

**STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF STATE**  
**BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:

Finstate Investment, LLC

Respondent

)  
)  
) ORDER TO CEASE AND DESIST  
)  
) C-2024-0001  
)  
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**NOTICE OF ORDER**

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:6-613.

**LEGAL AUTHORITY AND JURISDICTION**  
**NOTICE OF ORDER**

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:6-613.

**LEGAL AUTHORITY AND JURISDICTION**

Pursuant to RSA 421-B:6-604(a), whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of the chapter or any rule under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter.

Pursuant to RSA 421-B:5-508, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:6-603 or RSA 421-B:6-604, or who violates RSA 421-B:5-501(a)(2) knowing that the statement was false or misleading in any material respect, shall be guilty of a class B felony.

Pursuant to RSA 421-B:6-604(d), the Secretary of State has the authority to impose administrative penalties of up to \$2,500 for a single violation.

Pursuant to RSA 421-B:6-604(g), the Secretary of State may charge the actual cost of an investigation or proceeding for a violation of this chapter or an order issued under this chapter.

Pursuant to RSA 421-B:6-604(d), the secretary of state may permanently bar a person from any securities licensure and registration in N.H.

Pursuant to RSA 421-B:6-604(e), the secretary of state may order payment of restitution to N.H. investors,

### **NOTICE OF RIGHT TO REQUEST A HEARING**

Pursuant to RSA 421-B:6-604, Respondent has a right to request a hearing. The request must be made within 30 days from receipt of this Order. If the Respondent fails to request a hearing on this Order within 30 calendar days of receipt, the order shall become final.

Pursuant to RSA 421-B:6-613, upon request for a hearing, said hearing shall be held no later than fifteen days after such request is received by the Bureau.

Any such request for a hearing shall be in writing, signed by the Respondent or by the duly authorized agent of the above named Respondent, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301. Respondents has the right to be represented by counsel.

### **STATEMENT OF ALLEGATIONS**

The allegations contained in the Staff Petition for Relief dated July 16, 2024 (a copy of which is attached hereto) are incorporated by reference hereto.

### **ORDER**

**WHEREAS**, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

**WHEREAS**, finding that the public interest would be irreparably harmed by delay in issuing an order of suspension, and

**WHEREAS**, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested,

**THEREFORE, IT IS HEREBY ORDERED, THAT:**

Respondent shall immediately cease and desist from further violations of RSA 421-B.

Respondent is permanently barred from any securities licensure and securities registration in the State of New Hampshire .

Respondent shall pay a fine of \$7,500 for violations of the New Hampshire Securities Act RSA 421-B.

Respondent shall pay restitution in the amount of \$3,526 to Investor #1 as referenced in the Bureau's Staff Petition for Relief.

Respondent shall pay the Bureau's costs for investigation and enforcement in the amount of \$5,000.

**SIGNED,  
DAVID M. SCANLAN  
SECRETARY OF STATE  
BY HIS DESIGNEE:**

Date: July 17, 2024

  
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**Barry J. Glennon, Director  
N.H. Bureau of Securities Regulation**

STATE OF NEW HAMPSHIRE  
DEPARTMENT OF STATE  
BUREAU OF SECURITIES REGULATION  
25 CAPITOL STREET  
CONCORD, NH 03301

**STAFF PETITION FOR RELIEF**  
**IN THE MATTER OF:**

Finstate Investment LLC

C-2024-0001

I. The State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter the “Bureau”), hereby petitions the Director for relief and hereby makes the following statement of facts:

**STATEMENTS OF FACTS**

**Background**

1. In February of 2024, the Bureau received a Report of potential financial exploitation from Robinhood Financial, LLC (“Robinhood”) relating to Investor #1, a 70-year-old, retired resident of Lee, New Hampshire. According to the report, Robinhood flagged and ultimately froze Investor #1’s account “due to high-risk money movement,” where Robinhood had learned that Investor #1 initiated a cryptocurrency transfer for the purpose of investing money utilizing a platform called Finstate Investment (web address FinstateInvestment.com).

