

TRAVIS J. ILES  
SECURITIES COMMISSIONER



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## *Texas State Securities Board*

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IN THE MATTER OF	§	
NICKOLAS STEELE AKA NICK VOP	§	Order No. ENF-20-CDO-1804
STEELE AKA NICK STEELE	§	

**TO: Nickolas Steele aka Nick Vop Steele aka Nick Steele**  
175 Mayo Court, Elmhurst, Illinois 60126;  
6810 W. Kathleen Court, Apartment 5, Franklin, Wisconsin 53132; and  
218 49th Avenue, Bellwood, Illinois 60104.

### **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. 581-1-581-45 (the "**Securities Act**").

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

### **FINDINGS OF FACT**

1. Nickolas Steele aka Nick Vop Steele aka Nick Steele ("**Respondent**") can be served by certified mail, return receipt requested, addressed to 175 Mayo Court, Elmhurst, Illinois 60126; 6810 W. Kathleen Court, Apartment 5, Franklin, Wisconsin 53132; and 218 49th Avenue, Bellwood, Illinois 60104.

### **BACKGROUND**

2. Respondent was advertising in the financial services section of craigslist.org for residents of Houston, Texas.
3. He was soliciting investments in a cryptocurrency trading program for \$5,000 to \$50,000.
4. He was also touting the profitability of the cryptocurrency trading program, promising to pay returns of \$240,000 to \$1.5 million.



### THE PUBLIC FACEBOOK GROUP

5. Respondent was directing potential investors to TheCryptoFacts, a public group hosted by Facebook.
6. Respondent was and is an administrator and moderator of TheCryptoFacts, and he has been using the public group to tout his ability to trade cryptocurrencies for profits.

### THE ENFORCEMENT DIVISION WARNED RESPONDENT AND DIRECTED HIM TO CEASE AND DESIST VIOLATING THE LAW

7. The Enforcement Division investigated Respondent and his offer of investments in the cryptocurrency trading program.
8. The Enforcement Division concluded the investments in the cryptocurrency trading program were regulated as securities by the Securities Act.
9. The Enforcement Division also concluded Respondent was violating its statutory registration and disclosure requirements through his offer of the investments in the cryptocurrency trading program in Texas.
10. The Enforcement Division warned Respondent the investments in the cryptocurrency trading program were regulated as securities by the Securities Act and he was violating its registration and disclosure provisions.
11. The Enforcement Division also directed Respondent to immediately cease and desist offering securities in Texas until or unless he became compliant with the law.

### RESPONDENT CONTINUED TO OFFER SECURITIES IN TEXAS

12. Respondent is again publishing advertisements in the financial services section of craigslist.org for residents of Houston, Texas.
13. The recent advertisements solicit investments in a trading program for principal investments of \$5,000 to \$50,000.
14. These advertisements claim the investments in the trading program pay lucrative profits, and the advertisements repeatedly claim Respondent should be able to earn a return of 100 percent.

### THE TERMS OF THE CURRENT OFFERING

15. Although he is continuing to represent he will trade cryptocurrencies on behalf of investors, Respondent is now representing he acts as a consultant.



16. Respondent is requiring investors to "assume the risk" they may "actually lose some money" due to the risks associated with trading cryptocurrencies.
17. Respondent is also charging investors 20 percent of the "trade consulting profits" as a fee for trading cryptocurrencies on their behalf.
18. Respondent is claiming he will report "trade consultation numbers" every three months over the 12-month term of the investment.
19. Respondent is promising to pay investors at the end of the 12-month term of the investment.

#### THE SCHEME TO AVOID REGULATION

20. Respondent is sending invoices to potential investors that document the date and amount of their principal investments.
21. The invoices represent Nuvop Inc. ("Nuvop") and Respondent are invoicing investors for "consultation."
22. The invoices are also consistent with other references to the provision of consultation services instead of the sale of investments, as they refer to the amount of the principal investment as an "amount for consultation."
23. Respondent is explaining he is using terms like "consultation" instead of referencing investments to avoid "scrutiny" by the "Texas SEC."

