STATE OF WASHINGTON

1 DEPARTMENT OF FINANCIAL INSTITUTIONS **SECURITIES DIVISION** 2 3 IN THE MATTER OF DETERMINING Order Number S-19-2822-21-SC01 whether there has been a violation 4 of the Securities Act of Washington by: STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN 5 Symboli Blockchain LLC; ORDER TO CEASE AND DESIST, Robert Bevan Brian. IMPOSE FINES, AND CHARGE 6 COSTS Respondents. 7 8 9 THE STATE OF WASHINGTON TO: Symboli Blockchain LLC Robert Bevan Brian 10 11 STATEMENT OF CHARGES 12 Please take notice that the Securities Administrator of the State of Washington has reason to believe 13 that the Respondents Symboli Blockchain LLC and Robert Bevan Brian have each violated the Securities 14 Act of Washington and that their violations justify the entry of an order of the Securities Administrator 15 against each to cease and desist from such violations, to impose a fine, and to charge costs pursuant to 16 RCW 21.20.390 and RCW 21.20.395. The Securities Administrator finds as follows: 17 18 TENTATIVE FINDINGS OF FACT 19 Respondents 20 21 22 23 1

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST, IMPOSE FINES, AND CHARGE COSTS DEPARTMENT OF FINANCIAL INSTITUTIONS Securities Division PO Box 9033 Olympia, WA 98507-9033 360-902-8760

- 1. Symboli Blockchain LLC a/k/a Symboli Blockchain GmbH¹ (Symboli LLC) is a Swiss entity that was established in approximately October 2018, with its registered office in Zug, Switzerland. Symboli LLC is not a registered business entity in the state of Washington or any other U.S. jurisdiction.
- 2. Robert Bevan Brian (Brian) is a resident of Auburn, Washington. Brian was a member of the Symboli LLC board of managing directors. Brian has never been registered with the Securities Division in any capacity.

Related Party

3. Power Plant Asset Management, Inc. (Power Plant Asset Management) was a California corporation formed in April 2018. Power Plant Asset Management had a principal place of business on Bainbridge Island, Washington. Brian was the Chief Executive Officer of Power Plant Asset Management. In approximately August 2020, the California Franchise Tax Board suspended Power Plant Asset Management's registration for failure to meet tax requirements.

Introduction

4. In approximately 2018, Brian began preparations for an initial coin offering (ICO) for the Symboli token. In approximately June 2018, Brian solicited an Arizona resident to invest \$35,000 in pre-ICO Symboli tokens that Brian represented that he personally owned and held in his crypto wallet. Brian represented that the investor could sell the tokens for a significant profit in approximately one month (after the ICO in July 2018). The investor never received the tokens nor did the public offering of the tokens occur as represented. In fact, Brian never held any Symboli tokens, as they never finished development. To date, the investor has not received the return of his investment principal.

STATEMENT OF CHARGES AND NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST, IMPOSE FINES, AND CHARGE COSTS

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5. In December 2018, the Symboli token offering was advertised via general solicitation on the internet, including to Washington residents. The advertisement stated that the ICO would commence in the first quarter of 2019. However, by approximately January 2019, Brian did not have the funds needed to continue with this project, and the Symboli ICO never commenced.

Background

- 6. In 2018, Brian wanted to purchase five cannabis retail locations in Los Angeles, California. Brian created Power Plant Asset Management as the entity that would own and operate the retail locations. Beginning in approximately April 2018, Brian attempted to raise \$55 million dollars for Power Plant Asset Management's acquisition of the cannabis retail locations. Brian briefly attempted to raise these funds through a traditional equity offering, but soon transitioned to raising the funds through an ICO of a proprietary Symboli token (also known as Symbolicoin).
- 7. Beginning in approximately May 2018, Brian made preparations for the Symboli ICO, including hiring a company located in Germany as the ICO advisor to prepare the offering. Symboli LLC, based out of Switzerland, was established to conduct the ICO of the Symboli token. The Symboli ICO intended to raise \$55 million dollars for the purchase of the five cannabis retail locations. The Symboli token was intended to be a cannabis token that incentivized investors with a discount on product purchases at the retail cannabis stores and a cash dividend. The cash dividend entitled token investors to a share of the entire net profit of the five retail cannabis stores for the first three years of operation after acquired by Power Plant Asset Management.

Brian's Sale of Symboli Tokens

8. In approximately April 2018, Brian solicited an investment in the equity capital raise for Power Plant Asset Management. Brian solicited his friend, an Arizona resident, to invest \$80,000 in Power Plant Asset Management in exchange for 2% of the company's equity. Brian provided the prospective

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STATEMENT OF CHARGES AND NOTICE OF

investor with an Investment Summary, which stated that the five cannabis retail locations in Los Angeles, California were expected to generate a cumulative net profit of approximately \$200 million dollars over the next three years. Brian failed to provide limitations on the projected net profit. The investor traveled to Seattle, Washington to discuss this potential investment with Brian, but did not invest.

