

TRAVIS J. ILES
SECURITIES COMMISSIONER



E. WALLY KINNEY
CHAIR

CRISTI RAMÓN OCHOA
DEPUTY SECURITIES COMMISSIONER

ROBERT BELT
MEMBER

Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

Texas State Securities Board

MELISSA TYROCH
MEMBER

EJIKE E. OKPA II
MEMBER

Phone: (512) 305-8300
Facsimile: (512) 305-8310

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.texas.gov

DAVID B. MONTGOMERY
MEMBER

ARKBIT CAPITAL LLC; ARKBIT CAPITAL
HOLDINGS, LLC AKA ABC HOLDINGS
LLC AKA ABC MINING; PARAS
KHIVESARA; THOMAS BREWER,
DELMAR ESTABROOK; NICOLAI C.
SCHOU, MELITA NOVOSEL; LIBBY
TALBOT AND EDWIN O'CONNOR

§
§
§
§
§
§
§

Order No. ENF-24-CDO-1883

Arkbit Capital LLC is being served by certified mail, return receipt requested, addressed to (1) Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

Arkbit Capital Holdings, LLC, aka ABC Holdings LLC aka ABC Mining is being served by certified mail, return receipt requested, addressed to (1) Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

Paras Khivesara is being served by certified mail, return receipt requested, addressed to (1) Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

Thomas Brewer is being served by certified mail, return receipt requested, addressed to (1) Thomas Brewer at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Thomas Brewer c/o Registered Agents, Inc., the registered agent for service of process for Arkbit Capital LLC and Arkbit Capital LLC and Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

Delmar Estabrook is being served by certified mail, return receipt requested, addressed to (1) Delmar Estabrook at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Delmar Estabrook c/o Registered Agents, Inc., the registered agent for service of process for Arkbit Capital LLC and Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

Nicolai C. Schou is being served by certified mail, return receipt requested, addressed to (1) Nicolai C. Schou at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Nicolai C. Schou c/o Registered Agents, Inc., the registered agent for service of process for Arkbit Capital LLC and Arkbit Capital LLC and Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

Melita Novosel is being served by certified mail, return receipt requested, addressed to (1) Melita Novosel at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Melita Novosel c/o Registered Agents, Inc., the registered agent for service of process for Arkbit Capital LLC and Arkbit Capital LLC and Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

Libby Talbot is being served by certified mail, return receipt requested, addressed to (1) Libby Talbot at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Libby Talbot c/o Registered Agents, Inc., the registered agent for service of process for Arkbit Capital LLC and Arkbit Capital LLC and Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

Edwin O'Connor is being served by certified mail, return receipt requested, addressed to (1) Edwin O'Connor at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (2) Edwin O'Connor c/o Registered Agents, Inc., the registered agent for service of process for Arkbit Capital LLC and Arkbit Capital LLC and Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 4007.104 of The Securities Act, Tex. Gov't Code Ann. §§ 4001.001-4008.105 (the "Securities Act").

The Enforcement Division of the Texas State Securities Board (the "Enforcement Division") has presented evidence sufficient for the Securities Commissioner to find that:

SUMMARY

1. Arkbit Capital, LLC, and Arkbit Capital Holdings, LLC, claim to operate a cryptocurrency cloud mining business in Arkansas. They are actually perpetrating a fraudulent cryptocurrency cloud mining investment scheme.
2. In furtherance of the scheme, Arkbit Capital, LLC, and Arkbit Capital Holdings, LLC, have created an elaborate ruse designed to create the false appearance of legitimacy. The companies have misrepresented information with the Arkansas Secretary of State, engaged an actor that pretends to be a principal, published manipulated videos, and published content previously used by an unrelated publicly traded digital asset mining company. They are also disseminating sham

information and a phony video that fabricates their roles in Consensus 2022 by CoinDesk and the 2023 Green-Crypto Summit.

3. Moreover, Arkbit Capital, LLC and Arkbit Capital Holdings, LLC, are recruiting commissioned sales agents to illegally offer and sell their securities. These commissioned sales agents are also using manipulated media, including content depicting a City Councilman that has been edited to falsely show him promoting the cloud mining scam.
4. The Securities Commissioner is entering this Emergency Cease and Desist Order to protect the public from immediate and irreparable harm.

