

TRAVIS ILES  
SECURITIES COMMISSIONER



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## *Texas State Securities Board*

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IN THE MATTER OF §  
MINTAGE MINING, LLC, BC HOLDINGS AND §  
INVESTMENTS LLC DBA MINTAGE MINING, SOCIAL §  
MEMBERSHIP NETWORK HOLDING, LLC, NUI SOCIAL, §  
LLC, AND DARREN OLAYAN §

Order No. ENF-19-CDO-1774

TO: MINTAGE MINING, LLC

2600 West Executive Parkway, Suite 500, Lehi, Utah 84043, and through its attorney, Mark Rasmussen, Jones Day, 2727 N. Harwood St., Ste. 500, Dallas, TX 75201

BC HOLDINGS AND INVESTMENTS LLC DBA MINTAGE MINING, Hunkins Waterfront Plaza, Suite 556, Main Street, Charlestown Nevis, and through its attorney, Mark Rasmussen, Jones Day, 2727 N. Harwood St., Ste. 500, Dallas, TX 75201

SOCIAL MEMBERSHIP NETWORK HOLDING, LLC

2600 West Executive Parkway, Suite 500, Lehi, Utah 84043, and through its attorney, Mark Rasmussen, Jones Day, 2727 N. Harwood St., Ste. 500, Dallas, TX 75201

NUI SOCIAL, LLC

2600 West Executive Parkway, Suite 500, Lehi, Utah 84043, and through its attorney, Mark Rasmussen, Jones Day, 2727 N. Harwood St., Ste. 500, Dallas, TX 75201

DARREN OLAYAN

219 S 2035 W, Lehi, Utah 84043, 2600 West Executive Parkway, Suite 500, Lehi, Utah 84043, and through his attorney, Mark Rasmussen, Jones Day, 2727 N. Harwood St., Ste. 500, Dallas, TX 75201

### ORDER

Be it remembered that Mintage Mining, LLC (hereinafter referred to as the "**Respondent Mintage Mining**"); BC Holdings and Investments, LLC d/b/a Mintage Mining (hereinafter referred to as the "**Respondent BC Holdings and Investments**"); Social Membership Network Holding, LLC (hereinafter referred to as the "**Respondent Social Membership Network Holding**"); NUI Social, LLC (hereinafter referred to as the

**“Respondent NUI Social”**) and Darren Olayan (hereinafter referred to as the **“Respondent Olayan”**) appeared before the Securities Commissioner of the State of Texas (hereinafter referred to as the **“Securities Commissioner”**). Respondent Mintage Mining, Respondent BC Holdings and Investments, Respondent Social Membership Network Holdings, Respondent NUI Social and Respondent Olayan (hereinafter collectively referred to as the **“Respondents”**) consented to the entry of this order and the Findings of Fact contained herein.

### FINDINGS OF FACT

1. Respondents have waived (a) Respondents’ rights to notice and hearing in this matter, (b) Respondents’ rights to appear and present evidence in this matter, (c) Respondents’ rights to appeal this order, and (d) all other procedural rights granted by the Securities Act, Tex. Rev. Civ. Stat. Ann. Arts. 581-1 to 581-45 (West 2010 & Supp. 2017) and the Administrative Procedure Act, Tex. Gov’t Code Ann. §§ 2001.001 to 2001.902 (West 2008 & Supp. 2017).

### THE PARTIES

2. 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.
3. Respondent Social Membership Network Holding can be served with process 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. Respondent Mintage Mining can be served with process 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. Respondent NUI Social can be served with process 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. Respondent BC Holdings and Investments, of, Hunkins Waterfront Plaza, Suite 556, Main Street, Charlestown Nevis, consents to be served in this matter through its attorney, Mark Rasmussen, Jones Day, 2727 N. Harwood St., Ste. 500, Dallas, TX 75201.
7. Respondents are represented in this matter by Mark Rasmussen, a partner at Jones Day. Once entered by the Securities Commissioner, certified copies of this order will be sent to Mr. Rasmussen by electronic mail and by regular mail addressed to his office at 2727 N. Harwood St., Ste. 500, Dallas, TX 75201.

