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SECURITIES COMMISSIONER



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## *Texas State Securities Board*

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Austin, Texas 78701-2407  
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IN THE MATTER OF	§	
AWS MINING PTY LTD, AUTOMATED WEB	§	
SERVICES MINING AKA AWS MINING, DANIEL	§	
BEDUSCHI, ALEXANDRE CAMPOS, JESSICA	§	Order No. ENF-18-CDO-1771
NUNES SIVIRINO, MYCOINDEAL, AWS ELITE,	§	
JOSIAH KOSTEK, WEST TEXAS OILFIELD	§	
CLOUD MINERS CLUB AND KENNETH LUSTER	§	

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TO: AWS MINING PTY LTD.  
Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000

AUTOMATED WEB SERVICES MINING AKA AWS MINING  
Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, and 5 Sunset Pl,  
Frenchs Forest NSW 2086, and PO Box 471 Narrabeen NSW 2101, Australia

DANIEL BEDUSCHI  
Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, and 5 Sunset Pl,  
Frenchs Forest NSW 2086, and PO Box 471 Narrabeen NSW 2101, Australia

ALEXANDRE CAMPOS  
Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, and 5 Sunset Pl,  
Frenchs Forest NSW 2086, and PO Box 471 Narrabeen NSW 2101, Australia

JESSICA NUNES SIVIRINO  
Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, and 5 Sunset Pl,  
Frenchs Forest NSW 2086, and PO Box 471 Narrabeen NSW 2101, Australia

MYCOINDEAL  
Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, and 5 Sunset Pl,  
Frenchs Forest NSW 2086

AWS ELITE  
239 Washington Ave., Oil City, Pennsylvania 16301

JOSIAH KOSTEK  
239 Washington Ave., Oil City, Pennsylvania 16301

WEST TEXAS OILFIELD CLOUD MINERS CLUB  
PO Box 343, Midland, Texas 79702

KENNETH LUSTER  
PO Box 343, Midland, Texas 79702

## 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 that:

### **FINDINGS OF FACT**

1. AWS Mining PTY LTD (hereinafter referred to as "**Respondent AWS Mining PTY**") can be served at Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000.
2. Automated Web Services Mining aka AWS Mining (hereinafter referred to as "**Respondent AWS Mining**") can be served at Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, 5 Sunset PI, Frenchs Forest NSW 2086, and PO Box 471 Narrabeen NSW 2101, Australia.
3. Daniel Beduschi (hereinafter referred to as "**Respondent Beduschi**") is the Chief Operating Officer and co-founder of Respondent AWS Mining. He can be served at Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, 5 Sunset PI, Frenchs Forest NSW 2086, and PO Box 471 Narrabeen NSW 2101, Australia.
4. Alexandre Campos (hereinafter referred to as "**Respondent Campos**") is the Chief Executive Officer and co-founder of Respondent AWS Mining. He can be served at Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, 5 Sunset PI, Frenchs Forest NSW 2086, and PO Box 471 Narrabeen NSW 2101, Australia.
5. Jessica Nunes Svirino (hereinafter referred to as "**Respondent Nunes**") is an executive of Respondent AWS Mining. She can be served at Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, 5 Sunset PI, Frenchs Forest NSW 2086, and PO Box 471 Narrabeen NSW 2101, Australia.
6. MyCoinDeal (hereinafter referred to as "**Respondent MyCoinDeal**") provides wallet services for investments issued by Respondent AWS Mining. It can be served at Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000, and 5 Sunset PI, Frenchs Forest NSW 2086.
7. AWS Elite (hereinafter referred to as "**Respondent AWS Elite**") is a multilevel marketing organization for Respondent AWS Mining. It can be served at 239 Washington Ave., Oil City, Pennsylvania 16301.
8. Josiah Kostek (hereinafter referred to as "**Respondent Kostek**") is the Chief Marketing Officer at Respondent AWS Elite and a coordinator of Respondent AWS Mining. He can be served at 239 Washington Ave., Oil City, Pennsylvania 16301.