THE RESPONDENTS

5. Arkbit Capital LLC aka Arkbit Capital aka Arkbit ("Respondent Arkbit Capital") is being served by (1) registered mail addressed to Arkbit Capital LLC at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (3) certified mail, return receipt requested, addressed to Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.
6. Arkbit Capital Holdings, LLC, aka ABC Holdings LLC aka ABC Mining aka ABH ("Respondent Arkbit Capital Holdings") is being served by (1) registered mail addressed to Arkbit Capital Holdings, LLC, aka ABC Holdings LLC at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Arkbit Capital Holdings LLC aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (3) certified mail, return receipt requested, addressed to Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.
7. Paras Khivesara ("Respondent Khivesara") is being served by (1) registered mail addressed to Paras Khivesara at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Paras Khivesara c/o Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, (3) certified mail, return receipt requested, addressed to Paras Khivesara c/o Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653, (4) certified mail, return receipt requested, addressed to Paras Khivesara c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (5) certified mail, return receipt requested, addressed to Paras Khivesara c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

8. Thomas Brewer ("Respondent Brewer") purportedly founded Arkbit Capital Holdings and serves as its Chief Financial Officer. He is being served by (1) registered mail addressed to Thomas Brewer at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Thomas Brewer c/o Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, (3) certified mail, return receipt requested, addressed to Thomas Brewer c/o Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653, (4) certified mail, return receipt requested, addressed to Thomas Brewer c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (5) certified mail, return receipt requested, addressed to Thomas Brewer c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.
9. Delmar Estabrook ("Respondent Estabrook") purportedly serves as the Chief Executive Officer and Senior Vice President of Respondent Arkbit Capital Holdings. He is being served by (1) registered mail addressed to Delmar Estabrook at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Delmar Estabrook c/o Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, (3) certified mail, return receipt requested, addressed to Delmar Estabrook c/o Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653, (4) certified mail, return receipt requested, addressed to Delmar Estabrook c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (5) certified mail, return receipt requested, addressed to Delmar Estabrook c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.
10. Nicolai C. Schou ("Respondent Schou") purportedly serves as the Chief Technology Officer of Respondent Arkbit Capital Holdings. He is being served by (1) registered mail addressed to Nicolai C. Schou at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Nicolai C. Schou c/o Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, (3) certified mail, return receipt requested, addressed to Nicolai C. Schou c/o Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653, (4) certified mail, return receipt requested, addressed to Nicolai C. Schou c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (5) certified mail, return receipt requested, addressed to Nicolai C. Schou c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its

registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

11. Melita Novosel ("Respondent Novosel") purportedly serves as the Chief People Officer of Respondent Arkbit Capital Holdings. She is being served by certified mail, return receipt requested, addressed to (1) registered mail addressed to Melita Novosel at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Melita Novosel c/o Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, (3) certified mail, return receipt requested, addressed to Melita Novosel c/o Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653, (4) certified mail, return receipt requested, addressed to Melita Novosel c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (5) certified mail, return receipt requested, addressed to Melita Novosel c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.
12. Libby Talbot ("Respondent Talbot") purportedly serves as the General Counsel Adviser and Chief Accounting Officer for Respondent Arkbit Capital Holdings. She is being served by (1) registered mail addressed to Libby Talbot at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Libby Talbot c/o Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, (3) certified mail, return receipt requested, addressed to Libby Talbot c/o Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653, (4) certified mail, return receipt requested, addressed to Libby Talbot c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (5) certified mail, return receipt requested, addressed to Libby Talbot c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.
13. Edwin O'Connor ("Respondent O'Connor") purportedly serves as a Marketing Executive for Respondent Arkbit Capital Holdings. He is being served by (1) registered mail addressed to Edwin O'Connor at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School Hyderabad 500012 Telangana India, (2) certified mail, return receipt requested, addressed to Edwin O'Connor c/o Arkbit Capital LLC at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, (3) certified mail, return receipt requested, addressed to Edwin O'Connor c/o Arkbit Capital LLC c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653, (4) certified mail, return receipt requested, addressed to Edwin O'Connor c/o Arkbit Capital Holdings aka ABC Holdings LLC aka ABC Mining at its principal address at 124 W. Capitol Avenue, Little Rock, Arkansas 72201, and (5) certified mail, return receipt requested, addressed to Edwin O'Connor c/o Arkbit Capital Holdings

aka ABC Holdings LLC aka ABC Mining c/o Registered Agents, Inc., its registered agent for service of process in Arkansas, at 701 South Street, Suite 100, Mountain Home, Arkansas 72653.

14. The Enforcement Division is also sending this Emergency Cease and Desist Order to the following parties:
 - A. Respondents Arkbit Capital, Arkbit Capital Holdings, Brewer, Estabrook, Schou, Novosel, Talbot, and O'Connor (collectively the "Respondents") have been and/or are offering the securities described herein through websites accessible at abcmining.me and abcholdings.io. The Enforcement Division is sending the Emergency Cease and Desist Order to Hostinger Operations, UAB, the registrar of abcmining.me, and NameCheap, Inc., the registrar of abcholdings.io.
 - B. Respondents are offering securities through social media platforms, including Facebook (@arkbitcapitalholdings), Instagram (@arkbit.business and @abcholdingsllc), X/Twitter (@arkbitbusiness and @abcholdingsllc), YouTube (@abcholdingsllc), LinkedIn (@arkbitcapitalholdings), Telegram (@arkbitcapital) and WhatsApp (@0029Va63AhoGOj9jz1JcmP0R and 251-333-2669). The Enforcement Division is sending the Emergency Cease and Desist Order to these platforms.
 - C. Respondents are offering securities through meetings hosted at Zoom Video Communications, Inc. (Meeting ID 817 1403 8970). The Enforcement Division is sending the Emergency Cease and Desist Order to this platform.
 - D. Investors purchase the securities described herein using digital assets. The Enforcement Division is sending the Emergency Cease and Desist Order to CoinPayments, Inc., the firm responsible for processing these transactions.