## THE CRYPTOCURRENCY MINING INVESTMENTS

8. Respondents Mintage Mining, BC Holdings and Investments and NUI Social were offering investments referred to as “Hash Rate Units” and “3-year hash rate share” investments (hereinafter referred to as the “**Hash Rate Unit Investment Program**”) in Texas.
9. The Hash Rate Unit Investment Program was an investment tied to the mining of cryptocurrencies, and it was defined by the following terms:
  - A. Investors were able to purchase investments in the Hash Rate Unit Investment Program for \$1.00 per unit with a first-time purchase of 25 units for \$25.00,
  - B. The units were contracts that entitled investors to a share of net mining revenue produced by hashpower allocated as of the date of a particular batch,
  - C. Investors received net mining revenue, minus a fee of five percent, on a weekly basis, and
  - D. The contracts were valid for three years but subject to early termination if the mining hashpower under contract became unprofitable for 60 consecutive days.
10. Respondents Mintage Mining, BC Holdings and Investments, and NUI Social have represented to the Enforcement Division that they stopped offering the Hash Rate Unit Investment Program to Texas residents upon service of the Emergency Cease and Desist Order described herein. Respondents Mintage Mining, BC Holdings and Investments, and NUI Social provided further information that indicates few Texas residents purchased investments in the Hash Rate Unit Investment Program.
11. Respondents Mintage Mining, Respondent BC Holdings and Investments and NUI Social were offering investments referred to as “Open Ended Units” and “open-ended hardware rentals” (hereinafter referred to as the “**Open-Ended Unit Investment Program**”) in Texas.
12. The Open-Ended Unit Investment Program was an investment tied to the mining of cryptocurrencies, and it was defined by the following terms:
  - A. Investors were able to purchase investments 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 units were contracts that entitled investors to a share of the net mining revenue produced by the mining of a batch configuration or a single piece of hardware,
  - C. Investors received mining revenue, minus hosting and management fees, paid on a weekly basis, and
  - D. The contracts were subject to early termination if the mining revenue earned by the rented hardware under contract became unprofitable for eight consecutive weeks.
13. Respondents Mintage Mining, Respondent BC Holdings and Investments and NUI Social have represented to the Enforcement Division they stopped offering the Open-Ended Unit Investment Program to Texas residents upon service of the Emergency Cease and Desist Order described herein. Respondents Mintage Mining, BC Holdings and Investments, and NUI Social provided further information that indicates few Texas residents purchased investments in the Open-Ended Unit Investment Program.

#### REGISTRATION VIOLATIONS

14. Respondent NUI Social is a multi-level marketing company. Anyone can become an affiliate of Respondent NUI Social by purchasing an enrollment through its website. Affiliates of Respondent NUI Social received commissions for recruiting investors to purchase investments in the Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program.
15. 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.
16. Respondents Mintage Mining, BC Holdings, Social Membership Network Holding, NUI Social and Olayan, were not registered with the Securities Commissioner as dealers or agents at any time material hereto.
17. Respondents Mintage Mining, Social Membership Network Holding, NUI Social and Olayan were recruiting persons to act as sales agents in Texas without verifying the persons are registered with the Securities Commissioner as dealers or agents.

#### PROCEDURAL HISTORY

18. On July 11, 2018, the Securities Commissioner entered an ex parte Emergency Cease and Desist Order No. ENF-18-CDO-1765 (hereinafter referred to as the "**Emergency Order**"). The Emergency Order was brought against Respondents, as well as Wyatt McCullough and William Douglas Whetsell.

