

1 **STATE OF WASHINGTON**  
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**  
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING  
5 Whether there has been a violation of the  
6 Securities Act of Washington by:

7 GBT Trading Inc.;

8 Jiayang Zhang,  
9 Respondents.

Order No. S-22-3363-23-SC01

STATEMENT OF CHARGES AND NOTICE OF  
INTENT TO ENTER ORDER TO CEASE AND  
DESIST, TO IMPOSE A FINE, AND TO CHARGE  
COSTS

10 **THE STATE OF WASHINGTON TO:**

11 GBT Trading Inc.;

12 Jiayang Zhang

13 **STATEMENT OF CHARGES**

14 Please take notice that the Securities Administrator of the State of Washington has reason to believe  
15 that Respondents GBT Trading Inc. and Jiayang Zhang violated the Securities Act of Washington. The  
16 Securities Administrator believes these violations justify the entry of an order against Respondents GBT  
17 Trading Inc. and Jiayang Zhang to cease and desist from such violations, to impose a fine, and to charge  
18 costs pursuant to RCW 21.20.390 and RCW 21.20.395. The Securities Administrator finds as follows:

19 **TENTATIVE FINDINGS OF FACT**

20 **Respondents**

- 21 1. GBT Trading Inc. (“GBT Trading”) is a New York corporation formed on August 20, 2021.  
22 GBT Trading holds itself out as a trading service for cryptocurrency, fiat currency, and commodities.  
23 2. Jiayang Zhang (“Zhang”) is a Chinese national and the sole owner of GBT Trading.

**Overview**

3. From approximately October 2021 to December 2021, GBT Trading defrauded J.O., a  
Washington resident, out of approximately \$48,000 by making misleading claims about its trading service.  
Specifically, GBT Trading defrauded J.O. by having its representatives inform him that he could earn a

1 profit by making cryptocurrency, fiat currency, and commodities trades with trading information provided  
2 by the company. J.O. was later informed that he could not withdraw the funds he invested with GBT until  
3 he paid taxes on his trading account and an emergency fee. GBT never made any payments to J.O.

#### 4 **The Company**

5 4. In or around August 2021, a New Jersey-based incorporation service received a request from  
6 a business service agency in Hong King, China, to incorporate GBT Trading. The incorporation service had  
7 a prior relationship with the business service agency.

8 5. On behalf of GBT Trading, the incorporation service drew up and finalized the company's  
9 bylaws; filed registration paperwork with the New York Department of State ("Department of State"); and  
10 applied for an Employer Identification Number (EIN) with the Internal Revenue Service ("IRS"). In or  
11 around August 2021, the Department of State issued GBT Trading a certificate of incorporation and the  
12 IRS issued GBT Trading an EIN. Zhang is listed as the company's only shareholder.

13 6. In or around September 2021, the incorporation service opened a U.S. bank account for GBT  
14 Trading. On the signature card for the bank account, the managing partner of the incorporation service listed  
15 himself as the company's president. He was the only person with signatory authority on the account.

16 7. Between November 2021 and January 2021, at least 18 different individuals sent  
17 approximately \$476,000 to the GBT Trading bank account. These individuals were mostly residents of  
18 Canada and the U.S, and they sent GBT Trading between \$150 and \$85,000 at a time. J.O., a Washington  
19 resident, was one of the 18 individuals who transferred money to GBT Trading's account.

20 8. Nearly every dollar sent to the GBT Trading account was in turn wired to an account at the  
21 Hong Kong and Shanghai Bank ("HSBC") in the name of Changxu Chen. The wires to the HSBC bank  
22 account occurred between November 2021 and January 2022 and were primarily initiated from devices  
23 with IP addresses in Quanzhou, China. Between November 2, 2021 and December 1, 2021, there were 13

1 transfers, 11 of which were for \$5,000 or less. Between December 6, 2021 and January 11, 2022, there were  
2 8 transfers of much higher amounts, including 3 transfers of \$98,000; \$95,000; and \$95,000. The subject  
3 line on each of the 21 transfers was “Family Support.” The GBT Trading bank account was closed out with  
4 a zero balance on or around January 19, 2022.

