Although Respondent Symatri is issuing the Kala Rigs and Respondent Mintage Mining is selling the Kala Rigs, Respondent Mintage Mining is now claiming that all hardware purchases are “between” investors and Respondent BC Holdings.
38. After investors purchase the Kala Rigs, Respondent Mintage Mining ships the Kala Rigs to investors and investors take possession of the Kala Rigs.
39. After taking possession of the Kala Rigs, investors “only take a few easy steps to set it up.” The Kala Rigs are “pre-configured and require a simple plug in process.” Investors therefore can “[s]imply plug, mine, and receive [their] Kala reward.”
40. The Kala Rigs will allow investors to passively mine Kala once the Kala blockchain is complete.
41. Investors who invest in the Kala Rigs, take custody of the Kala Rigs and passively mine Kala are not rewarded with Kala based on the performance of their own Kala Rigs. Instead, the number of Kala produced each day will be evenly split between investors each day and distributed among active investors as follows:
- A. Assuming 10,000,000 Kala are produced each day, an investor who owns one of 100 Kala Rigs will earn 100 Kala per day or 3,000,000 Kala per month,
  - B. Assuming 10,000,000 Kala are produced each day, an investor who owns one of 500 Kala Rigs will earn 20,000 Kala per day or 600,000 Kala per month, and
  - C. Assuming 10,000,000 Kala are produced each day, an investor who owns one of 1,000 Kala Rigs will earn 10,000 Kala per day or 300,000 Kala per month.



THE PRICE OF KALA  
AND THE PROFITABILITY OF THE KALA RIGS

42. Respondent Symatri is comparing the introduction of Kala to the introduction of Bitcoin and comparing the profitability associated with mining Kala shortly after its inception to the profitability associated with mining Bitcoin shortly after its inception.
43. Respondent Symatri is telling potential investors the value of Kala is now \$0.02 per token.
44. Respondent Symatri is telling investors they can profit from purchasing a Kala Rig and mining Kala at a price of \$0.02 per token. For example, they are representing as follows:
  - A. Respondent Symatri told investors who purchased Kala Rigs as part of Group 1 that they will have exclusive access to mining Kala during the first month. It was also telling these investors that they “can enjoy an approximate monthly reward amount of 250,000 Kala coins” and that, at a price of \$0.02 per token, “Group 1 miners could earn approximately \$5,000 in that first month alone!”
  - B. Respondent Symatri is claiming that investors who purchase Kala Rigs as part of Group 2 will be earning a minimum of 1,895 Kala per day and 56,861 Kala per month and that, at a price of \$0.02 per token “Group 2 miners would earn a minimum of \$1,137 in Kala in the first month – and will keep earning every month their rig is mining.”
45. Respondent Symatri is telling investors it is taking steps to ensure Kala is listed on a cryptocurrency exchange. It is, for example, telling investors that “[w]ith recent shifts in regulations and trends in today’s cryptocurrency market, Kala’s advisory team is carefully planning and executing a confident plan to get Kala on a crypto exchange.”
46. Respondent Symatri is telling investors the plan includes selling Kala Rigs, issuing Kala, beginning to mine Kala through Kala Rigs, continuing to sell Kala Rigs, building the Kala network, reaching the targeted hash power threshold, and then obtaining a listing once Kala has achieved a “stable and consistent value.”
47. Respondent Symatri is also comparing their work with Kala to other cryptocurrencies that have not experienced success once listed on cryptocurrency exchanges. For example, it claims “[h]undreds of cryptocurrencies have jumped on exchanges too quickly, and have failed or been kicked off” but that “Kala’s advisory team have and continue to consult with crypto experts, partners, and exchanges to protect Kala’s network, solidify it’s [sic] value, and start off with a higher exchange value.”

48. Once Kala is listed on a cryptocurrency exchange, investors owning Kala may sell Kala to buyers for a price set largely by market forces. The price may be greater than or less than the price of \$0.02 per token set by Respondent Symatri.

THE ROLE OF RESPONDENT NUI SOCIAL  
IN THE OFFER OF INVESTMENTS IN CRYPTOCURRENCY MINING

49. Respondents Mintage Mining, Social Membership Network Holding, Olayan, McCullough and Whetsell are variously referencing Respondent NUI Social in connection with the offer of investments in cryptocurrency mining issued by Respondent Mintage Mining.
50. Respondent NUI Social claims it was “created to help people thrive again by instilling hope and building confidence” and that it “offer[s] NUI Members easy-to-use products that help grow [their] income.”
51. Despite its claims, Respondent NUI Social is a multi-level marketing company. It purportedly has over 300,000 members in over 140 countries.
52. Potential investors may purchase an enrollment in Respondent NUI Social through a website maintained by Respondent NUI Social.
53. Potential investors who register an account on the Mintage Mining Website are also afforded the opportunity to upgrade their membership with Respondent Mintage Mining by purchasing an enrollment in Respondent NUI Social.
54. After purchasing an enrollment in Respondent NUI Social, potential investors may refer new investors to Respondent Mintage Mining and receive a ten percent commission on purchases by these new investors.
55. Respondents McCullough and Whetsell, acting as affiliates of Respondent NUI Social, are now offering investments issued by Respondent Mintage Mining.