THE ARKANSAS ENFORCEMENT ACTIONS AND THE TRANSITION FROM ARKBIT CAPITAL TO ARKBIT CAPITAL HOLDINGS

15. On or around September 21, 2022, Respondent Arkbit Capital organized with the Arkansas Secretary of State and Respondents began operating under the name Arkbit Capital LLC.
16. On or around May 31, 2023, the Arkansas Securities Commissioner filed a Request for a Cease and Desist Order in Case No. S-23-0002 (the "Arkansas Request for Cease and Desist Order"). The Arkansas Request for Cease and Desist Order named Respondent Arkbit Capital and related persons and entities, and it alleged, in part, they violated the Arkansas Securities Act, Ark. Code Ann §§ 23-42-101 through 23-42-509, by offering securities substantially similar to or the same as the investments described herein.
17. On or around June 1, 2023, the Arkansas Securities Commissioner entered Cease and Desist Order No. S-23-0002-23-OR01 in Case No. S-23-0002 (the "Arkansas Cease and Desist Order"). The Arkansas Cease and Desist Order named Respondent Arkbit Capital and related persons and entities.

18. On or around August 21, 2023, Respondent Arkbit Capital Holdings was organized with the Arkansas Secretary of State, and Respondents began operating under the name Arkbit Capital Holdings LLC and ABC Holdings LLC. They also continued, at least in part, to operate as Arkbit Capital.
19. Respondent Arkbit Capital Holdings referred to the change as a “rebranding” as Respondent Arkbit Capital “evolves” into Respondent Arkbit Capital Holdings. They also explained Respondent Arkbit Capital Holdings would begin offering an artificial intelligence hub for Web 3.0 industries and a renewable energy modulation platform.

THE OPERATIONS OF RESPONDENT ARKBIT CAPITAL AND ARKBIT CAPITAL HOLDINGS

20. Respondents Arkbit Capital and Arkbit Capital Holdings (collectively “Respondent Arkbit”) purports to own and operate data centers in Arkansas that cloud mine various cryptocurrencies.
21. Respondents are representing Respondent Arkbit mines BTC, LTC, as well as ETH (not Ethereum Classic), even though Ethereum uses a proof-of-stake consensus mechanism, and XRP, which cannot be mined by miners.
22. Respondents are touting the success of the mining operations, variously representing as follows:
 - A. Respondent Arkbit recently announced it produced 326 BTC in March 2024 and 955 BTC from January 2024 to March 2024. Respondent Arkbit is also claiming that, in March 2024, it increased its operational hash rate by 54.6% and Bitcoin production by 49.5%.
 - B. Respondent Arkbit also recently announced its Bitcoin production in March 2024 increased 49% compared to March 2023, and the average Bitcoin produced per day increased to 10.7 in March 2024 from 7.2 in March 2023.
 - C. Respondent Arkbit is further highlighting the growth of its balance sheet, claiming that Respondent Arkbit’s total BTC holdings increased to 5751 and, as of the end of March 2024, its balance sheet reflected \$78.8 million in unrestricted cash and cash equivalents.
 - D. Respondent Arkbit is now claiming it was named the “best crypto mining company” for 2022 through 2023.
23. As described herein, Respondents are offering cryptocurrency mining investments to clients that register accounts and become members of Respondent Arkbit. Respondents are touting the breadth and scope of their dealings in investments, claiming they have “more than 900,000+ active members globally.”