9. West Texas Oilfield Cloud Miners Club (hereinafter referred to as "**Respondent WTO Cloud Miners**") is affiliated with Respondent AWS Elite and is a sales agent for Respondent AWS Mining. It can be served at PO Box 343, Midland, Texas 79702.
10. Kenneth Luster (hereinafter referred to as "**Respondent Luster**") is the principal of Respondent WTO Cloud Miners. He can be served at PO Box 343, Midland, Texas 79702.

### OVERVIEW

11. Respondent AWS Mining PTY is an Australian organization that is the business name holder for Respondent AWS Mining and Respondent MyCoinDeal.
12. Respondents AWS Mining PTY, AWS Mining, Beduschi, Campos and Nunes are issuing investments in cryptocurrency mining referred to as crypto mining power contracts, and they are representing the crypto mining power contracts are "guaranteed to 200% profit" and that each crypto mining power contract "is guaranteed to 200% return on purchase price."
13. Respondents AWS Mining PTY, AWS Mining, Beduschi, Campos, and Nunes are using a multilevel marketing network of sales agents to sell the crypto mining power contracts, and they are paying as many as six different types of bonuses and commissions to these sales agents.
14. These sales agents include Respondent AWS Elite and its Chief Marketing Officer, Respondent Kostek. Respondents AWS Elite and Kostek are using social media, internet websites and online media to offer the crypto mining power contracts and to recruit new sales agents. They are also telling potential investors the crypto mining power contracts pay a "200% passive return on every investment."
15. These sales agents also include Respondent WTO Cloud Miners and its principal, Respondent Luster. Respondents WTO Cloud Miners and Luster are using social media to offer crypto mining power contracts and to direct potential investors to Respondents AWS Elite and Kostek. These investors are being told the crypto mining power contracts pay a "200% passive return on every investment."
16. Although potential investors are led to believe they will receive a 200% return on principal invested in crypto mining power contracts, Respondent AWS Mining is now disclaiming the guarantee of profitability and instead representing that investors assume the risks associated with the investment.
17. Respondents are engaging in other illegal, fraudulent, deceptive, and/or misleading practices in connection with the offer of crypto mining power contracts to Texas residents. As described herein, their conduct threatens immediate and irreparable harm to the public.

### THE ORGANIZATION OF RESPONDENT AWS MINING PTY AND ITS RELATIONSHIP WITH RESPONDENTS AWS MINING AND MYCOINDEAL

18. Respondent AWS Mining PTY was originally organized with the Australian Securities and Investments Commission (hereinafter referred to as "**ASIC**").

19. On June 26, 2017, Respondent AWS Mining PTY registered Respondent MyCoinDeal with the ASIC and represented Respondent MyCoinDeal's principal place of business and address for service of process is 5 Sunset PI, Frenchs Forest NSW 2086.
20. On May 30, 2018, Respondent AWS Mining PTY registered Respondent AWS Mining with the ASIC and represented Respondent AWS Mining maintains a principal place of business at 5 Sunset PI, Frenchs Forest NSW 2086, and that Respondent AWS Mining can be served at PO Box 471 Narrabeen NSW 2101, Australia.
21. Respondent AWS Mining PTY now acts as the business name holder of both Respondent AWS Mining and Respondent MyCoinDeal.

