STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE
SECURITIES DIVISION

IN THE MATTER OF:	)	
	)	**FINAL ORDER**
POWER MINING POOL	)	
	)	File No.: 18 ADM 006
Respondent.	)	

The Secretary of State of the State of North Carolina (the "Administrator"), pursuant to her authority and responsibility to administer and enforce the North Carolina Securities Act, (N.C. Gen. Stat. Chapter 78A, the "Securities Act") has reviewed the evidence of record, and based on that evidence, enters this Final Order.

I. FINDINGS OF FACT

1. On March 2, 2018, the Securities Division filed an Administrative Petition containing allegations against Power Mining Pool ("PMP") requesting both temporary and permanent relief.

2. On March 2, 2018, the Administrator through her Deputy Securities Administrator, issued a Temporary Cease and Desist Order against PMP.

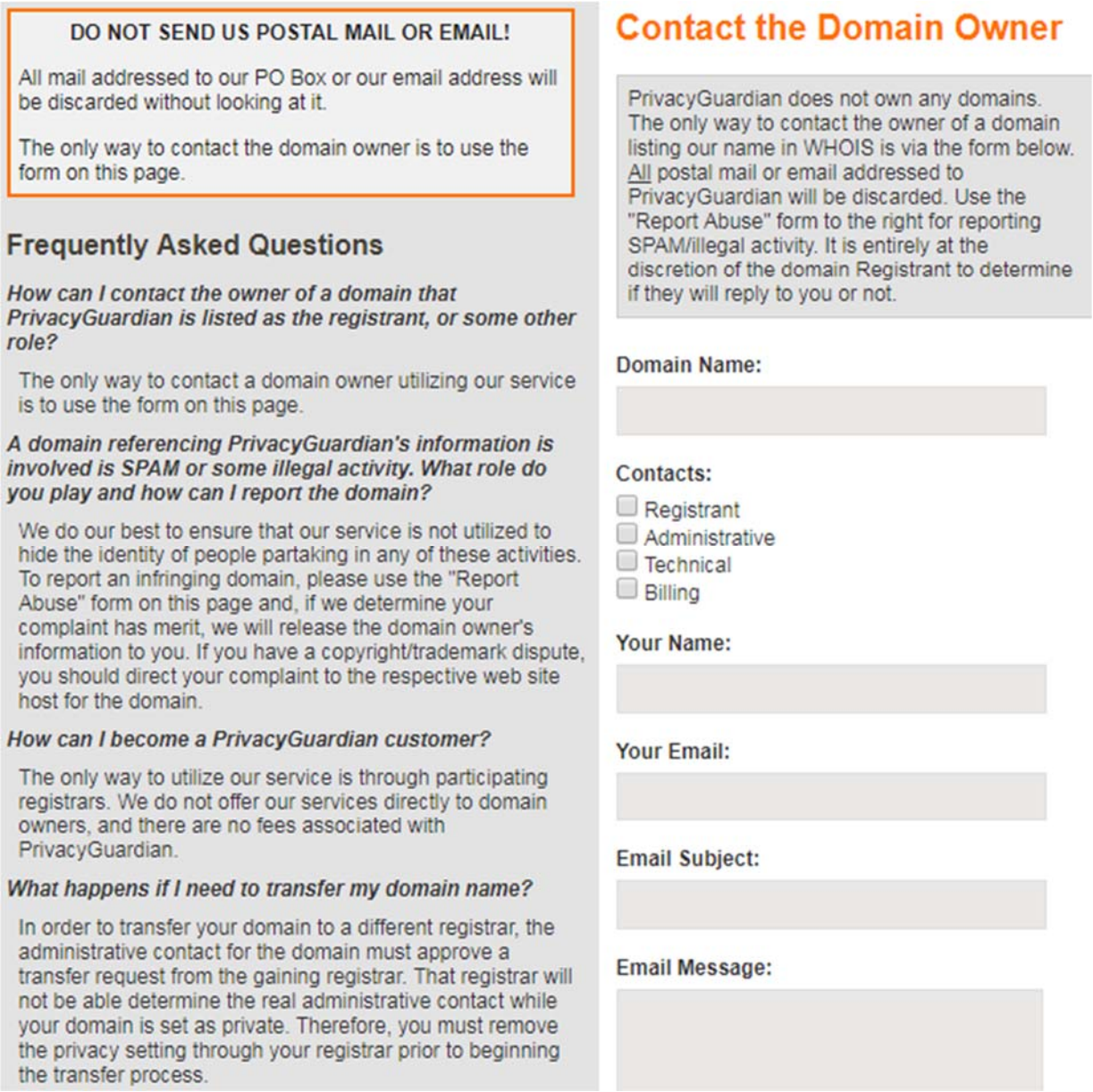
3. PMP is an entity that conducted its business on the internet, principally by means of a website accessible at www.powerminingpool.com.

