

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER  
CASE NO. S-24-0021  
ORDER NO. S-24-0021-24-OR01**

**IN THE MATTER OF:  
CRYPTOHEAP.COM**

**RESPONDENT**

**CEASE AND DESIST ORDER**

On July 3, 2024, the Staff of the Arkansas Securities Department (“Staff”) filed its Request for a Cease and Desist Order (“Request”) stating that it has received certain information and has in its possession certain evidence indicating that CryptoHeap.com (“CryptoHeap”) has violated provisions of the Arkansas Securities Act (“Act”), Ark. Code Ann. §§ 23-42-101 through 23-42-509, and the Arkansas Uniform Money Services Act (“AUMSA”), Ark. Code Ann. §§ 23-55-101 through 23-55-1007. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon the representations made therein, finds as follows:

**FINDINGS OF FACT**

The Request contains the following representations of fact:

1. CryptoHeap is an online cryptocurrency staking platform that operates through its public website <https://cryptoheap.com>. CryptoHeap claims to be a registered Limited Liability Company in Florida since October 23, 2017. Upon review of publicly-viewable business entity records on the Florida Department of State’s Division of Corporations website at [dos.fl.gov/sunbiz/search](https://dos.fl.gov/sunbiz/search), the Staff discovered no entities registered under the “CryptoHeap” name.
2. CryptoHeap claims to have a principal place of business located at 31 Park Row, New York, NY 10038, USA. Upon review, the Staff noted that the address belonged to a commercial, shared location/space building. Further research led the Staff to conclude that CryptoHeap does not operate a business in New York.

3. The Staff discovered CryptoHeap through an online advertisement for the top five online cryptocurrency staking platforms that listed CryptoHeap as number one.
4. CryptoHeap bills itself as “a dedicated crypto staking provider that simplifies the staking participation process and [being] committed to providing the best way to earn staking rewards” and as being ‘more simple, more reliable, and more faster [sic].”
5. Cryptocurrency staking, as described by CryptoHeap, is the process of locking an investor’s cryptocurrency in a project. The project then uses the cryptocurrencies to fund its operations. The project, in turn, provides rewards, earnings, and/or incentives to investors to use their cryptocurrencies. Upon review of this business model and claims by CryptoHeap, the Staff noted that there were several violations of the Act and the AUMSA as set forth below.
6. CryptoHeap claims to be a highly secure and reliable platform that utilizes advanced security measures and robust infrastructure to ensure the safety and stability of investors’ investments.
7. To stake cryptocurrency on CryptoHeap, an investor must first create an account and fund a CryptoHeap wallet by using fiat currency, cryptocurrencies, and/or digital assets from an external source.
8. Once an investor has funded a CryptoHeap wallet, they purchase cryptocurrency to use in the staking process. Once the cryptocurrency is purchased, the investor selects a plan to start the staking process.
9. Investors in CryptoHeap can choose from 12 different staking plans alleging various returns or rewards, through which CryptoHeap alleges investors will receive certain returns or rewards. The lowest plan level (Free Plan Everyday) requires a \$100 staking price and

1-day staking time, with a daily reward of \$1 for a total payout reward of \$1. The highest plan level (Uniswap Staking Plan) requires a \$150,000 staking price and 55-day staking time, with a daily reward of \$3,750 and total payout reward of \$206,250.

10. Regardless of the selected plan, CryptoHeap guarantees that investors will see returns on their investment and will have consistent and reliable profits. Additionally, CryptoHeap ensures fast withdrawals, which will allow investors to access funds within minutes.
11. In addition to earning profits via its staking plans, CryptoHeap offers investors the opportunity to join an affiliate program to earn commissions. It states that \$50,257,285.47 has been earned in commissions by partners recommending CryptoHeap to others. A partner can earn anywhere between a 1.5% to 3.5% commission for every CryptoHeap payment.
12. Partners in the CryptoHeap affiliate program can get instant payouts and performance bonuses for being a loyal partner in the program.
13. On its website, CryptoHeap publishes blogs containing information about staking and other cryptocurrency matters. The Staff discovered that the blog articles posted on CryptoHeap's website are copied from other online publishers.
14. CryptoHeap claims that it is managed by a team of individuals who have a diverse set of skills and expertise in the crypto staking industry. The Staff was unable to verify the identities of the management team members or find any other information to prove the team's expertise. Upon information and belief, the Staff concluded that the team does not exist and that the pictures of the management team are computer generated and/or taken from another source.

15. The Staff's review of Arkansas Securities Department ("Department") records found that the investment opportunities offered by CryptoHeap through its staking plans are not registered pursuant to the Act. Additionally, the Staff found no record of a filing evidencing a proof of exemption in accordance with the Act and no notice filing pursuant to federal law in connection with a covered security.
16. Additionally, the Staff's review of Department records found that CryptoHeap is neither registered nor licensed in Arkansas as a money transmitter to hold virtual currency in a CryptoHeap wallet as stored value on behalf of consumers, or to sell, transfer, or convert the virtual or fiat currency investors need to fund their CryptoHeap wallets.

#### **APPLICABLE LAW**

17. Ark. Code Ann. § 23-42-102(17)(A)(xi) defines "security" to include investment contracts.
18. Ark. Code Ann. § 23-42-102(10) defines "issuer" to mean every person who issues or proposes to issue any security.
19. Ark. Code Ann. § 23-42-501 states that it is unlawful for any person to offer or sell any security in this state unless it is registered under the Act; the security or transaction is exempted under Ark. Code Ann. § 23-42-503 or § 23-42-504; or it is a covered security.
20. Ark. Code Ann. § 23-42-507(2) states that it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in light of the circumstances under which they are made, not misleading.
21. Ark. Code Ann. § 23-42-507(3) states that it is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, to engage in any act,

practice, or course of business which operates or would operate as a fraud or deceit upon any person.