**Finstate Investment**

2. FinstateInvestment.com’s landing page greets site visitors with statements such as “clever investing make your money grow” and “[l]et us help you expand your financial possibilities by accomplishing the unattainable, [sic] on your Investment.” Additionally, the web page states that Finstate Investment is a “leading Cryptocurrency Investment Company . . . Millions of people with a shared ambition of financial freedom are drawn to the \$5 trillion per day Cryptocurrency [sic]. Finstate Investment has mastered the art of blending technical skills essential for Cryptocurrency success with a dedicated corporate team, state-of-the-art headquarters, and a love for assisting folks with a strong desire to improve their life.”

3. At the bottom of FinstateInvestment.com’s landing page, there is a map with a location pin on W 38th St in Los Angeles, CA 90731, suggesting that this is the location of the aforementioned “state-of-the-art headquarters.” According to the Zone Information and Map Access System, which provides zoning information for properties located in Los Angeles, properties along W 38th Street in Los Angeles are all residential. There is one tract, 3805 and 3807 S Pacific Ave, that abuts properties on W 38th Street but has an address on a street running perpendicular to W 38th Street, S. Pacific Ave, that is commercially zoned. Upon information and belief, 3805 and 3807 S. Pacific Ave are apartments. Therefore, the map misleads potential investors that a state-of-the-art headquarters is located in Los Angeles, California.

4. Under the “Contact Us” section of the website, there is the same map pinning W 38th Street but the listed address is 300 Sunridge Woods Blvd in Davenport, FL, which is a single-family home on a residential street.

5. Indeed, Finstate Investment LLC was a Wyoming limited liability company. The company initially filed on March 24, 2023.

6. On January 1, 2024, Finstate Investment LLC changed its principal address from 733 Sunridge Woods Blvd Davenport, FL (a different numerical address on the same street as the address listed on the Finstate Investment site) to “1603 Capital [sic] Ave Ste 413A No 2932” in Cheyenne, Wyoming. 1603 Capitol Ave Suite 413 in Cheyenne, WY is not Finstate Investment’s physical headquarters, as it is a virtual office address through Capitol Avenue Office Suites or Alliance Virtual Offices.

7. There are no other physical addresses associated with Finstate Investments. Upon information and belief, Finstate Investment does not have a “state-of-the-art headquarters.”

8. According to Finstate Investment LLC’s filing information on the Wyoming Secretary of State, Business Division’s website, the organizer of Finstate Investment is Firstbase Agent LLC, a Delaware limited liability company that also filed as a foreign limited liability company in Wyoming. The contact information for the Wyoming foreign limited liability company has an email address ending in @firstbase.io. The Firstbase.io website is for Firstbase Accounting Consultation and advertises that Firstbase is “[t]he simplest way for anyone to launch and run a US business. Incorporate your company, access one-click growth tools, stay compliant, and manage everything your business needs – all online, from anywhere.” Upon information and belief, the individual that created Finstate Investment likely used Firstbase to incorporate.

9. On May 9, 2024, Finstate Investment LLC was administratively dissolved by the State of Wyoming for failure to update its tax information. Therefore, Finstate Investment LLC’s corporate status is inactive; however, FinstateInvestment.com is still an active webpage.

10. Beyond the inconsistencies in address and the dissolution of the Wyoming corporation, looking closer at the FinstateInvestment.com site, the Bureau noticed some details which raised concern that the website was actually a scam rather than a legitimate cryptocurrency site:

- a. The branding used on FinstateInvestment.com closely resembles well-known branding associated with Fidelity Investments.