4. PMP is not registered with a business registry in any jurisdiction and has no physical place of business. The individuals who managed PMP are not identified.

5. PMP's only place of business was its website that was hosted by PrivacyGuardian.org.

6. PrivacyGuardian.org provides domain hosting services to individuals and entities who wish to remain anonymous.

7. On the PrivacyGuardian.org website, PrivacyGuardian describes how to contact its users.



DO NOT SEND US POSTAL MAIL OR EMAIL!

All mail addressed to our PO Box or our email address will be discarded without looking at it.

The only way to contact the domain owner is to use the form on this page.

Frequently Asked Questions

How can I contact the owner of a domain that PrivacyGuardian is listed as the registrant, or some other role?

The only way to contact a domain owner utilizing our service is to use the form on this page.

A domain referencing PrivacyGuardian's information is involved is SPAM or some illegal activity. What role do you play and how can I report the domain?

We do our best to ensure that our service is not utilized to hide the identity of people partaking in any of these activities. To report an infringing domain, please use the "Report Abuse" form on this page and, if we determine your complaint has merit, we will release the domain owner's information to you. If you have a copyright/trademark dispute, you should direct your complaint to the respective web site host for the domain.

How can I become a PrivacyGuardian customer?

The only way to utilize our service is through participating registrars. We do not offer our services directly to domain owners, and there are no fees associated with PrivacyGuardian.

What happens if I need to transfer my domain name?

In order to transfer your domain to a different registrar, the administrative contact for the domain must approve a transfer request from the gaining registrar. That registrar will not be able determine the real administrative contact while your domain is set as private. Therefore, you must remove the privacy setting through your registrar prior to beginning the transfer process.

Contact the Domain Owner

PrivacyGuardian does not own any domains. The only way to contact the owner of a domain listing our name in WHOIS is via the form below. All postal mail or email addressed to PrivacyGuardian will be discarded. Use the "Report Abuse" form to the right for reporting SPAM/illegal activity. It is entirely at the discretion of the domain Registrant to determine if they will reply to you or not.

Domain Name:

Contacts:

- ☐ Registrant
- ☐ Administrative
- ☐ Technical
- ☐ Billing

Your Name:

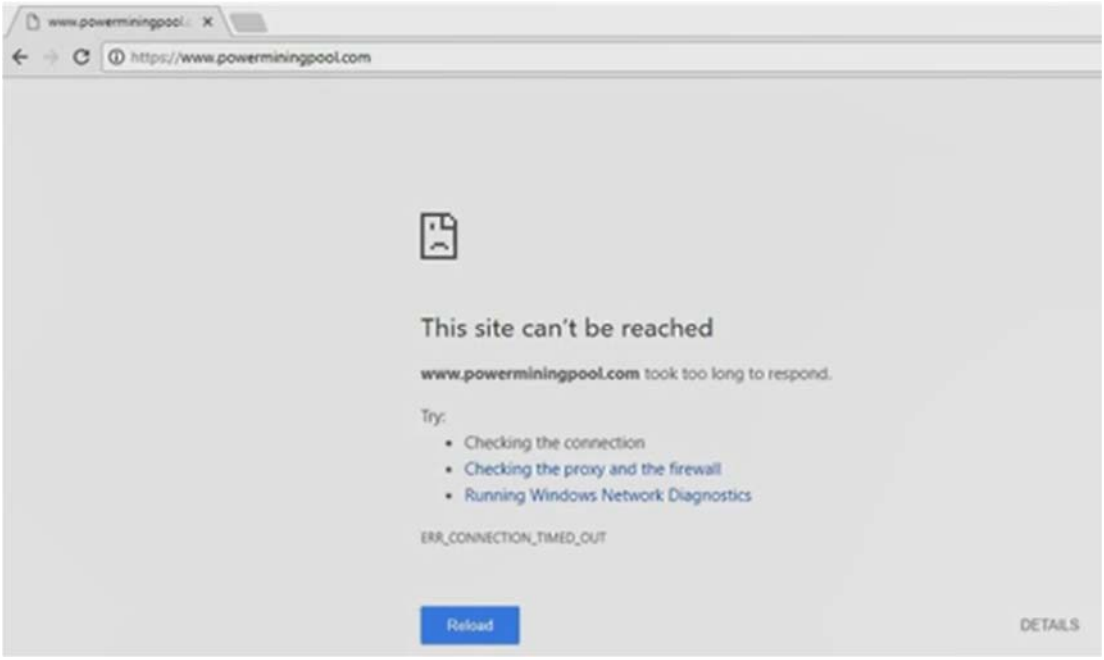
Your Email:

Email Subject:

Email Message:

8. On March 5, 2018, the Securities Division provided notice of the Temporary Cease and Desist Order to PMP through PrivacyGuardian.org's form on its website.