22. Ark. Code Ann. § 23-42-209(a) states that whenever it appears to the Commissioner, upon sufficient grounds or evidence satisfactory to the Commissioner, that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of the Act, the Commissioner may summarily order the person to cease and desist from the act or practice.
23. Ark. Code Ann. § 23-55-102(13)(A) defines “money transmission” as selling or issuing payment instruments or stored value to a person located in this state; facilitating, selling, trading, transferring, or converting virtual currency or monetary value in this state; or receiving money for transmission from a person located in this state.
24. Ark. Code Ann. § 23-55-201(a) states that a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission unless the person is licensed under the AUMSA, is an authorized delegate of a person under the AUMSA, or is excluded from licensing under Ark. Code Ann. § 23-55-103 of the AUMSA.
25. Ark. Code Ann. § 23-55-807(a)(2) states that if as a result of an investigation the Commissioner finds that a person has engaged or is about to engage in an act or practice constituting a violation of the AUMSA or a rule of order under the AUMSA, the Commissioner may summarily issue a cease and desist under § 23-55-803.

#### **CONCLUSIONS OF LAW**

26. The staking plans offered by CryptoHeap where investors would invest monetary value into an investment plan, a common enterprise, with a reasonable expectation of profits to

be derived from CryptoHeap's efforts, and through no efforts of the investor, are securities in the form of investment contracts under Ark. Code Ann. § 23-42-102(17)(A)(xi).

27. CryptoHeap acted as an issuer under Ark. Code Ann. § 23-42-102(10) by engaging in the business of issuing investment contracts in the form of staking plans as described above.
28. The securities offered by CryptoHeap are not registered with the Department, exempt from registration with the Department, or covered securities under federal law. Therefore, CryptoHeap violated Ark. Code Ann. § 23-42-501 when it offered securities to the public through its websites.
29. CryptoHeap violated Ark. Code Ann. § 23-42-507(2) by making false and misleading statements of material facts including, but not limited to, the following: promising guaranteed returns to investors on investments in the staking plans; asserting it is a registered entity in Florida when it is not; claiming to have expertise in crypto staking; indicating it is led by a group of individuals with expertise in the crypto staking industry but who do not have the claimed expertise; purporting to have an office location at 31 Park Row, New York, NY 10038, USA, when it does not have an office or operate a business in New York; and claiming that over \$50 million has been earned in commissions.
30. CryptoHeap violated Ark. Code Ann. § 23-42-507(3) by operating a website that is publishing false and misleading statements, documents, and other information for the purpose of soliciting investors and by claiming that blog articles that are posted to the website were written by CryptoHeap.
31. CryptoHeap violated Ark. Code Ann. § 23-55-201(a) by holding itself out as being eligible to provide money transmission services, as defined by Ark. Code Ann. § 23-55-102(13)(A), when CryptoHeap claimed that it was capable of holding virtual currency in a

CryptoHeap wallet as stored value on behalf consumers and being capable of selling, transferring, or converting virtual or fiat currency that investors need to fund their respective CryptoHeap wallets.

32. CryptoHeap's conduct, acts, and practices violate the Act and AUMSA and threaten immediate and irreparable public harm on an ongoing basis. Therefore, a cease and desist order is in the public's interest and is appropriate under Ark. Code Ann. §§ 23-42-209(a) and 23-55-807.

### **ORDER**

IT IS THEREFORE ORDERED that the Respondent CryptoHeap.com immediately CEASE AND DESIST from the following activity and from all other activity in violation of the Act and AUMSA:

1. CryptoHeap shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-501 and refrain from acting as an issuer of unregistered nonexempt securities until such securities are properly registered or shown to be exempt from registration pursuant to the Act.
2. CryptoHeap shall immediately cease and desist from further violations of Ark. Code Ann. § 23-42-507(2) and (3) and refrain from perpetrating securities fraud.
3. CryptoHeap shall immediately cease and desist from further violations of Ark. Code Ann. § 23-55-201(a) and refrain from holding itself out as a licensed money transmitter until properly licensed or shown to be exempt from licensing pursuant to the AUMSA.



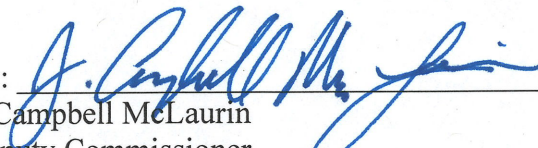
A hearing on this order shall be held if requested by CryptoHeap in writing within thirty (30) days of the entry of this order, or if otherwise ordered by the Commissioner. Such request should be addressed to the Commissioner and submitted to the following address:

Arkansas Securities Commissioner  
1 Commerce Way  
Suite 402  
Little Rock, Arkansas 72202

If no hearing is requested and none is ordered by the Commissioner, this order will remain in effect until it is modified or vacated by the Commissioner. Ark. Code Ann. § 23-42-209(a)(2)(B).

WITNESS MY HAND this the 3rd day of July, 2024.

SUSANNAH T. MARSHALL  
ARKANSAS SECURITIES COMMISSIONER

By:   
J. Campbell McLaurin  
Deputy Commissioner  
Arkansas Securities Department  
1 Commerce Way, Suite 402  
Little Rock, Arkansas 72202