**RESPONDENT ARKBIT, ITS
ADVERTISEMENTS, AND ITS FALSE CLAIMS OF LEGITIMACY**

24. Respondents have been publishing corporate records for Respondent Arkbit and other materials that purport to demonstrate the legitimacy of its operations. These corporate records and other materials include the following:
- A. A Certificate of Organization from the Arkansas Secretary of State for Respondent Arkbit Capital purportedly filed on or about September 21, 2022,
 - B. A Certificate of Organization from the Arkansas Secretary of State for Respondent Arkbit Capital Holdings purportedly filed on or about August 21, 2023,
 - C. Undated Articles of Respondent Arkbit Capital Holdings,
 - D. The Corporate Governance Guidelines of Respondent Arkbit Capital Holdings purportedly adopted by its Board of Directors on August 21, 2023,
 - E. The Code of Conduct for Respondent Arkbit Capital Holdings purportedly adopted by its Board of Directors on August 21, 2023,
 - F. The Charter of the Audit Committee of the Board of Directors of Respondent Arkbit Capital Holdings purportedly adopted by the Board of Directors of Respondent Arkbit Capital Holdings on August 21, 2023,
 - G. The Diversity Policy for Respondent Arkbit Capital Holdings purportedly adopted by its Board of Directors on August 21, 2023, and
 - H. The Whistleblower Policy for Respondent Arkbit Capital Holdings, LLC purportedly adopted by the Board of Directors of Respondent Arkbit Capital Holdings on August 21, 2023.
25. Respondent Arkbit is also publishing information relevant to compliance and regulation as follows:
- A. Respondent Arkbit is acknowledging the need to stay informed on regulations and legal considerations to ensure compliance and responsible cryptocurrency mining operations.
 - B. Although Respondent Arkbit is publishing information relevant to compliance and regulation, it is not disclosing the Arkansas Request for Cease and Desist Order, the Arkansas Cease and Desist Order, or any information showing compliance in any jurisdiction implicated by its offer and sale of the investments described herein.
26. Respondent Arkbit is also directing prospective investors to articles purportedly published in or carried by the Minnesota Star Tribune, News Channel Nebraska and WPGX Fox 28. However, the article purportedly published in the Minnesota

Star Tribune is a press release distributed by a third party, and News Channel Nebraska and WPGX Fox 28 removed the content.

THE STANDARD AND COMPREHENSIVE ROI PLANS

27. Respondents are offering investments that purportedly yield daily profits and provide investors, occasionally referred to as “shareholders,” with exposure to the operating margins of digital currency mining.
28. Respondents have been offering these investments through internet websites (abcholdings.io and abcmining.me), online meetings hosted through Zoom (Meeting ID 817 1403 8970) and social medial platforms including Facebook (@arkbitcapitalholdings), Instagram (@arkbit.business and @abcholdingsllc), X/Twitter (@arkbitbusiness and @abcholdingsllc), YouTube (@abcholdingsllc), Linkedin (@arkbitcapitalholdings), Telegram (@arkbitcapital) and WhatsApp (@0029Va63AhoGOj9jz1JcmP0R and 251-333-2669).
29. Respondents are referring to the investments as Standard Plans and Comprehensive ROI Plans.
30. Respondents are representing the Standard Plans include the Novice, Plus, Proficient and Supreme Standard Plans. Respondents are describing the products as follows:
 - A. Investors purchase the Novice Standard Plan by depositing digital assets valued at between \$50 and \$4,999 and purportedly earn a daily 1.6% ROI over a term of 120 days,
 - B. Investors purchase the Plus Standard Plan by depositing digital assets valued at between \$5,000 and \$9,999 and purportedly earn a daily 1.9% ROI over a term of 120 days,
 - C. Investors purchase the Proficient Standard Plan by depositing digital assets valued at between \$10,000 and \$24,999 and purportedly earn a daily 2.2% ROI over a term of 120 days, and
 - D. Investors purchase the Supreme Standard Plan by depositing digital assets valued at between \$25,000 and \$49,999 and purportedly earn a daily 2.5% ROI over a term of 120 days.
31. Respondents are representing the Comprehensive ROI Plans include the ROI-Boost, ROI-Wise, ROI-Ace and ROI-Max Comprehensive Plans. They are describing these Comprehensive Plans as follows:
 - A. Investors purchase the ROI-Boost Comprehensive Plan by depositing digital assets valued at between \$50 and \$4,999 and purportedly earn between 1.2% and 1.8% daily ROI over a term of 120 days,

- B. Investors purchase the ROI-Wise Comprehensive Plan by depositing digital assets valued at between \$5,000 and \$9,999 and purportedly earn between 1.6% and 2.2% daily ROI over a term of 120 days,
 - C. Investors purchase the ROI-Ace Proficient Comprehensive Plan by depositing digital assets valued at between \$10,000 and \$24,999 and purportedly earn between 1.9% and 2.5% daily ROI over a term of 120 days, and
 - D. Investors purchase the ROI-Max Comprehensive Plan by depositing digital assets valued at between \$25,000 and \$49,999 and purportedly earn between 2.2% and 2.8% daily ROI over a term of 120 days.
32. Investors are able to withdraw profits on the 5th, 15th and 25th of every month. They must withdraw a minimum of \$12 and Respondents charge a 5% transaction fee on every successful withdrawal.