9. On March 6, 2018, the PMP website could no longer be reached and has ceased existing since.



10. PMP has not requested a hearing or submitted any responsive pleading to the Administrator regarding the Temporary Cease and Desist Order.

11. Based on the Findings of Facts and Conclusions of Law in the Temporary Cease and Desist Order, which are hereby incorporated by reference, this Final Order is necessary for the protection of public, is in the public interest, and is consistent with the purposes of the Securities Act. The Temporary Cease and Desist Order is attached as Exhibit A.

II. CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over PMP and the subject matter of this Final Order.

2. N.C. Gen. Stat. § 78A-47 grants the Administrator the authority to enter this Final Order.

3. PMP has violated N.C. Gen. Stat. §§ 78A-24, 78A-36, and § 78A-8.

4. This Final Order is necessary and appropriate for the protection and preservation of the public interest and for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Securities Act.

III. ORDER

It is therefore ORDERED that PMP and any person, employee, officer, director, entity, or independent contractor under PMP's direction or control permanently cease and desist from:

1. offering for sale any security in North Carolina unless and until the security is registered with the Administrator or is offered for sale pursuant to an exemption from registration under the North Carolina Securities Act;
2. acting as a securities dealer, salesman or agent in North Carolina unless and until registered with the Administrator or acting pursuant to an exemption from registration under the North Carolina Securities Act;
3. engaging in fraud in connection with the offer or sale of any security in North Carolina; and
4. violating any other provisions of the North Carolina Securities Act and any administrative rules promulgated thereunder.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State, this the 19TH day of April 2018.

Time of entry: 1:20 P.M.

ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA, and
SECURITIES ADMINISTRATOR

REDACTED

KEVIN M. HARRINGTON
Deputy Securities Administrator

EXHIBIT A

STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE
SECURITIES DIVISION

IN THE MATTER OF:	)	
	)	**TEMPORARY CEASE AND DESIST**
POWER MINING POOL	)	**ORDER**
	)	
Respondent.	)	File No.: 18 ADM 006

The North Carolina Secretary of State (the "Administrator"), pursuant to her authority and responsibility to administer and enforce the North Carolina Securities Act, N.C. Gen. Stat. Chapter 78A, (the "Securities Act"), has considered the evidence, finds that the public interest will be irreparably harmed by delay, and therefore, enters this Temporary Cease and Desist Order (this "Order").

The North Carolina Department of the Secretary of State's Securities Division has presented evidence sufficient for the Administrator to make the following findings and conclusions.

I. SUMMARY

1. The Administrator, through the Securities Division, conducted an investigation of Power Mining Pool ("PMP") to evaluate whether it has been offering securities in compliance with the Securities Act.

2. The Securities Division found that PMP is violating the Securities Act by:

   a. offering unregistered securities in the form of "mining pool shares;"

   b. offering securities while it is not registered to do so; and

   c. making material misstatements when offering securities.

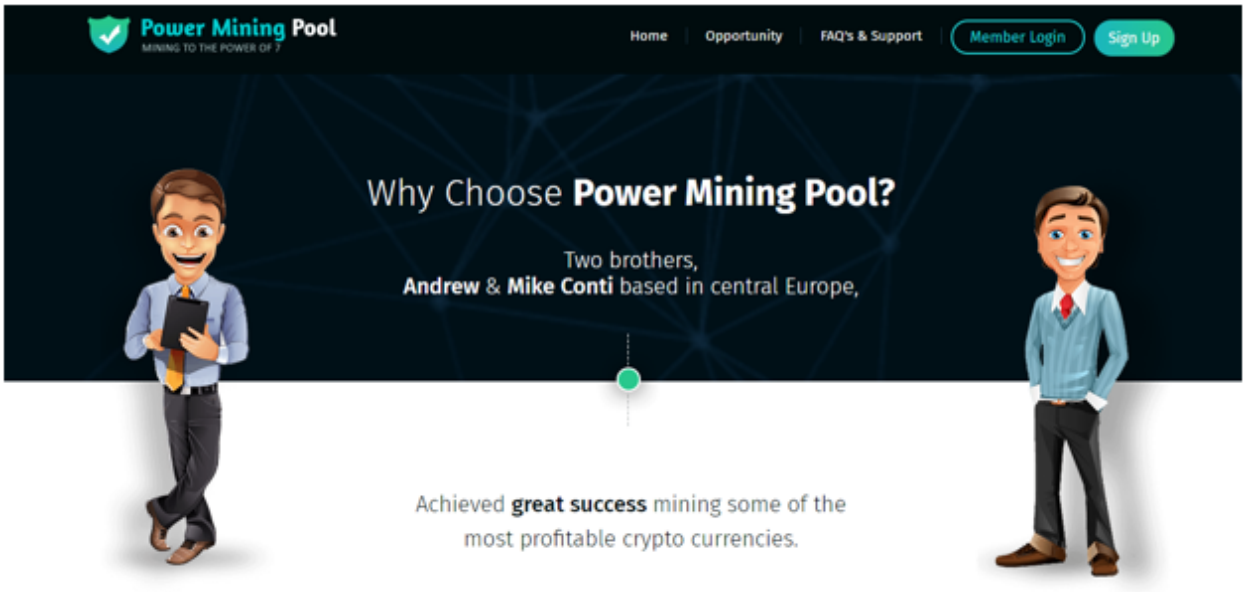
3. Through this Order, the Administrator orders PMP to cease and desist from offering unregistered securities, acting as a securities dealer or agent in North Carolina until it is registered, and engaging in fraud in connection with the offer or sale of any security.