**THE AWS MINING WEBSITE  
AND THE CRYPTO MINING POWER CONTRACTS**

22. Respondent AWS Mining PTY owns and operates an internet website accessible by the public at <https://awsmining.com> (hereinafter referred to as the "**AWS Mining Website**").
23. The AWS Mining Website represents that Respondent AWS Mining PTY maintains a registered office at Level 57, MLC Centre 19-29 Martin Place, Sydney NSW 2000.
24. The AWS Mining Website claims Respondent AWS Mining is mining cryptocurrency through farms located in Guangzhou, China; Ingushetia, Russia; Ciudad del Este, Paraguay; Anhui, China; and Hebei, China. It also claims that its "goal" is to "make mining accessible to all users regardless of age, location, investment, technical knowledge, or experience."
25. The AWS Mining Website allows investors to purchase crypto mining power contracts, also referred to as CMP contracts, to invest in Respondent AWS Mining's cryptocurrency mining operations.
26. The AWS Mining Website affords investors the opportunity to purchase crypto mining power contracts pursuant to the following terms:
  - A. Investors may purchase a 0.1 CMP contract priced at \$40.00. As of October 7, 2018, the AWS Mining Website indicates a 0.1 CMP contract returns 0.00002725 Bitcoin (hereinafter referred to as "**BTC**") or \$0.17 per day, and 0.00081755 BTC or \$5.20 per month;
  - B. Investors may purchase a 1 CMP contract priced at \$400.00. As of October 7, 2018, the AWS Mining Website indicates a 1 CMP contract returns 0.00027252 BTC or \$1.73 per day, and 0.00817548 BTC or \$52.00 per month;
  - C. Investors may purchase a 3 CMP contract priced at \$1,200. As of October 7, 2018, the AWS Mining Website indicates a 3 CMP contract returns 0.00081755 BTC or \$5.20 per day, and 0.02452645 BTC or \$156.00 per month;
  - D. Investors may purchase a 5 CMP contract priced at \$2,000.00. As of October 7, 2018, the AWS Mining Website indicates a 5 CMP contract returns

0.00136258 BTC or \$8.67 per day, and 0.04087742 BTC or \$260.00 per month; and

- E. Investors may purchase a 10 CMP contract priced at \$4,000.00. As of October 7, 2018, the AWS Mining Website indicates a 10 CMP contract returns 0.00272516 BTC or \$17.33 per day and 0.08175484 BTC or \$520.00 per month.
27. The AWS Mining Website represents the crypto mining power contracts are “guaranteed to 200% profit,” that each contract “is guaranteed to 200% return on purchase price” and that these profits will be paid to wallets provided by Respondent MyCoinDeal.
28. Although the AWS Mining Website promises the investments are “guaranteed to 200% profit” and that each contract “is guaranteed to 200% return on purchase price,” the AWS Mining Website also disclaims these guarantees of profitability as follows:
- A. The AWS Mining Website claims that investors’ “use of any information or services on the AWS Mining Website is entirely at [their] own risk, for which [Respondent AWS Mining PTY] shall not be liable;”
- B. The AWS Mining Website represents that “[p]ast performance is no guarantee of future performance” and that “the [represented] results are not a guarantee of future performance;”
- C. The AWS Mining Website requires investors to acknowledge that “the output of [c]oins may vary from time to time, based on the bitcoin protocol’s difficulty adjust[ments] which determines how much computing power miners need to use to solve the subsequent set of blocks” and as such investors “should not invest money that [they] cannot afford to lose;” and
- D. The AWS Mining Website also requires investors to acknowledge that Respondent AWS Mining PTY will “[i]n no event...be liable for any loss, damage, cost or expense... incurred by [investors] in connection with the use of the” AWS Mining Website.
29. Additionally, Respondent AWS Mining charges a 20% service fee before crediting investors’ accounts with any profits derived from the crypto mining power contracts.

**RESPONDENT MYCOINDEAL  
AND THE PAYMENT OF PROFITS TO ITS CRYPTOCURRENCY WALLETS**

30. Respondent AWS Mining is only depositing profits from the crypto mining power contracts in wallets provided by Respondent MyCoinDeal. Investors must therefore secure a wallet from Respondent MyCoinDeal to participate in Respondent AWS Mining’s cryptocurrency mining program.
31. Respondent MyCoinDeal is representing that its wallets are a safe solution to store cryptocurrencies and track profits derived from cryptocurrencies.
32. Respondent MyCoinDeal requires investors to pay fees to use its wallets to transact in fiat currency and digital currency.

33. The fees include the payment of two percent per deposit of fiat currency, two percent per withdrawal of fiat currency and between one-half of one percent and one percent for trading digital currencies.