- b. Under the Resources section of the website, Finstate has a page detailing an insurance policy. The policy is described on that page as meeting “the cost of defending claims and any damages payable during the course of your trade. Our team can advise you on this cover [sic] and provide you with a very competitive quotation and ensure that you get adequate coverage for your investment with us. This fee **holds the company accountable to bear any loss during your trading session.** ul>” (Emphasis added.) Policies listed are “Single Plan,” “Bi-annually [sic] Plan,” and “Annually [sic] Plan.” There is a button to the right of the information describing the insurance policy, but clicking it does not link to any further information.
- c. There are only two testimonials that constantly scroll on multiple pages of the website.
- d. The phone number associated with the business has a Georgia area code, but Finstate Investment has not filed any corporate documents in the State of Georgia.
- e. The support page is titled “we [sic] always here to help you.”
- f. On the landing page below the “start now” button, the text reads: “Still have questions or Doubt? Chat us now! We provide a [sic] dedicated support 24/7 for any of your question [sic].”
- g. The posted work hours were listed in military time rather than the more common 12-hour time notation utilized throughout the United States.

### **Investor #1’s Involvement**

11. Investor #1 first learned of Finstate Investment on Facebook. In December of 2023, Investor #1 received a friend request from an individual Investor #1 recognized from a prior job (hereinafter the “Alleged Former Co-Worker”)<sup>1</sup>, which Investor #1 accepted. The Alleged Former Co-Worker held herself out to be that individual and presented Investor #1 with the idea of investing through Finstate Investments while messaging through Facebook messenger and via text message.<sup>2</sup>

12. Initially, the Alleged Former Co-Worker asked Investor #1 to join the \$500 plan. The website shows three tiers of investment plans: “Single” has a minimum initial deposit of \$500 with a one-month duration, “Bi-Annual” has a minimum initial deposit of \$10,000, and “Annual” has a minimum initial deposit of \$100,000 with a duration of one year. Quickly, the Alleged Former Co-Worker instructed Investor #1 to invest more than the initial \$500.

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<sup>1</sup> After corresponding with the Alleged Former Co-Worker and ultimately investing, Investor #1 found a second Facebook profile for the individual the Alleged Former Co-Worker was pretending to be. That second profile had the real former coworker’s name spelled correctly (hyphenating the two last names). Investor #1 believes that the Alleged Former Co-Worker is not who she purports to be.

<sup>2</sup> According to Investor #1, the number the Alleged Former Co-Worker utilized was the same number advertised as Finstate Investment’s number on the contact us section of FinstateInvestment.com.

13. Starting on December 23, 2023, Investor #1 began attempting to transfer Bitcoin (“BTC”) to a wallet address provided by the Alleged Former Co-Worker. Investor #1 first used her Robinhood account, which Investor #1 set up at the recommendation of the Alleged Former Co-Worker, transferring .00436 BTC valued at \$197.51. That first transfer was successful. On January 8, 2024, Investor #1 attempted another transfer from her Robinhood account of .02234 BTC valued at \$1,059.52. This transfer failed because Robinhood had frozen Investor #1’s account after noticing that the first transfer on December 23, 2023 sent BTC to what Robinhood, in its report, considered a “high risk Crypto wallet address [where] the funds go indirectly to Binance.com and not with the mentioned investment.” Later that same day, Investor #1 tried again to send \$1,059.92 of BTC to the same wallet, which was also unsuccessful.

14. Because Investor #1’s Robinhood account was frozen, on the instruction of the Alleged Former Co-Worker, Investor #1 made additional accounts at crypto.com, Coinbase, and Gemini to execute further transfers. Ultimately, Investor #1 invested approximately \$3,526 into Finstate Investment via cryptocurrency transfers. Upon information and belief, all transfers of Investor #1’s funds are traceable to Binance rather than Finstate Investment, consistent with the Robinhood Report.

15. Investor #1 was not required to execute any trades or transactions in her Finstate Investment account. Rather, the Alleged Former Co-Worker informed Investor #1 via text message that she is only supposed to watch her trading account to see how her money would grow. As such, Investor #1 did no more than provide funds. The Company, presumably Finstate Investment itself, would do all the work and take a 15% commission fee prior to any withdrawal or reinvestment by Investor #1 on April 20, 2024.