II. FINDINGS OF FACT

1. PMP is an entity that conducts its business on the internet, principally by means of a website accessible at www.powerminingpool.com (the "PMP website"). PMP may be served through its website administrator Privacy Guardian LLC, 1928 E. Highland Ave. Suite F104, Phoenix, Arizona 85016 and via www.privacyguardian.org.

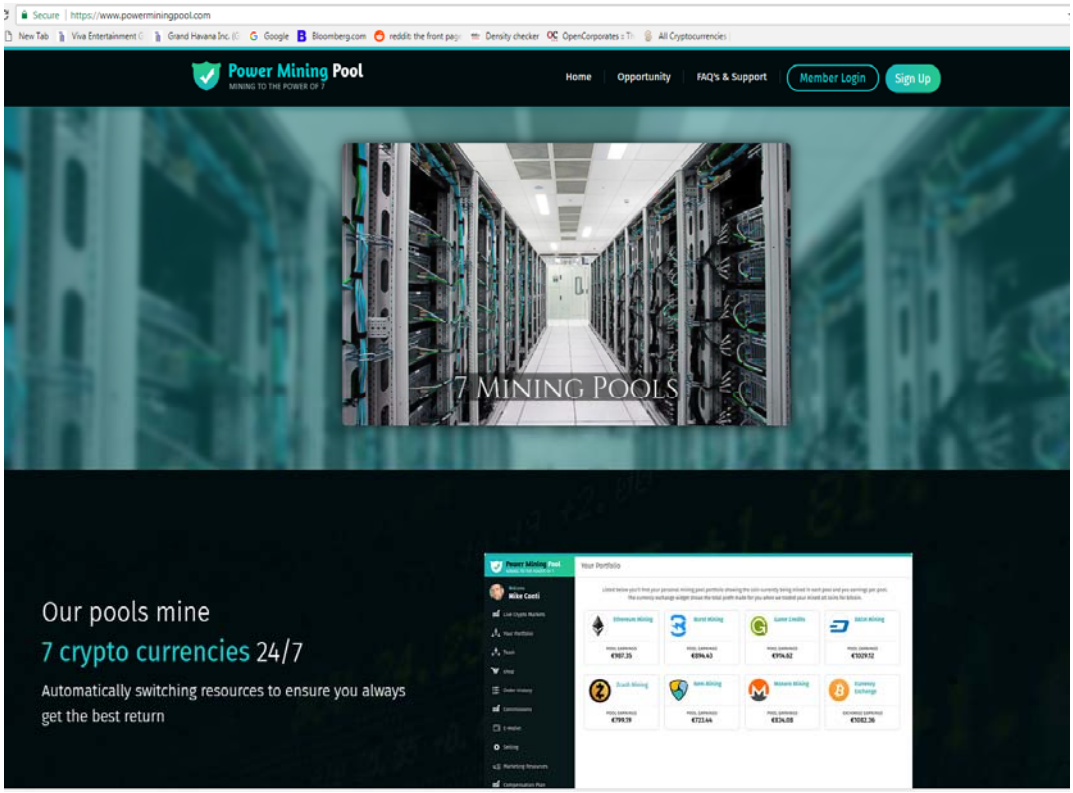
2. PMP represents that it is a decentralized entity that is not owned by any one person or entity.

3. PMP provides the following biographical information about its managers on the PMP website.



4. The Securities Division has been unable to confirm whether Andrew Conti and Mike Conti, of central Europe, are real people.