### 5 **Nature of the Conduct**

6 9. In or around October 2021, a person claiming to be Eri Etsuko (“Etsuko”) contacted J.O. via  
7 WhatsApp Messenger. Etsuko claimed to be from Japan and said she was currently living in New York.  
8 Etsuko and J.O., who had no previous relationship prior to October 2021, began to regularly send one  
9 another messages on WhatsApp; they also spoke to one another using WhatsApp’s video calling function.  
10 Shortly after they began communicating, Etsuko told J.O. that he should invest in cryptocurrency. At the  
11 time, J.O. knew very little about cryptocurrency or investing. Etsuko referred him to another WhatsApp  
12 user who was purportedly named Donn Campbell (“Campbell”).

13 10. In or around November 2021, J.O. contacted Campbell via WhatsApp. Campbell instructed  
14 J.O. on how to download an app called MetaTrader 5<sup>1</sup> so he could open a trading account. Etsuko and  
15 Campbell also instructed J.O. to wire money to a U.S. bank account in the name of GBT Trading.

16 11. J.O. opened a MetaTrader 5 account in November 2021. In November and December 2021,  
17 he made 4 wire transfers to the GBT Trading bank account totaling \$28,000. Campbell informed J.O. that  
18 the money sent to GBT Trading had been deposited in his MetaTrader 5 trading account and could be  
19 deployed to make trades.

20  
21  
22 <sup>1</sup> MetaTrader 5 is a popular smartphone app used to conduct foreign market exchange transactions. MetaTrader 5 allows licensees  
23 to use a plug in, known as Virtual Dealer, which can be used to simulate account balances, profits, or losses. The MetaTrader 5 app  
was removed from the Apple App Store in September 2022 after it was used in a cryptocurrency scam to defraud a California  
investor out of more than \$1 million.

1           12. Campbell put J.O. in touch with an individual who claimed to be named David Stephen  
2 (“Stephen”). J.O. and Stephen contacted one another through WhatsApp. Stephen told J.O. he was “the  
3 chief foreign exchange analyst of GBT” and informed J.O. on how the investment would work. In exchange  
4 for sending money to GBT Trading, J.O. would be provided with “transaction information” that he could  
5 enter into the MetaTrader 5 app in order to make trades. Each trade could earn a profit, and profits could be  
6 verified by checking the MetaTrader 5 app. Stephen advised J.O. that the more money he invested with  
7 GBT, the more transaction information he would receive.

8           13. Stephen made various claims about how profitable the trades would be. He told J.O. that by  
9 using the transaction information provided by GBT, it was possible to “get profits without risk.” He  
10 informed J.O. that “As long as you purchase the order with the data I provided, more than 95% would be  
11 profitable.” On one occasion, Stephen told J.O. that if he “upgraded” his account to \$50,000, he could make  
12 \$28,000 by the end of the week. On another, he informed J.O. that he could make \$800,000 to \$1,000,000.

13           14. J.O. was completely reliant on GBT Trading to earn profits. In November and December 2021,  
14 Stephen provided J.O. with transaction information via WhatsApp that J.O. used to perform what he thought  
15 were cryptocurrency trades involving Bitcoin and Ethereum; fiat currency trades involving the British  
16 pound sterling, the Australian dollar, the Singapore dollar, and the Swiss franc; and commodities trades  
17 involving oil and gold. On or around December 9, 2021, the MetaTrader 5 app showed that J.O. had  
18 approximately \$80,000 in his trading account. At another point, his account balance was purported to be  
19 \$160,000.

20           15. On or around December 13, 2021, Stephen informed J.O. that if he wanted to withdraw money  
21 from his trading account, he would first need to pay taxes to the “International Finance Association.” On or  
22 around December 20, 2021, J.O. transferred approximately \$20,000 to GBT Trading’s bank account. On or  
23 around December 28, 2021, Campbell informed J.O. that his tax payment was insufficient, saying that his

1 account had been frozen for failure to pay taxes. In or around January 2021, Stephen also informed J.O.  
2 that each GBT client would have to pay an “emergency bill” to access their accounts. Stephen told J.O. that  
3 his emergency bill was \$1,500. J.O. could not afford any additional taxes or fees, and did not send GBT  
4 Trading any additional money.