PROCESSING PAYMENTS FROM INVESTORS

33. Investors are told they purchase the Standard and Comprehensive ROI Plans by activating a “smart investment contract.”
34. They activate the smart investment contract by transferring certain digital assets to Respondent Arkbit. These digital assets include BTC, ETH, ETC, LTC, USDT (ERC20), USDT (TRC20) and DOGE.
35. Although Respondents are touting the sophistication of their digital asset operations, they are not actually processing the digital asset transactions. Instead, Respondents are relying on UAB Star Ventures dba CoinPayments, Inc. (“CoinPayments”), to process transfers of digital assets from investors.
36. CoinPayments is a Cayman Islands exempted company that maintains a website at coinpayments.net.
37. The website presents a User Agreement that requires parties to represent they are not located in, under the control or, or a national resident of a restricted jurisdiction. The website also sets forth a list of restricted countries and jurisdictions where CoinPayments’ services are unavailable. The restricted jurisdictions include the United States.
38. Although Respondent Arkbit is relying on CoinPayments to process digital asset transactions, it did not disclose it is purportedly located in Arkansas or the United States, and it did not disclose it is purportedly operating in a restricted jurisdiction.
39. Instead, Respondent Arkbit created the account with CoinPayments as follows:
- A. Respondent Khivesara, acting on behalf of Respondent Arkbit, created the account at CoinPayments, and he has been the account holder at all times material hereto.

- B. When creating the account, Respondent Khivesara submitted an identification card issued by India showing he resides at 14-4-243 Shainayath Gunj Begum Bazar Near Lmg School, Hyderabad 500012 Telangana India.
- C. Respondent Khivesara has been using ActFibernet Delhi, an internet service provider located in Hyderabad in Telangana in India, to access the account.

THE AFFILIATE PROGRAM AND THE CAREER PROGRESSION PROGRAM

- 40. Respondent Arkbit is compensating existing investors for recruiting new clients through an affiliate program whereby investors earn referral commissions of 6% and binary commissions of 10%.
- 41. Respondent Arkbit is also compensating investors through a Career Progression Program. The Career Progression Program consists of four sequential phases, and affiliates must satisfy benchmarks tied to the recruitment of new investors to progress through the phases and earn compensation. Respondents are describing these four sequential phases as follows:
 - A. Investors earn \$3,500 by satisfying all benchmarks in the first phase, referred to as the Prime Career Progression Plan, and they are thereafter assigned to the second phase, referred to as the Pristine Career Progression Plan,
 - B. Investors earn \$23,000 by satisfying all benchmarks in the Pristine Progression Plan, and they are thereafter assigned to the third phase, referred to as the Platinum Career Progression Plan,
 - C. Investors earn \$160,000 by satisfying all benchmarks in the Platinum Career Progression Plan, and they are thereafter assigned to the fourth phase, referred to as the Royal Career Progression Plan, and
 - D. Investors earn \$1 million by satisfying all benchmarks in the Royal Career Progression Plan.

THE OFFICES

- 42. Until in or around October 2022, Respondent Arkbit claimed its office was located at 361 Southwest Drive, Unit 433, Jonesboro, Arkansas 72401. Despite its representations, Respondent Arkbit did not actually maintain an office at this address, which actually belongs to a business that offers packing, shipping, crating and freight services.
- 43. Respondent Arkbit currently claims its office is located at 124 West Capitol Avenue, Little Rock, Arkansas 72201. It also represented its office was located at this address in filings with the Arkansas Secretary of State. Despite its representations, Respondent Arkbit does not actually have an office at 124 West Capitol Avenue, Little Rock, Arkansas 72201.

44. Respondent Arkbit is publishing videos that purportedly depict the interior of its office at 124 West Capitol Avenue, Little Rock, Arkansas 72201. Although these videos purportedly depict the interior of its office, the videos actually depict a facility that can be leased from a third party and used for various events.

THE IDENTITY AND QUALIFICATIONS OF PERSONS PORTRAYED AS OFFICERS

45. Respondents are misrepresenting the qualifications of Respondent Arkbit's officers, including Respondent Brewer, Schou and Talbot, as follows:
 - A. Respondents are representing Respondent Brewer is a "Certified Professional Accountant" and holds "a CPA certification in the state of Arkansas." In truth and in fact, Respondent Brewer has not been licensed as a CPA with the Arkansas State Board of Public Accountancy at any time material hereto.
 - B. Respondents are also representing Respondent Schou earned a bachelor's degree in electrical engineering from the University of Texas. In truth and in fact, Respondent Schou did not earn a bachelor's degree in electrical engineering, or any other degree, from the University of Texas.
 - C. Respondents are representing Respondent Talbot is the General Counsel Adviser for Respondent Arkbit Capital Holdings. In truth and in fact, Respondent Talbot has not been licensed to practice as an attorney in Arkansas at any time material hereto.
46. Respondents are also publishing media that purportedly depict Respondent Brewer. In truth and in fact, the images of Respondent Brewer actually show an actor recently credited with a role in a movie funded, at least in part, through Kickstarter.