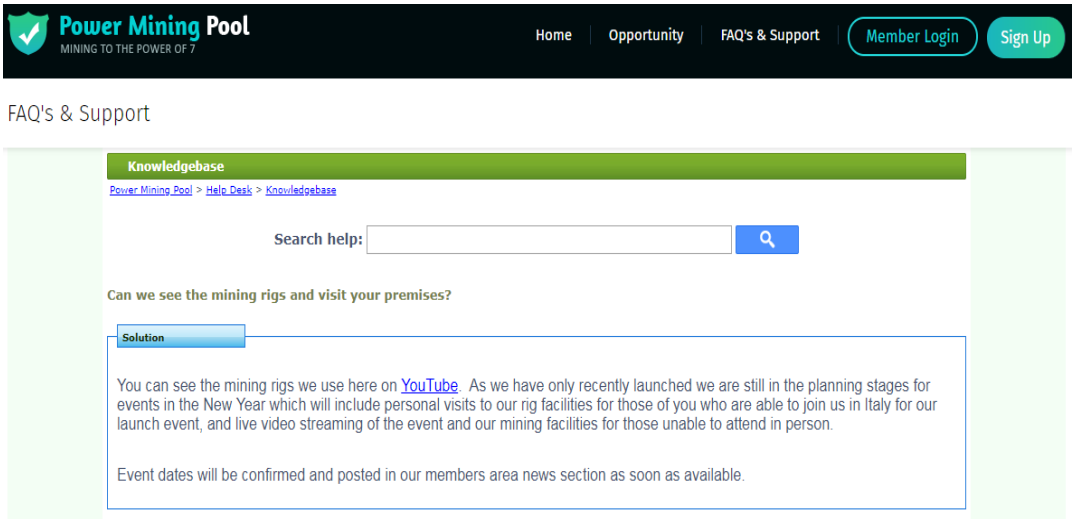
5. PMP represents that it owns and operates computer hardware and software "mining rigs," that can mine[1] seven cryptocurrencies[2], 24 hours a day and seven days a week. Additionally, PMP represents that their mining rigs track the profitability of each of the seven cryptocurrencies and automatically "switch resources away from less profitable coins."



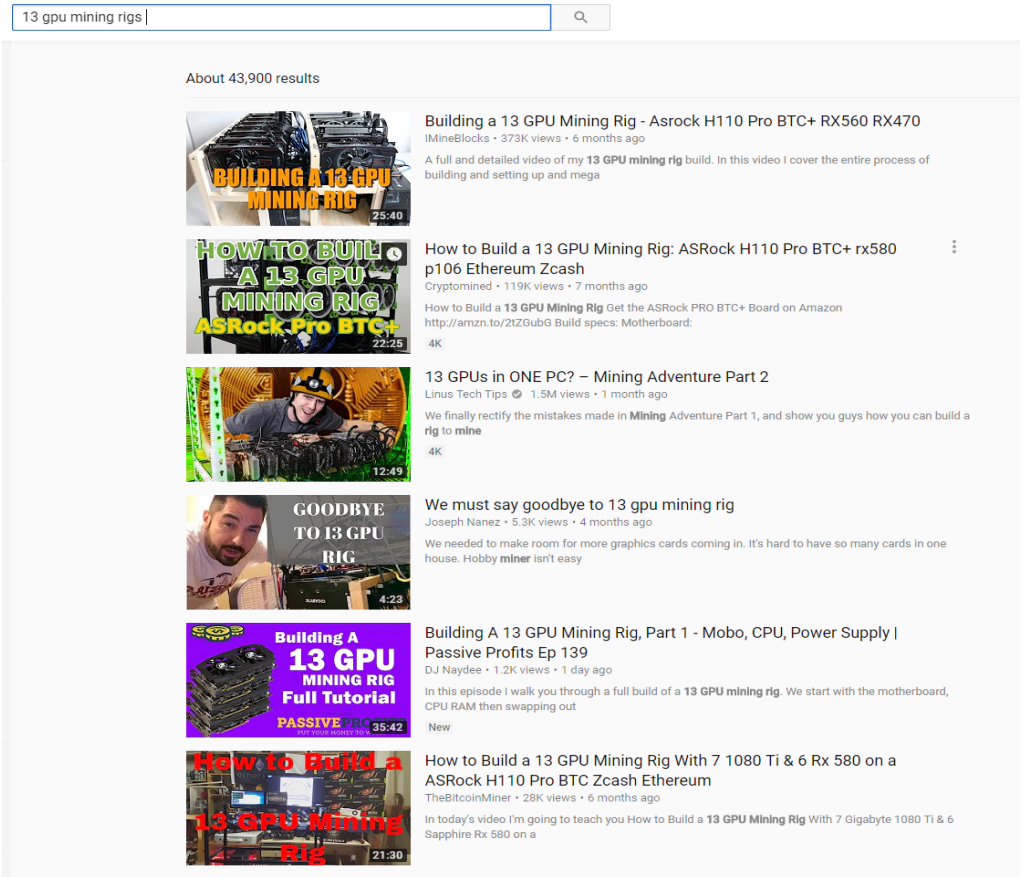
[1] Mining is the process of validating transactions and adding them to a transactional ledger called the "blockchain." "Mining rigs" are computers that compete with each other to be the first to validate and add a particular transaction to the blockchain. Mining can be profitable because the mining rig that successfully validates and adds the transaction to the blockchain receives a small amount of newly minted cryptocurrency.