16. Investor #1 was able to log into an “account” on FinstateInvestment.com, which purportedly showed deposits, apparent credits, account balance, total profits, among other fields relating to transactions or other growth in her account, as shown in the below images:





Amount	Type	Plan/Narration	Date created
\$4050	Profit	Credit	Fri, Mar 29, 2024 11:10 PM
\$2262	Plan purchase	Single	Wed, Mar 20, 2024 4:06 PM
\$2262	Deposit	Credit	Wed, Mar 20, 2024 4:03 PM
\$2232	Profit	Credit	Tue, Mar 26, 2024 3:31 AM
\$2000	Deposit	Credit	Wed, Mar 20, 2024 4:02 PM
\$1505	balance	Credit reversal	Wed, Nov 1, 2023 5:31 PM
\$1505	Deposit	Credit	Wed, Nov 1, 2023 1:28 PM
\$1500	Deposit	Credit reversal	Sat, Dec 9, 2023 6:52 PM
\$1432	Profit	Credit	Sat, Mar 23, 2024 11:04 PM
\$1368	Profit	Credit	Sat, Mar 23, 2024 1:10 AM

17. As of April 11, 2024, according to her Finstate Investment account, Investor #1 had purportedly made \$60,762 in profits on her initial investment of approximately \$3,526. It is unclear to the Bureau, even after reviewing available account history, what transactions were made to produce such drastic profits.

18. According to messages between the Alleged Former Co-Worker and Investor #1, Investor #1 was supposed to receive a payout on April 20, 2024. Specifically, the Alleged Former Co-Worker told Investor #1 in text messages that the “Company will contact you immediately you [sic] end on the 20<sup>th</sup> on your Commission and immediately your commission is cleared you can withdraw or reinvest” and “[y]ou can only withdraw or reinvest once you have cleared you [sic] commission, currently you are to enjoy your full profit duration because you actually invested in [sic] the right time.”

19. Investor #1 has not received any payment from Finstate Investments nor has she been able to execute any withdrawals of the so-called profits from her Finstate Investment account.

## STATEMENTS OF LAW

II. The Bureau Staff hereby petitions the Director and makes the following statements of law under the New Hampshire Securities Act (the “Act”), N.H. Rev. Stat. Ann. § 421-B, and regulations thereunder:

20. Finstate Investment is a “Person” within the meaning of RSA 421-B:1-102(39).

21. Pursuant to RSA 421-B:1-102(53)(A), the definition of “security” includes an “investment contract.”

22. Pursuant to RSA 421-B:1-102(29)(A)(i), an “investment contract” is “[a]n investment in a common enterprise with the expectation of profits to be derived from the efforts of the promoter or some third party.” Investor #1’s investment was an investment contract, as the facts demonstrate Investor #1 invested funds in a common enterprise with Finstate Investment whereby Investor #1 was not expected to do anything material in furtherance of the investment; rather, Finstate Investment would be solely responsible for managing, trading, and otherwise growing Investor #1’s investment to derive a profit, of which Finstate Investment would receive a 15% commission.

23. Finstate Investment’s procurement of Investor #1’s funds constituted a sale of a security pursuant to RSA 421-B:1-102(49).

24. Pursuant to RSA 421-B:5-501(a)(1), “[i]t is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to employ a device, scheme or artifice to defraud.” Finstate Investment has violated this provision by operating a website that advertised that the company was a “leading cryptocurrency investment company” which, among other statements on the website, induced Investor #1 to invest her hard-earned savings. However, the funds transferred by Investor #1 were not sent to Finstate Investment, which would then work to grow her initial investment; rather, Investor #1’s funds were sent ultimately to Binance and never traded on Investor #1’s behalf. Additionally, Finstate Investment continued to show fictitious account activity to induce Investor #1 to send more funds, which were also sent away to Binance and never traded on Investor #1’s behalf.