19. Pursuant to Section 23-2 of the Securities Act, the parties were afforded the opportunity to request a hearing to modify or set aside the Emergency Order. The statute required that the parties file their request before the 31st day after the date they were served with the Emergency Order.
20. Mr. McCullough and Mr. Whetsell failed to submit a timely request for a hearing to modify or set aside the Emergency Order. Accordingly, the Emergency Order is final and not subject to appeal solely as it relates to Mr. McCullough and Mr. Whetsell.
21. Respondents have cooperated with the Enforcement Division. They have also represented that Respondents promptly agreed to stop offering the Hash Rate Unit Program and the Open-Ended Unit Program in Texas as soon as they were served with the Emergency Order. Respondents filed a timely request for a hearing to modify or set aside the Emergency Order. The request was filed with the Securities Commissioner and satisfied the requirements of Section 23-2 of the Securities Act.
22. Pursuant to 23-2.D of the Securities Act, unless otherwise agreed by the parties, hearings that challenge emergency cease and desist orders must be held no later than the 10th day after the date the Securities Commissioner receives a request for a hearing.
23. The Enforcement Division of the State Securities Board and Respondents agreed to waive the requirement that the hearing be held no later than the 10th day after the date the Securities Commissioner received Respondents' request for a hearing to challenge the Emergency Order.
24. On January 15, 2019, the Enforcement Division filed a Notice of Hearing with the State Office of Administrative Hearings. The contested case was captioned 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, and Darren Olayan and was assigned SOAH Docket No. 312-19-1739. The contested case was set for a hearing that would commence on February 20, 2019.
25. The Enforcement Division and Respondents have agreed to settle this contested case without a hearing through the entry of this agreed order.

**DISMISSAL OF THE CONTESTED CASE  
AND THE SETTING ASIDE OF THE EMERGENCY ORDER**

26. Respondents agree they will withdraw their request for a hearing to modify or set aside the Emergency Order. The withdraw of their request is contingent upon

the entry of this agreed order and shall be effective as of the date of this agreed order.

27. Respondents agree they will not oppose the Enforcement Division's filing of a motion to dismiss the contested case from SOAH's docket because the parties to the contested case have settled all matters in controversy.

#### RESCISSION OFFER TO TEXAS RESIDENTS

28. Respondents have executed an undertaking that will be filed with the Securities Commissioner upon the entry of this agreed order by the Securities Commissioner.
29. Pursuant to the terms of the undertaking, Respondents are offering rescission to Texas residents.

#### CONCLUSIONS OF LAW

1. The Hash Rate Unit Investment Program and the Open-Ended Unit Investment Program are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents violated 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 violated Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered with the Securities Commissioner.
4. The foregoing violations constitute bases for the issuance of this agreed order pursuant to Section 23.A of the Securities Act
5. The forgoing violations constitute bases for the assessment of an administrative fine pursuant to Section 23-1 of the Securities Act.

#### ORDER

1. It is therefore ORDERED the Emergency Order is set aside by this order solely as the Emergency Order relates to all Respondents named in the Emergency Order except for William Douglas Whetsell and Wyatt McCullough.
2. It is further 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 Securities Act.

3. 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.
4. It is further ORDERED that Respondents shall pay an ADMINISTRATIVE FINE in the amount of Twenty-Five Thousand Dollars (\$25,000.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of Twenty-Five Thousand Dollars (\$25,000.00), payable to the State of Texas, contemporaneously with the delivery of this order.


SIGNED AND ENTERED by the Securities Commissioner this 21<sup>st</sup> day of February, 2019.



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TRAVIS J. ILES  
Securities Commissioner

**RESPONDENTS:**



**BC HOLDINGS AND INVESTMENTS, LLC**

By: *David Chubb*



**MINTAGE MINING, LLC**

By: *Darren Olayan*



**SOCIAL MEMBERSHIP NETWORK HOLDING, LLC**

By: *Darren Olayan*



**NUI SOCIAL, LLC**

By: *Darren Olayan*



**DARREN OLAYAN**


**APPROVED AS TO FORM:**



**MARK RASMUSSEN**  
ATTORNEY FOR RESPONDENTS



**JOE ROTUNDA**  
DIRECTOR  
ENFORCEMENT DIVISION



**JERAMY HEINTZ**  
ATTORNEY  
ENFORCEMENT DIVISION