THE ROLE OF RESPONDENT NUI SOCIAL  
IN THE OFFER OF INVESTMENTS IN KALA RIGS

56. All qualified persons receive compensation referred to variously as “overrides,” “incentives” or “commissions” for referring investors to purchase Kala Rigs.
57. Respondent Symatri claims the person referring investors will receive “overrides,” “incentives” or “commissions” only when the person is an active member of Respondent NUI Social. Respondent Symatri claims that “no other qualifications are needed.”

## REGISTRATION VIOLATIONS

58. The investments in Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.
59. The investments tied to the Kala Rigs have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.
60. Respondents Symatri, Mintage Mining, BC Holdings, Social Membership Network Holding, NUI Social, Olayan, McCollough and Whetsell have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.
61. Respondents Symatri, Mintage Mining, Social Membership Network Holding, NUI Social and Olayan are recruiting persons to act as sales agents in Texas without verifying the persons are registered with the Securities Commissioner as dealers or agents.

## FRAUD AND MISLEADING AND DECEPTIVE STATEMENTS IN CONNECTION WITH THE OFFER OF INVESTMENTS IN CRYPTOCURRENCY MINING PROGRAMS

62. In connection with the offer of investments in the Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program, Respondents Mintage Mining, Social Membership Network Holding, NUI Social, Olayan, Whetsell and McCullough are intentionally failing to disclose material facts relating to Respondent Mintage Mining, including but not limited to the following:
  - A. They are intentionally failing to disclose the identities of the principals of Respondent Mintage Mining, and
  - B. They are intentionally failing to disclose the principal place of business of Respondent Mintage Mining.
63. In connection with the offer of investments in the Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program, Respondents Mintage Mining, Social Membership Network Holding, NUI Social and Olayan are intentionally failing to disclose additional material facts relating to the principals of Respondent Mintage Mining, including but not limited to the following:
  - A. They are intentionally failing to disclose the business repute and qualifications of Respondent Olayan, as well as his experience as the Chief Executive Officer of Divvee.Social, Senior Consultant Country Opener of Mynt, Chief Business Development Officer of Sunera Solar, Country Opener for Jeunesse Global, Master Distributor for WakeUpNow,

Partner for Brighton Equity Partners, Founder of Brighton Parking Systems and Business Owner for All-Star Mortgage and Realty, and

- B. They are intentionally failing to disclose the business reputations and qualifications of other principals of Respondent Mintage Mining.
64. In connection with the offer of investments in the Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program, Respondents Mintage Mining, Social Membership Network Holding, NUI Social and Olayan are intentionally failing to disclose material facts relating to the operations of Respondent Mintage Mining, including but not limited to the following:
- A. They are intentionally failing to disclose the assets, liabilities, capitalization and other financial information relating to Respondent Mintage Mining,
  - B. They are failing to disclose information about Respondent Mintage Mining's access to power and electricity and the costs associated with power and electricity,
  - C. They are failing to disclose information relating to the security of the hardware and software used to mine cryptocurrencies and the risks associated with a hacking incident or other malicious attack, and
  - D. They are failing to disclose information about the location and suitability of the facility where Respondent Mintage Mining mines cryptocurrencies.
65. In connection with the offer of investments in the Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program, Respondents Mintage Mining, Social Membership Network Holding, NUI Social and Olayan are intentionally failing to disclose material facts relating to Respondent Social Membership Network Holding, including but not limited to the following:
- A. They are intentionally failing to disclose the existence of Respondent Social Membership Network Holding and its control of Respondent Mintage Mining,
  - B. They are intentionally failing to disclose the identities of the principals of Respondent Social Membership Network Holding,
  - C. They are intentionally failing to disclose the business reputations and qualifications of the principals of Respondent Social Membership Network Holding,
  - D. They are intentionally failing to disclose the principal place of business of Respondent Social Membership Network Holding, and