THE USE OF STOCK FOOTAGE AND FAKE VIDEOS

47. Respondents are publishing videos that purportedly depict the staff of Respondent Arkbit, as well as the exterior and interior of its facilities.
48. The videos include stock footage that has been manipulated to appear authentic.
49. Respondents are claiming Respondent Arkbit organized the Green-Crypto Summit 2023 and are publishing a video purportedly depicting Respondents Estabrook, Novosel and other purported employees of Respondent Arkbit attending the conference. They are also publishing information that describes the Green Crypto Summit 2023 as a forum of experts, industry leaders and enthusiasts and concluded it was a "resounding success in advancing sustainability in the blockchain industry."
50. In truth and in fact, the media actually depicts the 2023 Crypto Energy Summit 2.0, an event hosted in Cannonsburg, Pennsylvania, in May 2023. The media was manipulated to falsely show Respondent Arkbit organized the event.

51. Respondents are publishing videos that purportedly show Respondent Estabrook attended and sat for an “exclusive interview” at Consensus 2022 by CoinDesk in Austin, Texas.
52. The video was manipulated to falsely show Respondent Estabrook being interviewed at Consensus 2022 by Consensus. In truth and in fact, neither he nor other employees of Respondent Arkbit were speakers or presenters at the event.
53. Respondents are also publishing advertisements that contain content attributable to other firms. For example, on or around February 22, 2024, a digital asset mining company with shares listed on the NASDAQ stock exchange posted various images of its T21 miners. On or around March 17, 2024, Respondent Arkbit posted an announcement using the exact same images, attributing the T21 miners to Respondent Arkbit, and not the publicly traded company.
54. Sales agents are advertising Respondent Arkbit and its products using manipulated media, including the following:
 - A. A sales agent is publishing images of a City Councilmember speaking at a roundtable addressing transportation priorities. The images have been manipulated to falsely show the City Councilmember is affiliated with Respondent Arkbit and the speakers are promoting the Standard Plans.
 - B. A sales agent is publishing images of an entrepreneurial coach speaking at a live networking event for empowering women. The images have been manipulated to superimpose Respondent Arkbit’s logo behind the stage and create the impression the event was affiliated with Respondent Arkbit.
 - C. A sales agent using the name “Zain Caius” is promoting Respondent Arkbit and its investment through social media. His advertisements include photographs that purportedly depict him. These photographs, however, are identical to photographs published in a website for an online magazine that purportedly depict an editor who is not named Zain Caius.
55. Sales agents are also advertising the Standard and Comprehensive ROI plans by providing prospective investors with a document styled “Guaranty Agreement by Arkbit Capital LLC.” The Guaranty Agreement is described in greater detail as follows:
 - A. It provides that Respondent Arkbit certified an investment will “secured in all aspects” and it was purportedly executed by Respondents Brewer and Talbot.
 - B. It identifies Marvin Thomas Gilk as the “Guarantee Holder,” and his social media identifies him as Marvin Tomaz Gilk, a purported “Crypto Millionaire” from Tahiti, Finland.
 - C. It explains the Securities and Exchange Commission governs the validity, construction, enforcement, and interpretation of the Guaranty Agreement.

- D. Although the presentation and document appear official, they were not created by Respondent Arkbit. Instead, a sales agent using the name Jey Prendiville created the presentation on February 19, 2024, using Canva, an online template editor app for creating social media graphics and presentations.

REGISTRATION VIOLATIONS

56. The Standard and Comprehensive ROI Plans have not been registered by qualification, notification, or coordination and no permit has been granted for their sale in Texas at any time material hereto.
57. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.

FRAUD, DECEIT AND RESPONDENT ARKBIT'S OFFICE

58. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents are intentionally failing to disclose the material fact that Respondent Arkbit Capital previously claimed its office was located at 361 Southwest Drive, Unit 433, Jonesboro, Arkansas 72401, which actually belongs to a business that offers packing, shipping crating and freight services.
59. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents are misrepresenting the relevant fact that Respondent Arkbit's office is located at 124 West Capitol Avenue, Little Rock, Arkansas 72201.
60. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents are publishing videos that purportedly depict the interior of its offices and intentionally failing to disclose the material fact that the videos actually depict a set that can be leased from a third party and used for various events.
61. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents are publishing videos that purportedly depict its digital asset mining facility and intentionally failing to disclose the material fact that the videos include stock footage that has been manipulated to appear authentic.
62. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents are intentionally failing to disclose that actual location of Respondent Arkbit's offices, and this information constitutes a material fact.

