

# Texas regulators: Crypto-related scams getting creative

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The cryptocurrency investment craze is bringing out the creativity in

fraudsters, Texas regulators say.

The Texas State Securities Board cracked down on two more crypto-related companies this week, accusing them of attempting to dupe Texas investors. One of the companies promoted its operations as being in "a secluded place in the mountains hiding incredible computing power" and configured in such a way "that the flow of the cold mountain river would cool" its computer servers.

Bitcoin Trading & Cloud Mining Limited, which goes by the name BTCrush and is based in London, used "stock footage available for sale on the internet" to create phony videos depicting the operations, according to the State Securities Board.

The agency issued emergency cease and desist orders on Tuesday against BTCrush and Forex EA & Bitcoin Investment LLC, a New York-based company that claimed it could quickly generate 1,000 percent returns for investors through its trading program. Forex EA & Bitcoin and its representatives have also claimed "that there is no possible way investors can lose money" in the trading program, according to the order.

Counting the two orders this week, the State Securities Board has taken enforcement actions against nine crypto-related companies since late last year for promoting what it contends are fraudulent investment schemes in Texas or attempting to sell unregistered securities here.

"The entry of these (enforcement actions) demonstrates our continued commitment to protecting investors while fostering an environment where legitimate businesses are able to embrace new technologies and grow in the new market," said Joe Rotunda, the agency's director of enforcement.

"Anyone can say anything about anyone or anything on the internet," he

said. "Investors should be wary of promoters who may be falsifying information to add legitimacy to claims of profitability."

Last month, Rotunda said the term "cryptocurrency" has become the most common buzzword used in investment scams statewide, surpassed schemes involving oil and gas assets, real estate and stocks as the most popular means by which fraudsters are attempting to separate Texas investors from their money.

Some of the schemes have been brazen, with one [company](#)—named LeadInvest—even promoting the likeness of U.S. Supreme Court Justice Ruth Bader Ginsburg in a fake photograph of its "ethics" advisers, according to the securities board.

BTCrush's promotional materials fraudulently contend that it operates a "most reliable and secretive (server) farm located in a bunker of the Second World War times," Texas regulators said, in addition to having one hidden near a cold mountain river.

"What can be more reliable than a bombproof shelter?" the material asks, according to regulators.

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