[2] Cryptocurrencies are digital assets created by companies or individuals that take the form of a virtual coin or token. Bitcoin is an example of one such cryptocurrency, and there are more than one thousand other virtual coins or tokens currently in existence. Companies and individuals create cryptocurrencies and sell them to the public through initial coin offerings (ICOs). Virtual coins and tokens are primarily issued and distributed on a "blockchain" or a cryptographically-secured ledger which exists on the internet. Virtual coins and tokens are traded on online platforms, typically called cryptocurrency exchanges, and they can be traded for other digital assets or fiat currencies, such as the U.S. Dollar or Euro.

6. PMP maintains a Frequently Asked Questions ("FAQ") page on the PMP website. PMP provides the following information about its mining rigs on the FAQ page.



7. Instead of showing the actual mining rigs purportedly owned and operated by PMP, the YouTube link embedded in the PMP website FAQ page returns the following information.



A. The PMP Securities

8. PMP offers investors the opportunity to allow PMP to mine cryptocurrencies on their behalf and profit. PMP calls these investments "mining pool shares."

9. On its website, PMP describes the features and benefits of investing in the mining pool shares by making the following representations:

a. The mining rig "automatically switch[es] resources to ensure you always get the best return;"

b. "As soon as your account is set up we'll add the resources that you've purchased into the pools and you'll start seeing results within hours;" and

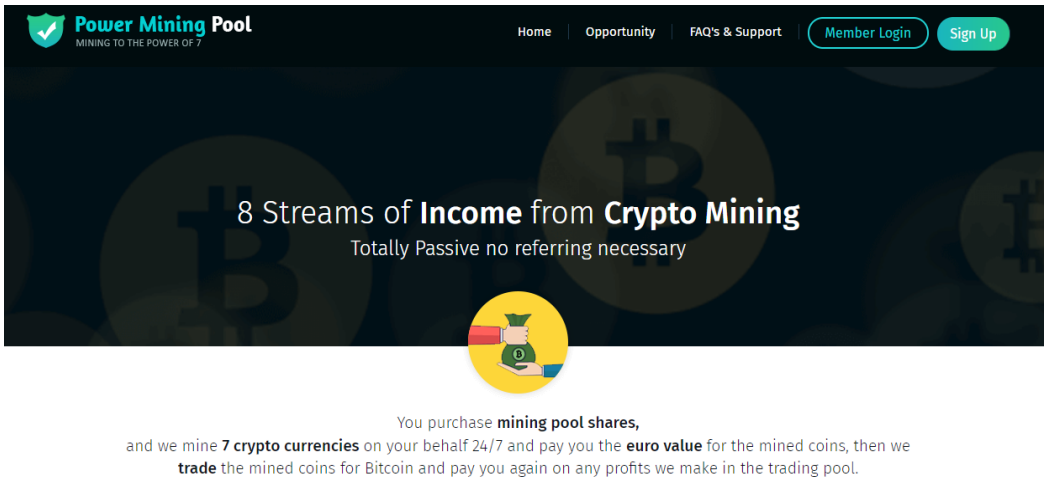
c. "Totally Passive no referring necessary."

10. PMP provides the following graphical representation on the PMP website to describe its mining pool shares to investors.

11. Investors who purchase mining pool shares must first purchase Bitcoin with their fiat currency, such as the U.S. Dollar or Euro. Next, PMP directs investors to deposit their Bitcoin into PMP's Bitcoin wallet in order to set up an account on the PMP website. PMP then claims that it mines cryptocurrencies on the investors' behalf. PMP purportedly pays the investor the fiat currency value of the coins that PMP earns from mining. PMP further claims that it will

subsequently "trade the mined coins for Bitcoin" and that it will pay the investor "on any profits we make in the trading pool". PMP claims that these returns are paid to investors every three hours.

