



Doug Burgum
Governor

P R E S S R E L E A S E

For Immediate Release



Karen Tyler
Securities Commissioner

NEWS: FOR IMMEDIATE RELEASE

Contact: Karen Tyler, Securities Commissioner, (701) 328-2910; Kelly Mathias, (701) 328-2910

SECURITIES COMMISSIONER ISSUES ORDER AGAINST UNION BANK PAYMENT COIN

Bismarck, ND, November 19, 2018 — North Dakota Securities Commissioner Karen Tyler has issued a Cease and Desist Order against Union Bank Payment Coin, a/k/a UBPC, and its officers, directors, agents, and employees, for promoting unregistered and potentially fraudulent securities in North Dakota in the form of an Initial Coin Offering (ICO).

The Order is the result of ongoing investigations being conducted by the Department's ICO Task Force, convened by the Commissioner to identify ICOs and cryptocurrency related investments that pose a risk to North Dakota investors. The effort is also part of Operation Cryptosweep, a coordinated multi-jurisdiction investigation and enforcement effort involving over 40 U.S. and Canadian securities regulators.

According to representations on the Union Bank Payment Coin website, the company claims it seeks to become the "world's first security token backed by a fully licensed bank." The website further indicates that the Union Bank Payment Coin, UBPC, is a "security token offering" that is invested in as a tool or mechanism "designed to store wealth by utilizing income-producing digital assets." The company also represents it is issuing a "stable coin that is fully backed by a fiat currency – the Swiss franc."

The Union Bank Payment Coin solicitation appears to be an attempt to fraudulently acquire funds through the exploitation of an announcement made by Union Bank AG, a fully licensed and regulated bank based in Liechtenstein. Several elements of the Union Bank Payment Coin website are directly copied from the Union Bank AG website including the stylized elements, verbiage, leadership information and images. The IP address for Union Bank AG is located in Liechtenstein, whereas the IP address for Union Bank Payment Coin is located in Russia and registered to an individual.

"Because ICOs are sold over the internet and pitched heavily through social media platforms, North Dakotans can be exposed to the offers whether the promotor is down the street or on the other side of the globe," stated Tyler. "Financial criminals continue to cash in on the hype and excitement around blockchain, crypto assets, and ICOs – investors should be exceedingly cautious when considering a related investment."

An ICO is a financing method used by start-up companies to raise capital. Most ICOs involve projects that are at the “idea” stage represented in a white paper. Companies create a new virtual coin or token, which is then sold online to investors in the ICO in exchange for cryptocurrency or fiat currency. Companies market their ICOs through their own websites, social media platforms and online marketplaces.

The most common securities law violations by companies promoting ICOs are the offer and sale of unregistered securities, sales by unregistered agents, and engaging in fraudulent practices. Common red flags of fraudulent ICOs include plagiarized white papers containing spelling and translation errors, fictitious executive teams represented by stock internet photos, fake business addresses and phone numbers, fake celebrity endorsements, the promise of no risk and high returns, false claims about securities law compliance, and the promise of additional ICO tokens for promoting the deal and bringing in other investors. Investors must also be cautious of hackers that “spoof” legitimate ICOs to intercept and steal investor money.

More information regarding ICOs can be found at the following links: [What to Know about ICOs](#), [Be Cautious of the Crypto Investment Craze](#) and [SEC's Investor Bulletin: Initial Coin Offerings](#).

North Dakota Securities Department

Karen Tyler, Securities Commissioner
600 East Boulevard Avenue
State Capitol, 5th Floor
Bismarck, ND 58505-0510
www.nd.gov/securities
(701)328-2910

[Headshot](#) of Karen Tyler, Commissioner
North Dakota Securities Department:



#####