- 9. Subsequently, in approximately June 2018, Brian explained to the investor that he had decided to instead conduct an ICO to raise the funds to purchase the retail cannabis stores in Los Angeles. Brian represented to the investor that the ICO would commence in July 2018, and Brian solicited the investor to invest in pre-ICO tokens that Brian represented that he personally owned and held in his crypto wallet. Brian represented that he would sell the tokens to the investor at a price of \$0.20 per token, and that after the ICO the tokens could be sold for \$1 per token (a 400% return). Brian further represented that he would help the investor set up a crypto wallet, and would help him sell part of his coins after the ICO date so that the investor could immediately recoup his investment principal.
- 10. The investor decided to invest \$35,000 in the pre-ICO Symboli tokens. The investor entered into a Purchase and Sale Agreement with Brian dated June 21, 2018 (which the investor drafted at Brian's request). The agreement states that Brian is the owner of "coins called Symbolicoin" which will be publicly offered on cryptocurrency exchanges starting on July 18, 2018 at an initial price of \$1 per token. Per the terms of the agreement, the investor agreed to purchase 175,000 tokens from Brian at a price of \$0.20 cents per token. The agreement further states that the investor is entitled to annual dividends distributed from the total net profits of the retail cannabis stores in Los Angeles for the first three years of operation. This agreement was electronically signed by Brian and the investor on June 21, 2018.
- 11. Brian failed to provide the investor with any disclosure documents regarding the Symboli ICO. Brian failed to disclose to the investor that the tokens had not finished development, and that he did

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not in fact hold any pre-ICO Symboli tokens. Brian failed to disclose any risks of the investment to the investor, including the risk that the ICO would not occur on the date specified.

- 12. On June 22, 2018, the investor wired \$35,000 to Brian's personal bank account. The investor obtained a home equity line of credit (HELOC) to fund this investment, on which he has been paying interest every month to date. Subsequently, the investor never received any Symboli tokens from Brian and the Symboli ICO did not take place in July 2018 as represented.
- 13. Brian represented to the investor that there was a delay with the Symboli ICO, and he blamed it on the ICO advisor preparing the offering. Brian represented to the investor that he was continuing with the plan for the Symboli ICO. On July 22, 2018, Brian sent the investor an email with an attachment stating that the public offering was now planned for January 2019, at an initial offering price of \$0.24 \$0.36 cents per token. Brian failed to disclose to the investor that the initial offering price of the token might decrease from the \$1 represented.
- 14. In approximately October 2019, Brian told the investor that the Symboli ICO and purchase of the retail cannabis stores in Los Angeles would not happen. Brian represented to the investor that he would return the investor's principal in either December 2019 or January 2020. To date, the investor has not received the return of his investment principal from Brian.
- 15. In approximately November 2019, Brian represented to the investor that he would convert his investment in Symboli tokens into an investment in Energine tokens (Energine was another token that Brian was preparing an ICO for). The investor was not given any disclosure documents regarding the Energine ICO. The terms of this conversion was never formalized and ultimately never occurred.

General Solicitation of the Symboli ICO

16. In December 2018, the Symboli token offering was advertised via general solicitation. A press release, dated December 11, 2018, created in part by Brian and the ICO advisor, was published online

and was available to the general public, including to Washington residents (to date, the press release is still available online). In the press release, Symboli LLC announced the plan to launch a public pre-sale round in the first quarter of 2019, followed by the public ICO in the second quarter of 2019. The press release states "if you are interested in investing with Symboli, please visit our website at www.symboli.com."

- 17. The Symboli token offering was also advertised via Twitter in December 2018. On December 10, 2018, the day before the press release was issued, a Twitter account in the name of Brian stated "It's finally happening, people! On Monday, Dec 10, @symbolicoin is beginning the onboarding process. Be the first to go through #KYC and get whitelisted for the upcoming tokenization project. HUGE!" On December 11, 2018, this Twitter account posted a link to the press release described above.
- 18. By approximately January 2019, Brian did not have the funds needed to continue with the Symboli ICO, and this public offering never occurred.

Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

- 1. The offer and/or sale of the tokens described above constitute the offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).
- 2. Robert Bevan Brian and Symboli Blockchain LLC have each violated RCW 21.20.140 because, as set forth in the Tentative Findings of Fact, they offered securities for which no registration is on file with the Securities Administrator, and for which no valid claim of exemption exists.
- 3. Robert Bevan Brian has violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, he made misstatements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

NOTICE OF INTENT TO ISSUE AN ORDER TO CEASE AND DESIST

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Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondents Symboli Blockchain LLC and Robert Bevan Brian, and their agents and employees, shall cease and desist from violations of RCW 21.20.140 and that Respondent Robert Bevan Brian shall cease and desist from violations of RCW 21.20.010.

NOTICE OF INTENT TO IMPOSE FINES

Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that:

- 1. Respondent Robert Bevan Brian shall be liable for and pay a fine of \$20,000; and
- 2. Respondent Symboli Blockchain LLC shall be liable for and pay a fine of \$10,000.

NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the Respondents Symboli Blockchain LLC and Robert Bevan Brian shall be liable for and pay the Securities Division the costs, fees and other expenses incurred in the administrative investigation and hearing of this matter in an amount not less than \$5,000.

AUTHORITY AND PROCEDURE

This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject to the provisions of Chapter 34.05 RCW. The Respondents may each make a written request for a hearing as set forth in the Notice of Opportunity for Hearing accompanying this Order. If a respondent does not make a hearing request in the time allowed, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and to enter a permanent order to cease and desist as to that respondent, to impose any fines sought against that respondent, and to charge any costs sought against that respondent.

Signed and Entered this 18th___ day of February, 2021.

1 2 3 4 5 Approved by: 6 n Solm 7 8 Suzanne Sarason 9 Chief of Enforcement 10 Reviewed by: 11 12 Jack McClellan 13 Financial Legal Examiner Supervisor 14 15 16 17 18 19 20 21

Millian Seats

William M. Beatty Securities Administrator

Presented by:

Bridgett Fisher

Bridgett Fisher Financial Legal Examiner

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