5 16. J.O. received no payments from GBT Trading and lost his entire investment.

### 6 **Misrepresentations or Omissions of Material Fact**

7 17. GBT Trading misrepresented how investor funds would be used. The company represented  
8 that funds would be transferred to a MetaTrader 5 trading account, but they were instead transferred to an  
9 HSBC bank account.

10 18. GBT Trading failed to disclose material information regarding the company, including, but  
11 not limited to, financial statements, operational history, and financial condition.

12 19. GBT Trading failed to provide any information about its owner.

13 20. GBT Trading failed to provide any information about the risks of investing with the company.

14 21. GBT Trading’s claims about the expected return on investment were misleading because the  
15 company failed to provide a reasonable basis for its projections.

16 22. GBT Trading’s claim about its success rate for trades was misleading because the company  
17 failed to provide a reasonable basis for this figure.

### 18 **Registration Status**

19 23. GBT Trading is not currently registered to sell its securities in the state of Washington and  
20 has not previously been so registered, nor has it filed a claim of exemption from registration.

21  
22 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

### 23 **CONCLUSIONS OF LAW**

1           1.     The offer and/or sale of the trading services described above constitutes the offer and/or sale  
2 of a security as defined in RCW 21.20.005(14) and (17).

3           2.     GBT Trading Inc. violated RCW 21.20.140, the securities registration section of the Securities  
4 Act of Washington, by offering and/or selling securities for which no registration is on file with the  
5 Securities Administrator.

6           3.     Jiayang Zhang violated RCW 21.20.140, the securities registration section of the Securities  
7 Act of Washington, by offering and/or selling securities for which no registration is on file with the  
8 Securities Administrator.

9           4.     GBT Trading Inc. violated RCW 21.20.010, the anti-fraud section of the Securities Act of  
10 Washington, by employing a device, scheme, or artifice to defraud; making untrue statements of material  
11 fact or omitting to state material facts necessary to make the statements made, in light of the circumstances  
12 in which they were made, not misleading; or engaging in an act, practice, or course of business which  
13 operates or would operate as a fraud or deceit upon any person.

14           5.     Jiayang Zhang violated RCW 21.20.010, the anti-fraud section of the Securities Act of  
15 Washington, by engaging in an act, practice, or course of business which operates or would operate as a  
16 fraud or deceit upon any person.

17                   **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

18           Pursuant to RCW 21.20.390(1), and based upon the Tentative Findings of Fact and Conclusions of  
19 Law, the Securities Administrator intends to order GBT Trading Inc. and Jiayang Zhang, and their agents  
20 and employees, to each permanently cease and desist from violating RCW 21.20.140 and RCW 21.20.010.

21                   **NOTICE OF INTENT TO IMPOSE FINES**

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

- a. GBT Trading Inc. shall be liable for and shall pay a fine of \$20,000; and
- b. Jiyang Zhang shall be liable for and shall pay a fine of \$20,000.

**NOTICE OF INTENT TO CHARGE COSTS**

Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that GBT Trading Inc. and Jiyang Zhang shall be jointly and severally liable for and for and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an amount not less than \$4,750.

**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. GBT Trading Inc. and Jiyang Zhang 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 24th day of February, 2023.



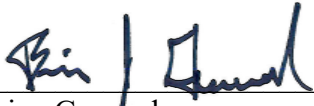
A handwritten signature in black ink that reads "William M. Beatty". The signature is fluid and cursive.

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William M. Beatty  
Securities Administrator

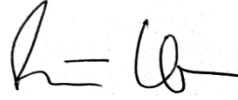
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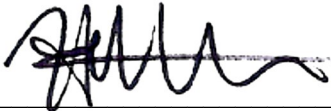
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