12. PMP provides the following representation on the PMP website to describe the mining pool shares.



13. The mining pool shares are securities and are not registered with the Administrator.

B. PMP Offers Mining Pool Shares to Residents of North Carolina

14. PMP offers the mining pool shares through the PMP website, which reaches worldwide, including North Carolina.

15. When PMP offers the mining pool shares online, it is engaging in the business of effecting transactions in securities in North Carolina.

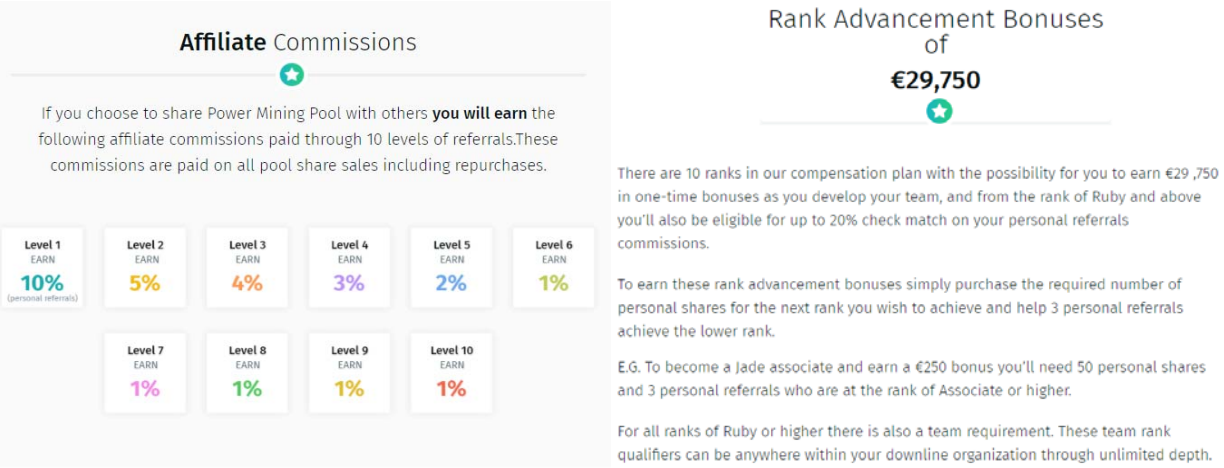
16. PMP is not now, nor has it ever been, registered to offer securities to residents of North Carolina.

C. PMP Encourages Others to Offer Mining Pool Shares to Residents of North Carolina

17. PMP also encourages others to offer the mining pool shares.

18. PMP promises commissions and bonuses to investors who offer and sell the mining pool shares. PMP refers to the investors who offer and sell the mining pool shares as "affiliates."

19. PMP provides the following representation on the PMP website to describe the affiliate commission and bonus structure.



20. When the affiliates offer and sell the mining pool shares to new investors, they are effecting transactions in securities.

21. PMP does not inquire whether its affiliates are registered to effect transactions in securities, nor does it alert the affiliates to the legal consequences of those who effect transactions in securities without being registered.

22. Through the PMP website, PMP provides marketing materials, links, and banners that it encourages PMP affiliates to embed in their own advertising platforms and social media pages.

23. The Securities Division is aware of PMP affiliates who offer the mining pool shares to North Carolina residents via Facebook, Instagram, YouTube, and other social media platforms.

24. The Securities Division is aware of PMP affiliates who reside in North Carolina.

25. The Securities Division is aware of PMP affiliates who specifically offer the mining pool shares to North Carolina residents via local online classified listings.

D. PMP's Conduct in the Course Of Offering Mining Pool Shares

26. PMP willfully fails to disclose material facts when offering the mining pool shares, including, but not limited to, the following:

a. the identity of the principals of PMP and the true location of PMP's operations and management;

b. information about the assets and liabilities of PMP and any other information that indicates the means by which PMP will provide investors with a return;

c. information about the "mining rigs," details of their location, hashrates, mining records, proof of their existence, and the risk factors associated with their use;

d. information about the trading pool, details of its trading records, proof of its existence, and the risk factors associated with its use;

e. the fact that the mining pool shares are securities and are not registered with the Administrator or any other governing regulator;

f. the fact that only registered dealers or agents can be paid commissions for referrals or sales of securities; and

g. the fact that affiliates who receive such commissions for their sale of the mining pool shares without being properly registered are in violation of the Securities Act.

27. PMP's conduct related to the offers and sales of the mining pool shares to the general public is willful.

E. Protection From Irreparable Harm To The Public

28. Allowing PMP to continue its current course of conduct will allow it to continue to harm the investing public.

29. PMP has the present ability to engage and/or attempt to engage in the offer and sale of unregistered securities as unregistered dealers and salesmen in violation of N.C. Gen. Stat. §§ 78A-24 and 78A-36.