- E. They are intentionally failing to disclose the assets, liabilities, capitalization and other financial information relating to Respondent Social Membership Network Holding.
66. In connection with the offer of investments in the Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program, Respondents Mintage Mining, Social Membership Network Holding, NUI Social and Olayan are intentionally failing to disclose material facts relating to cryptocurrencies, including but not limited to the following:
- A. They are intentionally failing to disclose that governments may adopt legislation or regulations that may negatively impact the use, transfer, exchange, or price of cryptocurrencies,
  - B. They are intentionally failing to disclose that cryptocurrencies are volatile, and the price of cryptocurrency as it relates to fiat currency may decrease over a short period of time, resulting in significant loss to purchasers or traders of the cryptocurrency,
  - C. They are intentionally failing to disclose that a system or technical failure, or deficient source code, may negatively impact the ability to exchange cryptocurrencies and the price of cryptocurrencies,
  - D. They are intentionally failing to disclose that a hacking incident or malicious attack may negatively impact the price of cryptocurrencies, and
  - E. They are intentionally failing to disclose that cryptocurrencies compete with all other cryptocurrencies, and this competition may negatively impact the price of a specific cryptocurrency.
67. Respondents McCullough and Whetsell are publishing advertisements containing statements that tout investments in cryptocurrency mining issued by Respondent Mintage Mining, and these statements are materially misleading or otherwise likely to deceive the public because Respondents McCullough and Whetsell are not disclosing the following risks relating to cryptocurrencies:
- A. They are not disclosing that governments may adopt legislation or regulations that may negatively impact the use, transfer, exchange, or price of cryptocurrencies,
  - B. They are not disclosing that cryptocurrencies are volatile, and the price of cryptocurrency as it relates to fiat currency may decrease over a short period of time, resulting in significant loss to purchasers or traders of the cryptocurrency,

- C. They are not disclosing that a system or technical failure, or deficient source code, may negatively impact the ability to exchange cryptocurrencies and the price of cryptocurrencies,
  - D. They are not disclosing that a hacking incident or malicious attack may negatively impact the price of cryptocurrencies, and
  - E. They are not disclosing that cryptocurrencies compete with all other cryptocurrencies, and this competition may negatively impact the price of a specific cryptocurrency.
68. Respondents Mintage Mining, Social Membership Network Holding and Olayan are telling investors that Respondent Mintage Mining is “in compliance” with the securities laws, “works to always stay ahead of cryptocurrency regulation,” and “remain[s] so continually by keeping in contact with legal firms.” These statements are materially misleading or otherwise likely to deceive the public because, as described herein, Respondents Mintage Mining, Social Membership Network Holding and Olayan are violating Section 7 of the Securities Act, Section 12 of the Securities Act, engaging in securities fraud and making offers containing statements that are materially misleading or otherwise likely to deceive the public.
69. Respondents Mintage Mining, NUI Social, Social Membership Network Holding and Olayan are representing that persons may purchase an enrollment through Respondent NUI Social, refer new investors to Respondent Mintage Mining and receive a ten percent bonus on purchases by these new investors, which is materially misleading or otherwise likely to deceive the public because:
- A. All persons who offer the securities described herein in Texas who are not registered as dealers or agents, or otherwise exempt from registration, are violating Section 12 of the Securities Act; and
  - B. All persons who offer the securities described herein in Texas are offering unregistered securities in violation of Section 7 of the Securities Act.

**ADDITIONAL ALLEGATIONS OF FRAUD IN CONNECTION  
WITH THE OFFER OF OPEN-ENDED RENTAL SHARE AGREEMENTS**

70. In connection with the offer of investments in the Open-Ended Unit Investment Program, Respondents Mintage Mining, Social Membership Network Holding, BC Holdings, NUI Social and Olayan are intentionally failing to disclose material facts relating to Respondent BC Holdings, including but not limited to the following:
- A. They are intentionally failing to disclose the identities of the principals of Respondent BC Holdings, and

- B. They are intentionally failing to disclose the principal place of business of Respondent BC Holdings.
71. In connection with the offer of investments in the Open-Ended Unit Investment Program, Respondent BC Holdings is intentionally failing to disclose additional material facts relating to Respondent BC Holdings, including but not limited to the following:
- A. It is intentionally failing to disclose the business reputes and qualifications of the principals of Respondent BC Holdings, and
  - B. It is intentionally failing to disclose the assets, liabilities, capitalization and other financial information relating to Respondent BC Holdings.

**FRAUD IN CONNECTION WITH  
THE OFFER OF INVESTMENTS TIED TO KALA RIGS**

72. In connection with the offer of Kala Rigs, Respondents Symatri, Mintage Mining, Social Membership Network Holding and Olayan are representing the price of Kala is \$0.02 per token, but they are intentionally failing to disclose material facts relating to the price of Kala, including but not limited to the following:
- A. They are intentionally failing to disclose that the price of Kala is not being set by the free market, where the approximate price of Kala is set at the value a willing buyer would pay a willing seller,
  - B. They are intentionally failing to disclose the methodology used to price Kala at \$0.02 per token,
  - C. They are intentionally failing to disclose that, when and if Kala is listed on a cryptocurrency exchange, the price of Kala may be less than \$0.02 per token, and
  - D. They are intentionally failing to disclose that, until and unless Kala is listed on a cryptocurrency exchange, Kala is a relatively illiquid cryptocurrency and investors may not be able to readily identify a willing purchaser.
73. In connection with the offer of Kala Rigs, Respondents Symatri, Mintage Mining, Social Membership Network Holding and Olayan are intentionally failing to disclose the following material facts about the CORE and REACH platforms:
- A. They are intentionally failing to disclose that the price of Kala, when and if it is traded on the open market, will be influenced by market demand for the CORE and REACH platforms, and this information constitutes a material fact, and