FRAUD, DECEIT AND OPERATIONAL INFORMATION

63. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents Arkbit, Brewer, Estabrook, and Talbot are intentionally failing to disclose financial information for Respondent Arkbit, including the capitalization of Respondent Arkbit, including its assets, liabilities, and revenue, and said information constitutes a material fact.

64. Respondents Schou, Novosel and O'Connor are describing the business of Respondent Arkbit and the profitability of the Standard and Comprehensive ROI Plans. Their descriptions are materially misleading or otherwise likely to deceive the public because they are not disclosing the capitalization of Respondent Arkbit, including its assets, liabilities, and revenue.
65. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents Arkbit, Brewer, Estabrook and Talbot are intentionally failing to disclose the following material facts relating to cryptocurrency mining:
- A. The costs associated with mining of digital assets, including the costs associated with using electricity and other sources of power, maintaining, and upgrading hardware, holding digital assets in secure wallets and constructing new facilities,
 - B. The procedures for securing digital assets, including a description of the types of wallets used to hold digital assets, the manner in which Respondent Arkbit protects digital assets from theft or loss, and any type of process for auditing or accounting for assets held in its wallets,
 - C. The types of exchanges used to convert digital assets and the costs associated with converting or offboarding digital assets, and
 - D. The risks associated with mining digital assets, including risks associated with potential changes in the regulation of digital assets, the risks associated with extreme weather impacting the costs of mining digital assets, and the risks associated with system failures, hacking incidents and malicious attacks.
66. Respondents Schou, Novosel and O'Connor are offering the Standard and Comprehensive ROI Plans, and their statements relating thereto are materially misleading or otherwise likely to deceive the public because they are not disclosing:
- A. The costs associated with mining of digital assets, including the costs associated with using electricity and other sources of power, maintaining, and upgrading hardware, holding digital assets in secure wallets and constructing new facilities,
 - B. The procedures for securing digital assets, including a description of the types of wallets used to hold digital assets, the manner in which Respondent Arkbit protects digital assets from theft or loss, and any type of process for auditing or accounting for assets held in its wallets, and
 - C. The types of exchanges used to convert digital assets and the costs associated with converting or offboarding digital assets, and
 - D. The risks associated with mining digital assets, including risks associated with potential changes in the regulation of digital assets, the risks associated with extreme weather impacting the costs of mining

digital assets, and the risks associated with system failures, hacking incidents and malicious attacks.

FRAUD, DECEIT AND THE QUALIFICATIONS OF OFFICERS

67. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents Arkbit and Brewer are misrepresenting Respondent Brewer is a “Certified Professional Accountant” and holds “a CPA in the state of Arkansas,” and this information constitutes a relevant fact.
68. Respondents Arkbit, Estabrook, Schou, Novosel, Talbot, and O’Connor are representing Respondent Brewer is a “Certified Professional Accountant” and holds “a CPA in the state of Arkansas.” These statements are materially misleading or otherwise likely to deceive the public because Respondent Brewer has not been licensed as a CPA with the Arkansas State Board of Public Accountancy at any time material hereto.
69. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents Arkbit and Schou are misrepresenting that Respondent Schou earned a bachelor’s degree in electrical engineering from the University of Texas, and this information constitutes a relevant fact.
70. Respondents Arkbit, Brewer, Estabrook, Novosel, Talbot and O’Connor are representing that Respondent Schou earned a bachelor’s degree in electrical engineering from the University of Texas. These statements are materially misleading or otherwise likely to deceive the public because Respondent Schou did not earn a bachelor’s degree in electrical engineering, or any other degree, from the University of Texas.
71. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents Arkbit and Talbot are representing Respondent Talbot is the General Counsel Adviser for Respondent Arkbit Capital Holdings and intentionally failing to disclose the material fact that Respondent Talbot has not been licensed to practice as an attorney in Arkansas at any time material hereto.
72. Respondents Arkbit, Brewer, Estabrook, Schou, Novosel, Talbot and O’Connor are representing Respondent Talbot is the General Counsel Adviser for Respondent Arkbit Capital Holdings, and these statements are materially misleading or otherwise likely to deceive the public because Respondent Talbot has not been licensed to practice as an attorney in Arkansas at any time material hereto.
73. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents are intentionally failing to disclose the following material facts relating to the officers of Respondent Arkbit:
 - A. The true identity of the officers of Respondent Arkbit, and
 - B. The business repute, qualifications, and experience of the actual officers of Respondent Arkbit.

FRAUD, DECEIT AND THE USE OF IMAGES OF AN ACTOR TO DEPICT THE FOUNDER

74. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents Arkbit, Brewer, Estabrook, Novosel and Talbot are publishing an image of Respondent Brewer and intentionally failing to disclose the material fact that the image of Respondent Brewer is actually an image of an actor.
75. Respondent O'Connor is promoting Respondent Arkbit, describing Respondent Brewer and directing investors to Respondent Arkbit's website, which contains an image purporting to depict Respondent Brewer. Respondent O'Connor's statements relating thereto are materially misleading or otherwise likely to deceive the public because the image of Respondent Brewer is actually an actor.