RESPONDENT AWS MINING'S AFFILIATE PROGRAM

34. The AWS Mining Website permits investors to join a multilevel marketing matrix for \$20.00. After joining a multilevel marketing matrix, investors can earn commissions by acting as sales agents and referring new investors to Respondent AWS MINING.
35. Respondent AWS Mining is paying as many as six different streams of commissions to its sales agents. These different streams of commissions are described in greater detail as follows:
- A. Respondent AWS Mining is providing sales agents with a personalized hyperlink, also referred to as a referral link, to direct new investors to the AWS Mining Website. Respondent AWS Mining is paying a "referral bonus" equal to 10% of the principal investment received from new investors recruited through the use of the referral link;
  - B. Respondent AWS Mining is paying an "acceleration bonus" to its sales agents. The acceleration bonus provides sales agents who sell crypto mining power contracts with one percent of the mining power attributed to contracts purchased by new investors;
  - C. Respondent AWS Mining is paying a "team bonus" to sales agents that is equal to up to 10% of the sales volume of other sales agents in their multilevel marketing matrix;
  - D. Respondent AWS Mining is paying a "mining residual" commission to sales agents. The "mining residual" commission is a portion of the 20% service fee charged by Respondent AWS Mining, and it varies depending upon each sales agent's position in their multilevel marketing matrix and the mining power of the crypto mining power contracts sold to investors;
  - E. Respondent AWS Mining is paying a "performance bonus" that varies between \$100.00 and \$100,000.00 depending upon each sale agent's matching sales volume. Respondent AWS Mining also confers a "rank achievement" to sales agents who receive a performance bonus, and these "rank achievements" progress from Coordinator to Supervisor, Managing Director, Director, Vice President, and President; and
  - F. Respondent AWS Mining will be paying an "MCD residual" commission to sales agents. The "MCD residual" commission will be a percentage of the transaction fees assessed against investors using wallets provided by Respondent MyCoinDeal.
36. Respondent AWS Mining does not require its sales agents to be registered to offer or sell securities in Texas or in any other state, territory, or country.

RESPONDENTS AWS ELITE AND KOSTEK  
AND THEIR OFFER OF CRYPTO MINING POWER CONTRACTS

37. Respondents AWS Elite and Kostek are sales agents for Respondent AWS Mining.
38. Respondent AWS Elite and Kostek are recruiting new investors using online media, such as an internet webpage accessible by the public at [www.WheresTheTime.com](http://www.WheresTheTime.com) (hereinafter referred to as the "**WTT Website**"). The WTT Website describes Respondent AWS Mining and its crypto mining power contracts as follows:
  - A. The WTT Website represents that investors will receive a "200% passive return on every investment;"
  - B. The WTT Website claims that investors never have to pay signing fees, affiliate fees, monthly fees, or transfer fees; and
  - C. The WTT Website directs potential investors to "schedule a call" or "join [a] live presentation" scheduled weekly.
39. Respondents AWS Elite and Kostek are also recruiting investors through a Facebook webpage maintained Respondent AWS Elite that is accessible by the public at <https://www.facebook.com/EliteAWS/> (hereinafter referred to as "**AWS Elite Facebook Webpage**"). It describes Respondent AWS Mining and its crypto mining power contracts as follows:
  - A. The AWS Elite Facebook Webpage claims that Respondent AWS Mining has "grown to [the] 4th Largest on Earth in 3 Years" and is now "Ranked #1 in Payments for Cloud Mining Contracts;"
  - B. The AWS Elite Facebook Webpage describes Respondent AWS Mining as "a legitimate & truly profitable crypto cloud mining company" and not as one of the "scams, Ponzi schemes & digital predators praying [sic] on the ignorant and uneducated;" and
  - C. The AWS Elite Facebook Webpage claims that Respondent AWS Mining does not charge any monthly fees, affiliate fees, withdrawal fees, transfer fees or cancellation fees.
40. The AWS Elite Facebook Webpage is also using the likeness of Jeff Bezos, the founder, Chairman and Chief Executive of Amazon, to offer crypto mining power contracts.