- B. They are intentionally failing to disclose the number of Kala that will be introduced in the CORE ecosystem, and that the introduction of additional Kala through the CORE ecosystem may negatively impact the price of Kala.
74. In connection with the offer of Kala Rigs, Respondents Symatri, Mintage Mining, Social Membership Network Holding and Olayan are intentionally failing to disclose material facts relating to Respondent Symatri, including but not limited to the following:
- A. They are intentionally failing to disclose the business repute and qualifications of Respondent Olayan, as well as his experience as the Chief Executive Officer of Divvee.Social, Senior Consultant Country Opener of Mynt, Chief Business Development Officer of Sunera Solar, Country Opener for Jeunesse Global, Master Distributor for WakeUpNow, Partner for Brighton Equity Partners, Founder of Brighton Parking Systems and Business Owner for All-Star Mortgage and Realty,
  - B. They are intentionally failing to disclose that Respondent Olayan is the Managing Member of Respondent Social Membership Network Holding and that Respondent Social Membership Network Holding is the Managing Member of Respondent Mintage Mining,
  - C. They are intentionally failing to disclose the principal place of business of Respondent Symatri, and
  - D. They are intentionally failing to disclose the assets, liabilities, capitalization and other financial information relating to Respondent Symatri.
75. In connection with the offer of investments tied to the Kala Rigs, Respondents Symatri, Mintage Mining, Social Membership Network Holding and Olayan are intentionally failing to disclose material facts relating to the risks associated with investments in cryptocurrencies such as Kala, including but not limited to the following:
- A. They are intentionally failing to disclose that governments may adopt legislation or regulations that may negatively impact the use, transfer, exchange, or price of cryptocurrencies,
  - B. They are intentionally failing to disclose that cryptocurrencies are volatile, and the price of cryptocurrency as it relates to fiat currency may decrease over a short period of time, resulting in significant loss to purchasers or traders of the cryptocurrency,



- C. They are intentionally failing to disclose that a system or technical failure, or deficient source code, may negatively impact the ability to exchange cryptocurrencies and the price of cryptocurrencies,
  - D. They are intentionally failing to disclose that a hacking incident or malicious attack may negatively impact the price of cryptocurrencies, and
  - E. They are intentionally failing to disclose that cryptocurrencies compete with all other cryptocurrencies, and this competition may negatively impact the price of a specific cryptocurrency.
76. Respondents Symatri, Mintage Mining, NUI Social, Social Membership Network Holding and Olayan are representing that persons may purchase an enrollment through Respondent NUI Social, and receive compensation for referring new investors to purchase Kala Rigs, which is materially misleading or otherwise likely to deceive the public because:
- A. All persons who offer the securities described herein in Texas who are not registered as dealers or agents, or otherwise exempt from registration, are violating Section 12 of the Securities Act; and
  - B. All persons who offer the securities described herein in Texas are offering unregistered securities in violation of Section 7 of the Securities Act.

**ADDITIONAL ALLEGATIONS OF FRAUD  
IN CONNECTION WITH THE OFFER OF KALA RIGS**

77. In connection with the offer of investments in the Kala Rigs, Respondents Symatri, Mintage Mining, Social Membership Network Holding, BC Holdings and Olayan are intentionally failing to disclose material facts relating to Respondent BC Holdings, including but not limited to the following:
- A. They are intentionally failing to disclose the identities of the principals of Respondent BC Holdings, and
  - B. They are intentionally failing to disclose the principal place of business of Respondent BC Holdings.
78. In connection with the offer of investments in the Kala Rigs, Respondent BC Holdings is intentionally failing to disclose additional material facts relating to Respondent BC Holdings, including but not limited to the following:
- A. It is intentionally failing to disclose the business repute and qualifications of the principals of Respondent BC Holdings, and

- B. It is intentionally failing to disclose the assets, liabilities, capitalization and other financial information relating to Respondent BC Holdings.

#### CONCLUSIONS OF LAW

1. The Hash Rate Unit Investment Program, the Open-Ended Unit Investment Program and the investments in Kala Rigs are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents are violating Section 7 of the Texas 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 Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas 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 public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

#### ORDER

1. It is therefore ORDERED 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 Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents 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 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 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 Texas 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 Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas 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 11<sup>th</sup> day of June, 2018.



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TRAVIS J. ILES  
Securities Commissioner