

**For Immediate Release**  
May 21, 2018

**Contact:** Dan Orzano (614) 644-9530  
Daniel.Orzano@com.state.oh.us

## **Ohio Division of Securities Participates in “Operation Cryptosweep,” a Coordinated International Cryptocurrency Crackdown**

*Division alleges Dubai-based USI-TECH Limited  
violated multiple sections of the Ohio Securities Act*

The Ohio Division of Securities today issued a Notice of Opportunity for Hearing and a Notice of Intent to Issue a Cease and Desist Order to Dubai-based USI-TECH Limited, as part of an international crackdown on fraudulent Initial Coin Offerings (ICOs) and cryptocurrency-related investment products.

“Operation Cryptosweep” was coordinated by the North American Securities Administrators Association (NASAA), of which the Ohio Division of Securities is a member.

The division order, which specifically references USI-TECH’s website, <https://www.usitech-int.com>, contains 41 allegations. The entire order can be read at: [https://www.comapps.ohio.gov/secu/secu\\_apps/FinalOrders/Files/2018/18-017%20USI-TECH%20LTD%20NOH.pdf](https://www.comapps.ohio.gov/secu/secu_apps/FinalOrders/Files/2018/18-017%20USI-TECH%20LTD%20NOH.pdf).

The Notice Order alleges that in April 2017, a resident of Ohio, using a New York-based sales partner, invested \$22,000 to purchase 385 Bitcoin Packages with USI-TECH Limited. The order further alleges that USI-TECH engaged in unlawful activity by offering unlicensed sales partners up to 35 percent commission to bring in more investors.

Despite a statement on USI-TECH’s website that the account would be accessible 24/7, the Ohio investor has been unable to liquidate his investments.

Both the Texas State Securities Board and North Carolina’s Securities Division issued cease-and-desist orders against USI-TECH based on findings that the company engaged in fraud in the sale of unregistered securities through unlicensed sales partners, and made offers through its website containing statements that were materially misleading or otherwise likely to deceive the public.

“Ohioans need to be on heightened alert for fraudulent activity involving ICOs and cryptocurrency-related investment products,” said Ohio Securities Commissioner Andrea Seidt. “Cyber criminals need to know that there is no place for these scams in Ohio and that the division has dedicated resources on tap to bring bad actors in this area to justice.”

Connect with us!



[com.ohio.gov/secu](http://com.ohio.gov/secu)

## Operation Cryptosweep

Ohio joined with more than 40 other state and provincial securities regulators in the United States and Canada in “Operation Cryptosweep,” resulting in nearly 70 inquiries and investigations and 35 pending or completed enforcement actions since the beginning of the month. NASAA members are conducting additional investigations into potentially fraudulent conduct that may result in additional enforcement actions. These actions are in addition to more than a dozen enforcement actions previously undertaken by NASAA members regarding these types of products.

In April 2018, NASAA organized a task force of its member state and provincial securities regulators to begin a coordinated series of investigations into ICOs and cryptocurrency-related investment products. Regulators identified many cryptocurrency-related products and, as part of its work, the task force identified hundreds of ICOs in the final stages of preparation before being launched to the public.

These pending ICOs were advertised and listed on ICO aggregation sites to attract investor interest. Many have been examined and some were determined to warrant further investigation. A number of these investigations are ongoing and others resulted in enforcement actions announced today.

“The actions announced today are just the beginning,” Seidt said. “NASAA’s task force uncovered approximately 30,000 crypto-related domain name registrations, the vast majority of which appeared in 2017 and 2018.”

A critical component of “Operation Cryptosweep” is raising public awareness of the risks associated with ICOs and cryptocurrency-related investment products.

“Not every ICO or cryptocurrency-related investment is fraudulent, but there has been enough fraud in this space to warrant extreme caution by investors approaching any initial coin offering or cryptocurrency-related investment product,” Seidt said.

For more information about ICOs and cryptocurrencies, the division issued two investor alerts: “What to Know About ICOs” and “Be Cautious of the Crypto Investment Craze.” Both are available on the division’s website at <https://www.com.ohio.gov/secu/investoralerts.aspx>.

###

Connect with us!



[com.ohio.gov/secu](https://www.com.ohio.gov/secu)