RESPONDENT WTO CLOUD MINERS, LUSTER,  
AND THEIR OFFER OF CRYPTO MINING POWER CONTRACTS IN TEXAS

41. Respondents AWS Elite and Kostek are endorsing Respondent WTO Cloud Miners and they are referring to Respondent Luster as a valuable member of Respondent AWS Elite.
42. Respondents WTO Cloud Miners and Luster, as part of Respondent AWS Elite, are offering crypto mining power contracts in Texas and inviting potential investors to view webinars hosted by Respondent AWS Elite.

43. Respondents WTO Cloud Miners and Luster also maintain a Facebook webpage accessible by the public at <https://www.facebook.com/RealCloudMiners>. It claims Respondent AWS Mining is “Ranked #1 in Payments for Cloud Mining Contracts” and that it “has grown to [the] 4th Largest on Earth in 3 Years.”

#### REGISTRATION VIOLATIONS

44. The crypto mining power contracts have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.
45. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.
46. Respondents AWS Mining PTY, AWS Mining, AWS Elite, Beduschi, Campos, Nunes and Kostek are recruiting sales agents to offer and sell the crypto mining power contracts in Texas who are not registered to offer or sell securities in Texas.

#### FRAUD IN CONNECTION WITH THE OFFER OF THE CRYPTO MINING POWER CONTRACTS

47. In connection with the offer of crypto mining power contracts, Respondents AWS Mining PTY, AWS Mining, Beduschi, Campos, and Nunes are intentionally failing to disclose the following material facts about the management of Respondent AWS Mining PTY and Respondent AWS Mining:
- A. The relationship between Respondent AWS Mining PTY and Respondent AWS Mining;
  - B. The business repute and qualifications of Respondent Beduschi, Campos, Nunes and other principals of Respondent AWS Mining;
  - C. Respondent AWS Mining’s assets, liabilities, and capitalization; and
  - D. Respondent AWS Mining PTY’s assets, liabilities, and capitalization.
48. In connection with the offer of crypto mining power contracts, Respondents AWS Mining PTY, AWS Mining, Beduschi, Campos, and Nunes are intentionally failing to disclose the following material facts about the operations of Respondent AWS Mining:
- A. The identity, business repute or qualifications of the persons responsible for managing the operations of each of Respondent AWS Mining’s cryptocurrency mining farms;
  - B. Whether Respondent AWS Mining is mining Bitcoin, Ethereum, Monero, or some combination of these cryptocurrencies and/or other minable cryptocurrencies that use proof of work hashing;
  - C. The type of specialized hardware used to mine cryptocurrencies and the collective hash rate of hardware used to mine cryptocurrencies, whether expressed as GH/s, TH/s, PH/s, or some other metric;



- D. Information about the costs of powering its cryptocurrency mining farms, including the average electricity costs accrued by its cryptocurrency mining farms and the ratio of average power cost to computational hash rate;
  - E. Their strategy or procedures for overcoming hardware failures, power outages or network disconnections;
  - F. Information about the security of the premises of its cryptocurrency mining farms, its data centers and any other facility that maintains custody of hardware involved in cryptocurrency mining; and
  - G. Information about the security of hardware used to maintain possession of cryptocurrencies secured through mining, including whether cryptocurrencies are stored in a “cold” wallet or a “hot” wallet.
49. In connection with the offer of crypto mining power contracts, Respondents AWS Mining PTY and MyCoinDeal are intentionally failing to disclose the following material facts:
- A. That Respondent AWS Mining PTY is the business name holder of Respondent MyCoinDeal;
  - B. The identity, business repute and qualifications of the principals of Respondent MyCoinDeal; and
  - C. Information about the security of wallets provided by Respondent MyCoinDeal, including information about its methodology for storing cryptocurrencies, its means of accounting for cryptocurrencies and its experience in adopting and implementing security protocols that protect its clients from hackers and malicious attacks.
50. In connection with the offer of crypto mining power contracts, Respondents AWS Elite, WTO Cloud Miners, Kostek, and Luster are intentionally failing to disclose their business repute and qualifications, including their experience in selling securities to investors and their experience in dealing with cryptocurrencies.
51. In connection with the offer of crypto mining power contracts, Respondents AWS Elite, WTO Cloud Miners, Kostek, and Luster are intentionally failing to disclose the commissions they will receive for selling crypto mining power contracts.

