

TRAVIS J. ILES  
SECURITIES COMMISSIONER

CLINTON EDGAR  
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167  
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300  
Facsimile: (512) 305-8310



## *Texas State Securities Board*

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
www.ssb.texas.gov

BETH ANN BLACKWOOD  
CHAIR

E. WALLY KINNEY  
MEMBER

MIGUEL ROMANO, JR.  
MEMBER

KENNY KONCABA  
MEMBER

IN THE MATTER OF  
MADELINE O'FARRELL

§  
§

Order No. ENF-19-CDO-1780

TO: MADELINE O'FARRELL  
Unit 303, No. 16 Cor. Huston and Eyre Street, Blake Building, Belize City,  
Belize

### **EMERGENCY CEASE AND DESIST ORDER**

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas (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. 2018) (the "Securities Act").

The Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find:

### **FINDINGS OF FACT**

1. The price of bitcoin and the market capitalization of all cryptocurrencies have sharply increased since the start of the calendar year. From January 1, 2019, through June 24, 2019, the price of bitcoin has already increased by around 207 percent and a bitcoin is now priced at around \$11,000.00 per token. During the same period of time, the market capitalization of all cryptocurrencies has increased by around 167 percent and is now valued at more than \$337 billion.
2. Bad actors and other parties may attempt to capitalize on the increase in the price of bitcoin and the market capitalization of all cryptocurrencies by offering fraudulent securities schemes to the public.
3. The Enforcement Division has been dedicating significant resources to protecting Texans from illegal and fraudulent cryptocurrency investment schemes. Given the changes in the market, the Enforcement Division is now dedicating additional resources to protect the public.
4. The Enforcement Division identified promoters of recent illegal and fraudulent cryptocurrency securities schemes, including promoters using social media to broadly target Texas residents who work from home.

5. The Securities Commissioner is now entering this Emergency Cease and Desist Order to protect these Texas residents from immediate and irreparable harm.

#### THE RESPONDENT

6. Madeline O'Farrell (hereinafter referred to as "Respondent O'Farrell") can be served at Unit 303, No. 16 Cor. Huston and Eyre Street, Blake Building, Belize City, Belize.

#### PUBLIC SOLICITATION OF TEXAS RESIDENTS WORKING FROM HOME

7. Users are posting advertisements in a public Facebook Group titled "Work From Home | Earn Money Online | San Antonio Texas."
8. The advertisements are claiming Texans can earn lucrative profits by investing in a forex trading program. They are directing potential investors to contact a promoter using WhatsApp, an end-to-end encrypted instant messaging platform.
9. Potential investors using WhatsApp to contact the promoter are being connected to Respondent O'Farrell.

#### THE FOREX TRADING PROGRAM

10. Respondent O'Farrell is directing potential investors to an online platform that purports to permit the trading of cryptocurrencies, as well as forex, binary options, and exchange-traded funds.
11. Respondent O'Farrell is encouraging potential investors to register an account through the online platform and fund the account with bitcoin.
12. Respondent O'Farrell is telling investors she will manage and trade their principal and collect a commission equal to 15% of profits.
13. Respondent O'Farrell is explaining the profitability associated with the investments depends on the amount of the principal investment. She is further explaining as follows:
  - A. Respondent O'Farrell is telling potential investors a principal investment of \$300 is referred to as the Basic Investment Plan, and it provides a guaranteed return of \$3,300.00 over a term of one week;
  - B. Respondent O'Farrell is telling potential investors a principal investment of \$600 is referred to as the Silver Investment Plan, and it provides a guaranteed return of \$6,600.00 over a term of one week; and
  - C. Respondent O'Farrell is telling potential investors a principal investment of \$1,200 is referred to as the Gold Investment Plan, and it provides a guaranteed return of \$13,200.00 over a term of one week.

14. Respondent O'Farrell is guaranteeing the profitability of the investments, and she is telling investors there is no risk involved with their purchase.

#### REGISTRATION VIOLATIONS

15. Respondent O'Farrell has not been registered with the Securities Commissioner as a dealer or agent at any time material hereto, and the online platform has not been registered as a dealer or agent at any time material hereto.
16. The investments in the Basic, Silver, and Gold Investment Plans have not been registered by qualification, notification or coordination, and no permit has been granted for their sale in Texas.

#### FRAUDULENT AND DECEPTIVE PRACTICES AND THE OFFER OF THE BASIC, SILVER, AND GOLD INVESTMENT PLANS

17. In connection with the offer of investments in the Basic, Silver, and Gold Investment Plans, Respondent O'Farrell is intentionally failing to disclose her business repute and qualifications, and this information constitutes a material fact.
18. In connection with the offer of investments in the Basic, Silver, and Gold Investment Plans, Respondent O'Farrell is intentionally failing to disclose information about her assets, liabilities and capitalization, as well as any other financial information that reflects her ability to satisfy her guarantee of profitability.
19. In connection with the offer of investments in the Basic, Silver, and Gold Investment Plans, Respondent O'Farrell is intentionally failing to disclose her experience in managing accounts for a profit, and this information constitutes a material fact.
20. In connection with the offer of investments in the Basic, Silver, and Gold Investment Plans, Respondent O'Farrell is intentionally failing to disclose her strategies for trading or managing forex or other financial instruments, and this information constitutes a material fact.
21. In connection with the offer of investments in the Basic, Silver, and Gold Investment Plans, Respondent O'Farrell is intentionally failing to disclose the addresses of her residence or principal place of business, and this information constitutes a material fact.
22. Respondent O'Farrell is representing her trading generates lucrative profits over a short term, and these statements are materially misleading or otherwise likely to deceive the public because she is not disclosing any risks associated with the investments.

## CONCLUSIONS OF LAW

1. The investments in the Basic, Silver, and Gold Investment Plans are “securities” as the term is defined in Section 4.A of the Securities Act.
2. Respondent O’Farrell is violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with or permitted by the Securities Commissioner.
3. Respondent O’Farrell is 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. Respondent O’Farrell is engaging in fraud in connection with the offer for sale of securities.
5. Respondent O’Farrell is making an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
6. Respondent O’Farrell’s 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 Respondent O’Farrell 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 Respondent O’Farrell 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 Respondent O’Farrell 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 Respondent O’Farrell 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 \$10,000, or imprisonment in the penitentiary for two to ten years or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 28<sup>th</sup> day of June, 2019.



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