FRAUD, DECEIT AND THE CONCEALMENT OF RESPONDENT KHIVESARA

76. In connection with the offer of the Standard and Comprehensive ROI Plans, Respondents Arkbit, Brewer, Estabrook, Novosel, Talbot and Khivesara are intentionally failing to disclose the existence, identity, position, and duties of Respondent Khivesara, and this information constitutes a material fact.

DECEPTION AND THE USE OF COINPAYMENT TO PROCESS TRANSACTIONS DENOMINATED IN DIGITAL ASSETS

77. As described herein, investors purchase the Standard and Comprehensive ROI Plans using digital assets. Respondents' statements about the acceptance of digital assets are materially misleading or otherwise likely to deceive the public because:
 - A. Respondent Arkbit relies on CoinPayments to process transfers of digital assets from investors,
 - B. Respondent Khivesara opened the account and is named in the account at CoinPayments,
 - C. CoinPayments' website provides a User Agreement that requires parties to represent they are not located in, under the control or, or a national resident of a restricted jurisdiction,
 - D. The website also sets forth a list of restricted countries and jurisdictions where CoinPayments' services are unavailable,
 - E. The restricted jurisdictions include the United States, and
 - F. Respondent Khivesara did not disclose or provide any information to CoinPayments indicating the service was being used for an organization operating in the United States.

DECEPTION, COMPLIANCE AND REGULATION

78. As described herein, Respondents are publishing corporate records and information relevant to compliance and regulation. As also described herein, Respondents are acknowledging the need to stay informed on regulations and legal considerations to ensure compliant and responsible cryptocurrency mining operations. These statements are materially misleading or otherwise likely to deceive the public because:
- A. They are not disclosing the Arkansas Request for Cease and Desist or the Arkansas Cease and Desist Order,
 - B. They are not disclosing they misrepresented the address of Respondent Arkbit in corporate records filed with the Arkansas Secretary of State,
 - C. Respondent Arkbit is not providing prospective investors with any additional information demonstrating it has acquired the appropriate license to offer and sell the investments described herein or that it is exempt from relevant registration requirements,
 - D. Respondents are offering the Standard and Comprehensive ROI Plans, and these products have not been registered or permitted for sale in Texas, and
 - E. Respondents are offering the Standard and Comprehensive ROI Plans, and Respondents have not been registered with the Securities Commissioner as dealers or agents.

DECEPTION AND THE AFFILIATE PROGRAM

79. As described herein, Respondents are representing Respondent Arkbit is compensating existing investors for recruiting new clients through an affiliate program and a Career Progression Program. Their statements describing the affiliate program and Career Progression Program are materially misleading or otherwise likely to deceive the public because:
- A. Parties offering the investment plans in or from Texas are offering unregistered securities in violation of Section 4003.001 of the Securities Act, and
 - B. Parties offering the investment plans in or from Texas are offering securities in violation of Section 4004.051 of the Securities Act unless the parties registered as dealers or agents.

DECEPTION AND THE DESCRIPTION OF INVESTORS AS SHAREHOLDERS

80. As described herein, Respondents are referring to purchasers of the Standard and Comprehensive ROI Plans as shareholders. These statements are materially misleading or otherwise likely to deceive the public because:
- A. Purchasers of the Standard and Comprehensive Plans are not acquiring an equity interest in Respondent Arkbit Capital, Respondent Arkbit Capital Holdings or any other issuer,
 - B. Purchasers of the Standard and Comprehensive Plans are not afforded the same rights as owners of shares issued by a business, such as the rights to vote and to inspect corporate documents, and
 - C. Purchasers of the Standard and Comprehensive Plans are not afforded the opportunity to claim dividends declared by Respondent Arkbit Capital, Respondent Arkbit Capital Holdings or any other issuer.

CONCLUSIONS OF LAW

1. The Standard and Comprehensive ROI Investment Plans are securities as that term is defined in Section 4001.068 of the Securities Act.
2. Respondents are violating Section 4003.001 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with or permitted by the Securities Commissioner.
3. Respondents are violating Section 4004.051 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 4004.051 of the Securities Act.
4. Respondents are engaging in fraud in connection with the offer for the sale of securities.
5. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 4007.104 of the Securities Act.

ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.

2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers, agents, investment advisers, or investment adviser representatives in Texas until they are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Texas Securities Act.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
4. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 4007.104 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 4007.206 of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 4007.104 of the Securities Act is a criminal offense punishable by a fine of not more than \$10,000.00, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 28th day of May, 2024.



TRAVIS J. ILES
Securities Commissioner