25. Pursuant to RSA 421-B:5-501(a)(2), “[i]t is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to make an untrue statement of material fact or to omit to state a material fact necessary to make the statement made, in the light of the circumstances under which they were made, not misleading.” Finstate Investment violated this provision by stating on its website that Finstate Investment has a “state-of-the-art headquarters.” This is an untrue statement of fact that would be material and considered in the total mix of factors by a reasonable investor when deciding whether to invest with Finstate Investment.

26. Pursuant to RSA 421-B:5-501(b)(2)(A), it is unlawful for any person to “[r]epresent in the offer or sale of securities, either directly or by implication, in writing or orally, that there is a guarantee against risk of loss.” Finstate Investment has violated this provision by including, in writing, on

its website, an insurance policy which states that the policy “holds the company accountable to bear any loss during your trading sessions.”

27. Pursuant to RSA 421-B:6-604(a),

[i]f the secretary of state determines that a person has engaged, is engaging, or is about to engage, in an act, practice, or course of business constituting a violation of this chapter of an order issued under this chapter . . . the secretary of state may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business.

Finstate Investment is subject to this provision and should be ordered to cease and desist from further violations of RSA 421-B:5-501(a)(1) and 421-B:5-501(b)(2)(A).

28. Pursuant to RSA 421-B:6-604(d),

[i]n a final order, the secretary of state may impose a civil penalty up to a maximum of \$2,500 for a single violation. In addition, every such person who is subject to such civil penalty, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension . . . or be barred from registration or licensure

in the State of New Hampshire. Finstate Investment is subject to this provision and should be ordered to pay \$7,500 in penalties for three violations of RSA 421-B:5-501 and be barred from future securities licensure in the State of New Hampshire.

29. Pursuant to RSA 421-B:6-604(e), “the secretary of state may enter an order of rescission, restitution, or disgorgement directed to a person who has violated this chapter.” Finstate Investment is subject to this provision and should be ordered to pay \$3,526 in restitution to Investor #1.

30. Pursuant to RSA 421-B:6-604(g), “the secretary of state may charge the actual cost of an investigation or proceeding for a violation for this chapter.” Finstate Investment is subject to this provision and should be ordered to pay \$5,000 to the Bureau in investigative costs.

### **RELIEF REQUESTED**

III. The Bureau Staff makes the following requests for relief in the above-referenced matter as permitted under the Act.

- A. Find as fact the allegations contained in Section I, Statements of Facts, above;
- B. Make conclusions of law as stated in Section II, Statements of Law, above;
- C. Order Finstate Investment to permanently cease and desist from offering, selling, and/or issuing securities in violation of RSA 421-B:5-501(a)(1), 421-B:5-501(a)(2), and 421-B:5-501(b)(2)(A);

D. Order Finstate Investment to be permanently barred from any securities business, licensure, and securities registration in the State of New Hampshire in accordance with RSA 421-B:6-604(d);

E. Order Finstate Investment to pay restitution of \$3,526 to Investor #1 pursuant to RSA 421-B:6-604(e);

F. Order Finstate Investment to pay an administrative fine of \$7,500 pursuant to RSA 421-B:6-604(d).

G. Order Finstate Investment to pay costs of the investigation of \$5,000 pursuant to RSA 421-B:6-604(g).

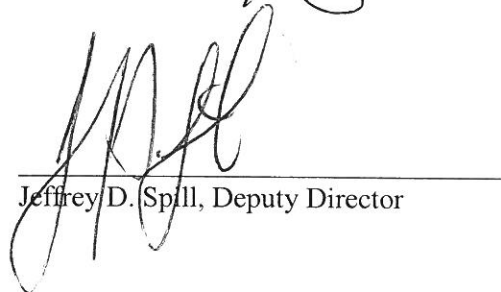
**RIGHT TO AMEND**

The Bureau Staff reserves the right to amend this Petition for Relief and to request that the Director take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under RSA 421-B or the regulations thereunder.

Respectfully submitted,

  
Katie Taylor, Staff Attorney

[Date] 7/16/24

  
Jeffrey D. Spill, Deputy Director

[Date] 7/16/24