30. The solicitation of the investing public poses an immediate and significant threat of

irreparable harm to the public welfare because:

a. The mining pool shares offered are securities and have not been registered with the Division. Proper registration of securities is an essential safeguard serving to require companies to provide accurate and material information to enable persons to make reasoned investment decisions and to protect the public from fraud;

b. PMP has not registered as a dealer in, or salesman of, securities. The registration of dealers and salesmen, as required by the Securities Act, ensures that persons transacting business as securities dealers and salesmen in North Carolina are competent, properly regulated and authorized to do so;

c. PMP has omitted material facts in its offerings and has made misrepresentations which make the mining pool shares particularly dangerous for the investing public;

d. PMP is encouraging members of the investing public to become its affiliates and therefore to act as unregistered dealers and/or salesmen in violation of the Securities Act; and

e. Recovery of assets from PMP for the harm it has done provides significant challenges to the investing public.

31. Prohibiting PMP from offering unregistered securities, transacting business as an unregistered dealer, and misrepresenting the securities is in the interest of the public of North Carolina. Such a prohibition is necessary for the protection of the investing public and is consistent with the purposes fairly intended by the policy and provisions of the Securities Act.

32. An immediate Temporary Cease and Desist Order is necessary and appropriate to address the violations of the Securities Act. Delay in issuing an order under N.C. Gen. Stat. § 78A-47(b)(2) will result in irreparable harm to the public.

III. CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over PMP and the subject matter of this Order.

2. PMP's mining pool shares are "securities" as that term is defined by N.C. Gen. Stat. § 78A-2(11).

3. PMP is violating N.C. Gen. Stat. § 78A-24 by offering securities for sale in North Carolina that are not registered with the Administrator, not exempted from registration, and not notice filed as would be the case with securities covered under federal law.

4. PMP is violating N.C. Gen. Stat. § 78A-36 by offering securities while it, PMP, is not registered with the Administrator.

5. PMP is violating N.C. Gen. Stat. § 78A-8 by making material misstatements of fact, or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in connection with its offer and sale of securities in North Carolina.

6. PMP's violations of the Securities Act is willful, subjecting it to the sanctions and penalties described in N.C. Gen. Stat. § 78A-47(c)(1) and (2).

7. PMP's conduct, acts, and practices threaten immediate and irreparable public harm.

8. It is necessary and appropriate for the protection and preservation of the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Securities Act, that PMP be temporarily ordered to cease and desist from making offers and sales of securities in violation of the Securities Act, and to cease and desist from continuing to act as unregistered dealers and/or salesmen of securities.

9. The foregoing violations constitute bases for the issuance of a Temporary Cease and Desist Order pursuant to N.C. Gen. Stat. § 78A-47(b)(2).

IV. ORDER

It is therefore ORDERED that PMP and any person, employee, officer, director, entity, or independent contractor under PMP's direction or control immediately CEASE AND DESIST from:

1. offering for sale any security in North Carolina until the security is registered with the Administrator or is offered for sale pursuant to an exemption from registration under the Securities Act;
2. acting as a securities dealer in North Carolina until it is registered with the Administrator or is acting pursuant to an exemption from registration under the Securities Act;
3. making material misstatements of fact, or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in connection with its offer and/or sale of securities in North Carolina; and
4. violating any other provisions of the Securities Act and any administrative rules promulgated thereunder.

V. NOTICE

PMP may request a hearing upon this matter by transmitting such request, in writing, to Kevin M. Harrington, Deputy Securities Administrator, Securities Division, Department of the Secretary of State, Post Office Box 29622, Raleigh, North Carolina 27626-0622. If such a request is made, this matter shall be scheduled for hearing in accordance with Chapter 150B of the North Carolina General Statutes within 20 days after receipt by the Deputy Securities Administrator of the written request. If no request for hearing, other responsive pleading, or submission is received by the Deputy Securities Administrator within 30 business days of the receipt of service, this Order

shall become final and remain in effect unless it is modified or vacated by the Secretary of State in her capacity as Securities Administrator of the Securities Act.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina Department of the Secretary of State.

This the 2nd day of MARCH 2018.

Time of entry: 3:48 P.M.

ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA, and
SECURITIES ADMINISTRATOR

REDACTED

KEVIN M. HARRINGTON
Deputy Securities Administrator

CERTIFICATE OF SERVICE

I hereby certify that on this date I caused a true and accurate copy of the attached Final Order was published on the North Carolina Secretary of State's website and notice of the Final Order was provided to PrivacyGuardian.org through the form on its website.

This the 19 day of April, 2018.

REDACTED

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Department of the Secretary of State
Securities Division
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afolk@sosnc.gov