



**Doug Burgum**  
Governor

## P R E S S   R E L E A S E

*For Immediate Release*



**Karen Tyler**  
Securities Commissioner

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### NEWS: FOR IMMEDIATE RELEASE

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### **SECURITIES DEPARTMENT ISSUES ORDERS AGAINST COMPANIES PROMOTING INITIAL COIN OFFERINGS IN NORTH DAKOTA**

**Bismarck, ND, September 26, 2018** — North Dakota Securities Commissioner Karen Tyler has issued Cease and Desist Orders against 3 companies promoting unregistered and potentially fraudulent securities in North Dakota in the form of Initial Coin Offerings (ICOs).

The Orders are the result of investigations being conducted by the Department’s ICO Task Force, convened by the Commissioner to identify ICOs and cryptocurrency related investments that pose a risk to North Dakota investors. The effort is also part of Operation Cryptosweep, a coordinated multi-jurisdiction investigation and enforcement effort involving over 40 U.S. and Canadian securities regulators.

The companies that are the subject of the orders are BitConnect and related companies BitConnect LTD and BitConnect International PLC, Magma Foundation and related companies Magma Coin and Magma, and Pension Rewards Platform, aka Pension Rewards.

An ICO is a financing method used by start-up companies to raise capital. Most ICOs involve projects that are at the “idea” stage represented in a white paper. Companies create a new virtual coin or token, which is then sold online to investors in the ICO in exchange for cryptocurrency or fiat currency. Companies market their ICOs through their own websites, social media platforms and online marketplaces.

“The expanding exploitation of the cryptocurrency ecosystem by financial criminals is a significant threat to Main Street investors” stated Tyler. “Financial criminals are cashing in on the hype and excitement around blockchain, crypto assets, and ICOs – investors should be exceedingly cautious when considering a related investment.” The most common securities law violations by companies promoting ICOs are: the offer and sale of unregistered securities, sales by unregistered agents, and engaging in fraudulent practices.

Common red flags of fraudulent ICOs include plagiarized white papers containing spelling and translation errors, fictitious executive teams represented by stock internet photos, fake business addresses and phone numbers, fake celebrity endorsements, the promise of no risk and high returns, false claims about securities law compliance, and the promise of additional ICO tokens for promoting the deal and bringing in other investors. Investors must also be cautious of hackers that “spoof” legitimate ICOs to intercept and steal investor money.

More information regarding ICO's can be found at the following links: [What to Know about ICOs](#), [Be Cautious of the Crypto Investment Craze](#) and [SEC's Investor Bulletin: Initial Coin Offerings](#).

BitConnect, BitConnect LTD, and BitConnect International PLC were previously served orders by several states including Colorado, North Carolina and Texas alleging unregistered activity and fraud. The Bitconnect website remains active and is still accessible by North Dakota residents. The site offers cryptocurrency for sale titled "BitConnect Coin" or "BCC", and claims to be a platform designed for multiple income producing investment opportunities. BitConnect's website claims that holders of their BCC can receive interest rates of up to 120%. BitConnect is not registered in North Dakota to offer securities and BitConnect's claim of excessive interest rates is unsubstantiated and misleading.

Magma Foundation, Magma Coin, and Magma (Magma) operates a website that purports to have office locations in Manchester, UK and in Denver, CO. Magma is conducting an ICO through its website for a token named "MGM" that allegedly is backed by gold and/or ETFs. The company is the subject of a Cease and Desist Order issued by the Colorado Securities Division, however, review of Magma's website indicates the site is still active and available to residents of North Dakota. The website contains information related to the purchase of Magma Tokens representing an interest in gold and/or Exchange Traded Funds (ETFs). The website contains allegedly fraudulent content, including images of people represented to be the Magma Foundation executive team, which in fact are not related to Magma and are assigned fake names. Magma is not registered in North Dakota to offer securities, and Magma's website content contains unsubstantiated claims and misrepresentations.

Pension Rewards Platform, aka Pension Rewards, is soliciting investors through their website which is accessible to North Dakota residents. The site offers to sell a virtual currency called "\$Pcoin" or "Pcoin" which allows investment in and use of their platform to connect freelancers to available workforce opportunities. The website states that the coins will multiply rapidly and produce a large profit for investors, and that the growth will "happen in no time." Additionally, the Pension Rewards white paper makes the unsubstantiated claim that due to the rapidly growing market and popularity of their platform, the coin price will grow. Pension rewards fails to disclose material financial and risk information to potential investors, nor do they describe the means by which they will provide the promised return on investments. Pension Rewards is not registered in North Dakota to offer securities and makes several allegedly fraudulent representations as to the potential for return on investment.

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