#### THE COMMINGLING OF INVESTOR FUNDS

24. Respondent is directing investors to send their principal to an account at PayPal.
25. Respondent is representing the PayPal account is a business account and he does not mix personal and business funds.
26. The PayPal account is actually a verified business account for Nuvop.
27. Investor money sent to the PayPal account will be commingled with funds from other sources.
28. Respondent is using the commingled funds to pay for expenses unrelated to the trading of cryptocurrencies, and he is making payments to online dating services, social media platforms, ridesharing services, grocery stores, and restaurants.
29. Respondent is using a debit card associated with the PayPal account to pay for expenses unrelated to the trading of cryptocurrencies, and he is making payments to ridesharing services, a pharmacy, a gym, and restaurants. Respondent is also using the debit card to withdraw cash from ATMs.



## THE IMPACT OF COVID-19 ON THE CRYPTOCURRENCY TRADING PROGRAM

30. Respondent is claiming he is still earning profits from trading cryptocurrencies regardless of changes from COVID-19. For example, Respondent is representing as follows:
- A. Respondent is representing that "it has helped me tremendously" because he "love[s] shorting" and "you make money when things go down;"
  - B. Respondent is representing he earned "huge profit[s]" from shorting bitcoin in February 2020 and March 2020; and
  - C. Respondent is representing he accurately predicted the recent sharp decline in the price of Bitcoin, and as a result, he earned his largest one-time profit and ensured "a guy in his group" earned 1000 percent in profits in 90 minutes.
31. Respondent is also purporting to use TheCryptoFacts to raise money for victims of COVID-19, and he claims he is donating some of his "trading money" to the fundraising effort.

## REGISTRATION VIOLATIONS

32. Respondent has not been registered with the Securities Commissioner as a dealer, agent, investment adviser, or investment adviser representative at any time material hereto.
33. The investments in the cryptocurrency trading program have not been registered by qualification, notification or coordination at any time material hereto, and no permit has been granted for their sale in Texas at any time material hereto.

## FRAUD AND RESPONDENT'S QUALIFICATIONS AND HIS PRIMARY PLACE OF BUSINESS

34. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose the address of his principal place of business, and this information constitutes a material fact.
35. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose his qualifications to trade cryptocurrencies, including training and education that relates to the trading of cryptocurrencies, and this information constitutes a material fact.



**FRAUD AND THE MANAGEMENT AND  
ADMINISTRATION OF THE CRYPTOCURRENCY TRADING PROGRAM**

36. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose his strategies for trading cryptocurrencies, including the identity of the cryptocurrencies he is trading and his system for identifying appropriate times for trading said cryptocurrencies, and this information constitutes a material fact.
37. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose his strategies for addressing the halving of Bitcoin, including his strategy for dealing with changes to the price of Bitcoin or cryptocurrencies correlated with Bitcoin that result from the decrease in the number of bitcoins introduced into the marketplace, and this information constitutes a material fact.
38. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose his procedures for securing his computer and protecting the integrity of data from malware, hacks and other malicious attacks, and this information constitutes a material fact.
39. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose his procedures for overcoming hardware failures, power outages, network disconnections and interruptions and other events that may impair the ability to trade cryptocurrencies, and this information constitutes a material fact.
40. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose his procedures for safely storing cryptocurrencies, including whether cryptocurrencies are being maintained in "hot" wallets or "cold" wallets, and this information constitutes a material fact.

**FRAUD AND DECEIT AND THE USE OF MONEY SENT FROM INVESTORS**

41. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose the following material facts relating to the use of principal:
  - A. Principal sent to the PayPal account will be commingled with funds from other sources;
  - B. Respondent is using the commingled funds to pay for expenses unrelated to the trading of cryptocurrencies, such as payments to online dating services, social media platforms, ridesharing services, grocery stores, and restaurants; and

- C. Respondent is using a debit card associated with the PayPal account to pay for expenses unrelated to the trading of cryptocurrencies, such as payments to ridesharing services, a pharmacy, a gym, and restaurants, and Respondent is also using the debit card to withdraw cash from ATMs.
42. As described herein, Respondent is representing the PayPal account is a business account and that he does not mix personal and business funds. This statement is materially misleading or otherwise likely to deceive the public because:
- A. Principal sent to the PayPal account will be commingled with funds from other sources;
  - B. Respondent is using the commingled funds to pay for expenses unrelated to the trading of cryptocurrencies, including payment to online dating services, social media platforms, ridesharing services, grocery stores, and restaurants; and
  - C. Respondent is using a debit card associated with the PayPal account to pay for expenses unrelated to the trading of cryptocurrencies, such as payments to ridesharing services, a pharmacy, a gym, and restaurants, and Respondent is also using the debit card to withdraw cash from ATMs.