**MATERIALLY MISLEADING AND DECEPTIVE PRACTICES  
AND THE OFFER OF CRYPTO MINING POWER CONTRACTS**

52. Respondents are touting the profitability of crypto mining power contracts but are not disclosing the following risks associated with cryptocurrencies:
- A. Governments may adopt legislation or regulations that may negatively impact the use, transfer, exchange, or price of cryptocurrencies;

- B. Cryptocurrencies are volatile, and the price of a 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; and
  - C. Cryptocurrencies compete with all other cryptocurrencies, and this competition may negatively impact the price of a specific cryptocurrency.
53. Respondents are touting the profitability of crypto mining power contracts but are not disclosing the following risks associated with cryptocurrency mining:
- A. The cost of electricity used to power and cool cryptocurrency mining hardware, as well as any changes to the cost of electricity, may decrease the profits obtained through mining coins or result in costs exceeding such profits;
  - B. A cryptocurrency mining platform may mine a coin that declines in value or becomes virtually worthless;
  - C. A system or technical failure may impact the efficiency of a cryptocurrency mining platform, and the costs associated with repairs may decrease the profits obtained through mining coins or result in costs exceeding such profits; and
  - D. Cryptocurrency miners compete with other cryptocurrency miners, and this competition, as well as changes in the competitive environment, may decrease the number of coins secured through mining.
54. Respondents AWS Mining PTY, AWS Mining, Beduschi, Campos, and Nunes are telling investors that crypto mining power contracts are “guaranteed to 200% profit” and that each crypto mining power contract “is guaranteed to 200% return on purchase price.” These statements are materially misleading or otherwise likely to deceive the public because the AWS Mining Website disclaims these guarantees of profitability as follows:
- A. The AWS Mining Website claims that investors’ “use of any information or services on the AWS Mining Website is entirely at [their] own risk, for which [Respondent AWS Mining PTY] shall not be liable;”
  - B. The AWS Mining Website represents that “[p]ast performance is no guarantee of future performance” and that “the [represented] results are not a guarantee of future performance;”
  - C. The AWS Mining Website requires investors to acknowledge that “the output of [c]oins may vary from time to time, based on the bitcoin protocol’s difficulty adjust[ments] which determines how much computing power miners need to use to solve the subsequent set of blocks” and as such investors “should not invest money that [they] cannot afford to lose;” and

- D. The AWS Mining Website also requires investors to acknowledge that Respondent AWS Mining PTY will “[i]n no event...be liable for any loss, damage, cost or expense... incurred by [investors] in connection with the use of the” AWS Mining Website.
55. Respondents AWS Elite and Kostek are telling potential investors the crypto mining power contracts pay a “200% passive return on every investment” and Respondent WTO Cloud Miners and Luster are providing investors with information that represents the crypto mining power contracts pay a “200% passive return on every investment.” These statements are materially misleading or otherwise likely to deceive the public because the AWS Mining Website disclaims these guarantees of profitability as follows:
- A. The AWS Mining Website claims that investors’ “use of any information or services on the AWS Mining Website is entirely at [their] own risk, for which [Respondent AWS Mining PTY] shall not be liable;”
- B. The AWS Mining Website represents that “[p]ast performance is no guarantee of future performance” and that “the [represented] results are not a guarantee of future performance;”
- C. The AWS Mining Website requires investors to acknowledge that “the output of [c]oins may vary from time to time, based on the bitcoin protocol’s difficulty adjust[ments] which determines how much computing power miners need to use to solve the subsequent set of blocks” and as such investors “should not invest money that [they] cannot afford to lose;” and
- D. The AWS Mining Website also requires investors to acknowledge that Respondent AWS Mining PTY will “[i]n no event...be liable for any loss, damage, cost or expense... incurred by [investors] in connection with the use of the” AWS Mining Website.
56. Respondents AWS Elite and Kostek are representing that investors never have to pay signing fees, affiliate fees, monthly fees, or transfer fees. They are also representing Respondent AWS Mining does not charge monthly fees, affiliate fees, withdrawal fees, transfer fees or cancellation fees. These statements are materially misleading or otherwise likely to deceive the public because:
- A. Respondent AWS Mining charges a 20% service fee before crediting investors’ accounts with any profits derived from the crypto mining power contracts; and
- B. Respondent AWS Mining requires investors to use a wallet provided by Respondent MyCoinDeal, an affiliated party, and Respondent MyCoinDeal charges fees that include the payment of two percent per deposit of fiat currency, two percent per withdrawal of fiat currency and between one-half of one percent and one percent for trading digital currencies.

