

STATE OF NORTH DAKOTA

SECURITIES DEPARTMENT

In the Matter of CACHECOINE CORP.,)	
a/k/a Cachecoine Corporation, a)	
Delaware business corporation,)	CEASE AND DESIST ORDER,
and Harlan Lee Ellis,)	NOTICE OF CIVIL PENALTIES,
)	AND
)	NOTICE OF RIGHT TO
Respondents.)	REQUEST A HEARING

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THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA

TO: CACHECOINE CORP., a Delaware business corporation, and HARLAN LEE ELLIS, RESPONDENTS.

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondents.

1. Respondent, CACHECOINE CORP., a/k/a Cachecoine Corporation, (hereinafter, "Cachecoine") is a Delaware business corporation operated and controlled by Respondent, Harlan Lee Ellis, (hereinafter, "Ellis") as Chairman of the Board of Directors and Chief Executive Officer, with its principal office described as 1515 Burnt Boat Drive, #206, Bismarck, North Dakota. This appears to be a mail drop box located within the UPS Store at this location. Cachecoine is not now and has never been registered as an issuer-dealer or broker-dealer with the North Dakota Securities Department.

2. Respondent Ellis is a resident of Bismarck, North Dakota, who, for all times relevant to this matter, operated and controlled Cachecoine as Chairman of the Board of Directors and Chief Executive Officer. Respondent Ellis is not now and has never been registered as an agent with the North Dakota Securities Department.
3. Between the end of August, 2018, through September, 2018, Respondents engaged in the offer for sale and/or sale of common shares of Cachecoine Corporation to at least two individuals who are North Dakota residents.
4. As part of the solicitations, Cachecoine was represented to be a cryptocurrency company and the investment as a “chance of a lifetime.” Respondent Ellis presented sales materials and financial statements that contained material misrepresentations and omissions concerning the millions of dollars of commodities and precious metals supporting the value of Cachecoine tokens purportedly issued by the company. Ellis falsely represented that shares of the company had traded on the stock market in July 2018 at \$42/share and at the time of the solicitation were at \$56/share. Cachecoine is not publicly traded on any exchange. The identities of other individuals who were purported to be principals involved with the company in sales materials could not be confirmed.
5. The shares of common stock of Cachecoine Corporation offered for sale and/or sold by Respondents in North Dakota as described are “securities” as defined in N.D.C.C. §10-04-02(19). N.D.C.C. §10-04-04 requires that securities offered for sale or sold in North Dakota be registered or exempt from registration.
6. The shares of common stock of Cachecoine Corporation have not been registered with the Securities Department under N.D.C.C. §§ 10-04-07, 10-04-07.1, 10-04-08,

or 10-04-08.1; are not exempt securities under N.D.C.C. § 10-04-05; and have not been offered for sale or sold in exempt transactions under N.D.C.C. § 10-04-06; and are not federal covered securities or have not properly filed as federal covered securities under N.D.C.C. § 10-04-08.4. The offers and/or sales of the subject investments were made in violation of N.D.C.C. § 10-04-04.

7. The transactions referenced above were conducted at a time when Respondent Cachecoine was not registered as an issuer-dealer or broker-dealer with the Securities Department. Respondent Cachecoine engaged in at least two violations of N.D.C.C. § 10-04-10(1).
8. Respondent Harlan Lee Ellis was not registered as an agent with the Securities Department at the times of these transactions. Respondent Ellis engaged in at least two violations of N.D.C.C. §10-04-10(2).
9. Respondent Ellis, in the material misrepresentations and omissions made in connection with the solicitations set forth in paragraph 4, committed fraudulent practices in connection with the sale of securities in violation of N.D.C.C. §10-04-15(2).
10. Pursuant to N.D.C.C. § 10-04-16(1), the Securities Commissioner has the authority to Order that a person Cease and Desist from violations of the Securities Act, to rescind transactions made in violations of the Securities Act, and to assess civil penalties in an amount not to exceed \$10,000 for each violation of the Securities Act based on the violations described above. The violations described above are sufficient grounds for the Commissioner to assess civil penalties against the Respondents pursuant to N.D.C.C. § 10-04-16(1).

11. This Order is issued in the public interest, and for the protection of investors.

NOW, THEREFORE, IT IS ORDERED, pursuant to N.D.C.C. § 10-04-16, that the Respondents shall immediately **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject securities, or any other securities however denominated, unless and until such securities have been registered with the Department or are exempt from registration under N.D.C.C. Chapter 10-04.
2. From offering for sale or selling securities, or effecting transactions in securities, in North Dakota unless and until they have registered with the Securities Department as issuer-dealers, broker-dealers or agents or are exempt from registration under N.D.C.C. Chapter 10-04.
3. From using material misstatements or omissions, engaging in a scheme or artifice to defraud investors, or from engaging in any fraudulent or deceptive practices, in connection with the offer and/or sale of securities in this state.

This order does not prohibit the offer or sale of securities through exempt securities transactions under N.D.C.C. § 10-04-06, nor does it prohibit registered broker-dealers and agents from offering or selling exempt securities under N.D.C.C. § 10-04-05 or federal covered securities offered pursuant to a notice filing made to the Securities Department pursuant to N.D.C.C. § 10-04-08.4.

YOU ARE NOTIFIED that any willful violation of this order is a **Class B Felony** pursuant to N.D.C.C. § 10-04-18(1). Pursuant to N.D.C.C. § 12.1-32-01(3), a **Class B Felony** is punishable by a **\$20,000 fine and 10 years' imprisonment, with respect to**

a natural person. Pursuant to N.D.C.C. § 12.1-32-01.1(2), a Class B Felony is punishable by a \$70,000 fine with respect to an organization.

YOU ARE FURTHER NOTIFIED that, pursuant to N.D.C.C. § 12.1-09-03, a person is guilty of a criminal offense if that person intentionally “alters, destroys, mutilates, conceals, or removes a record, document, or thing with intent to impair its verity or availability” in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

NOTICE OF CIVIL PENALTIES

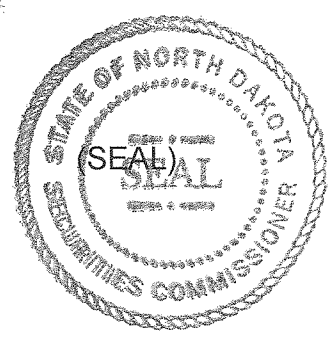
YOU ARE NOTIFIED that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to N.D.C.C. § 10-04-16(1). The Securities Commissioner does not herein assess a civil penalty, but the Commissioner expressly reserves the authority to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above, any other violations subsequently discovered, or any future securities violations or violations of this order.

NOTICE OF RIGHT TO REQUEST A HEARING

YOU ARE NOTIFIED that pursuant to N.D.C.C. § 10-04-12 you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. The Respondents have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 11th day of October,

2018.



A handwritten signature in black ink, appearing to read "Karen J. Tyler", written over a horizontal line.

Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
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