#### FRAUD AND THE ROLE OF NUVOP

43. In connection with the offer of investments in the cryptocurrency trading program, Respondent is sending invoices on behalf of Nuvop and directing investors to deposit money in a verified PayPal business account for Nuvop, but is intentionally failing to disclose the following material facts about Nuvop:
- A. The business of Nuvop, including its industry and its products and/or services;
  - B. The relationship between Nuvop and Respondent and its connection to the investments in the cryptocurrency trading program;
  - C. The identity of the principals of Nuvop, as well as their business reputes and qualifications to manage the business of Nuvop; and
  - D. The assets, liabilities and cash flow of Nuvop, including any information that reflects the use of principal for the business operations of Nuvop.

#### FRAUD AND THE ENFORCEMENT DIVISION'S DIRECTIVE TO CEASE AND DESIST THE ILLEGAL AND FRAUDULENT SECURITIES OFFERING

44. In connection with the offer of investments in the cryptocurrency trading program, Respondent is intentionally failing to disclose the following material facts relating to the Enforcement Division:



- A. The Enforcement Division warned Respondent the investments in the cryptocurrency trading program were regulated as securities by the Securities Act and he was violating its registration and disclosure provisions; and
- B. The Enforcement Division directed Respondent to immediately cease and desist offering securities in Texas until or unless he became compliant with the law.

#### DECEPTION AND THE SCHEME TO EVADE REGULATION

- 45. As described herein, Respondent is referring to the management of the investments in the cryptocurrency trading program as a consultation service, and he is not referring to the products as investments, to avoid scrutiny by the "Texas SEC."
- 46. These statements are materially misleading or otherwise likely to deceive the public because:
  - A. Respondent is engaging in a scheme to evade regulation by the Securities Act; and
  - B. The Securities Act contains important provisions designed to protect the public by requiring the registration of securities, the registration of parties offering securities and the truthful disclosure of material information.

#### DECEPTION AND THE DISCLOSURE OF RISKS RELATING TO TRADING CRYPTOCURRENCIES AND THE IMPACT OF COVID-19

- 47. As described herein, Respondent is requiring investors to "assume the risk" they may "actually lose some money" due to the risks associated with trading cryptocurrencies. This statement is materially misleading or otherwise likely to deceive the public because investors risk losing all of their principal through the trading of cryptocurrencies.
- 48. As described herein, Respondent is claiming COVID-19 has "helped [him] tremendously," he is explaining he is making "huge profits" from recent trades involving bitcoins and he is describing lucrative profits from recent trading. These statements are materially misleading or otherwise likely to deceive the public because Respondent is not disclosing the risks COVID-19 poses to the cryptocurrency markets and investments in cryptocurrency trading programs.

#### CONCLUSIONS OF LAW

- 1. The investments in the cryptocurrency trading program are securities as the term is defined by Section 4.A of the Securities Act.

2. Respondent 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 the Securities Commissioner.
3. Respondent 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 is engaging in fraud in connection with the offer for sale of securities.
5. Respondent has made an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
6. Respondent's conduct, acts, and practices threaten immediate and irreparable public 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 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 Securities Act.
2. It is further ORDERED Respondent immediately CEASE AND DESIST from acting as a securities dealer or agent in Texas until Respondent is registered with the Securities Commissioner or is acting pursuant to an exemption from registration under the Securities Act.
3. It is further ORDERED Respondent 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 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 Texas 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 Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section



23-2 of the Texas 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 15th day of May 2020.

A handwritten signature in black ink, appearing to read 'T. J. Iles', is written over a horizontal line.

TRAVIS J. ILES  
Securities Commissioner