57. Respondent WTO Cloud Miners and Luster are providing investors with information that represents investors never have to pay signing fees, affiliate fees, monthly fees or transfer fees and that Respondent AWS Mining does not charge monthly fees, affiliate fees, withdrawal fees, transfer fees or cancellation fees. These statements are materially misleading or otherwise likely to deceive the public because:
- A. Respondent AWS Mining charges a 20% service fee before crediting investors' accounts with any profits derived from the crypto mining power contracts; and
  - B. Respondent AWS Mining requires investors to use a wallet provided by Respondent MyCoinDeal, an affiliated party, and Respondent MyCoinDeal charges fees that include the payment of two percent per deposit of fiat currency, two percent per withdrawal of fiat currency and between one-half of one percent and one percent for trading digital currencies.
58. Respondents AWS Elite, WTO Cloud Miners, Kostek, and Luster are representing that Respondent AWS Mining "has grown to [the] 4th Largest on Earth in 3 Years," which is materially misleading or otherwise likely to deceive the public because:
- A. Respondent AWS Mining PTY was not registered with the ASIC until May 2017;
  - B. Respondent AWS Mining was not registered with the ASIC until May 2018; and
  - C. They are not providing the basis or source to support the claim the company "has grown to [the] 4th Largest on Earth in 3 Years."
59. Respondents AWS Elite, WTO Cloud Miners, Kostek, and Luster are representing that Respondent AWS Mining is "Ranked #1 in Payments for Cloud Mining Contracts," which is materially misleading or otherwise likely to deceive the public because they are not providing the basis or source to support the claim the company ranked first in payments for cloud mining contracts.
60. Respondents AWS Mining PTY, AWS Mining, AWS Elite, Beduschi, Campos, Nunes, and Kostek are representing that Respondent AWS Mining is paying commissions to sales agent who sell crypto mining power contracts, and Respondent WTO Cloud Miners and Luster are providing investors with information that reflects Respondent AWS Mining is paying commissions to sales agents who sell crypto mining power contracts. These statements are materially misleading or otherwise likely to deceive the public because:
- A. Persons who offer and sell securities in Texas, including the crypto mining power contracts, who are not registered as dealers or agents, other otherwise exempt from such registration, are violating Section 12 of the Securities Act; and

- B. Persons who offer the crypto mining power contracts in Texas are offering unregistered securities in violation of Section 7 of the Securities Act.

### **CONCLUSIONS OF LAW**

1. The investments in the cryptocurrency mining program are “securities” as that term is defined in Section 4.A of the Securities Act.
2. Respondents are violating Section 7 of the 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 Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the 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 harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

### **ORDER**

1. It is therefore ORDERED that 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 that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until they 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 that 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 that 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 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 Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the 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 16<sup>th</sup> day of November, 2018.

  
\_\_\_\_\_  
TRAVIS J. ILES  
Securities Commissioner