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TEXAS SECURITIES BOARD SECURES FULL REFUNDS FOR TEXAS GS PARTNERS CLIENTS TEXAS AND OTHER STATES SETTLE ACTIONS AGAINST JOSIP HEIT, GS PARTNERS AND AFFILIATES

SEPTEMBER 09, 2024. Securities Commissioner Travis J. Iles announced the Texas State Securities Board is [settling claims with GSB Gold Standard Corporation AG, a German company purportedly operating in the fintech and banking industries, and GSB Gold Standard Bank LTD dba GS Partners](#). The settlement also names Josip Heit, the alleged owner and Chairman of the Board, and other affiliated organizations that are often collectively known as GSB Group. The settlement ensures Texans will receive a return of all fiat and cryptocurrency deposited with GSB Group and GS Partners, regardless of the product or service they purchased from the respondents.

The settlement is the product of the work of a coalition of state and provincial securities regulators led by the Texas State Securities Board, as well as agencies from Alabama, Arizona, Arkansas, and Georgia. In October 2023, the working group began pooling their resources and leveraging their expertise to quickly investigate respondents and their alleged offering of investments tied to digital assets and metaverses, including G999 token, a digital asset deployed on a proprietary blockchain tied to physical gold; XLT Vouchers, a digital asset purportedly representing ownership interests in a skyscraper; and investments in a so-called staking pool in a metaverse known as Lydian World. Their investigation also focused on the alleged sale of Elemental and Success Series Certificates, whereby purchasers were allegedly incentivized through gamification to continue to add more and more principal to their certificates to unlock variously passive income features, such as the payment of weekly or monthly passive income.

“The securities markets continue to rapidly evolve, and many legitimate firms are using new technologies to develop cutting-edge products and services, increase efficiencies and contribute to overall economic development,” said Commissioner Iles. “Sellers are, however, often using these technologies to illegally offer securities to retail clients. Now more than ever, investors should not take flashy graphics, professional videos or the use of sophisticated terminology as a badge of legitimacy. We encourage all retail investors to work with their state securities regulator and investigate before they invest.”

On November 16, 2023 – just four weeks after the commencement of the coordinated investigation – the Texas State Securities Board, other state regulators and a provincial regulator began filing enforcement actions against the respondents to stop allegedly illegal offers and sales

in their jurisdictions.¹ Starting today, various state agencies are beginning to announce the execution of a term sheet for the settlement of their actions. The states leading the working group negotiated the term sheets to permit their agencies and all other U.S. state securities regulators to participate in the same settlement on the same terms.²

The resolution was driven, in part, by the opportunity to provide significant financial relief to clients of GS Partners and other members of GSB Group. Texans and residents of other participating jurisdictions who deposited principal with the respondents will be eligible to receive the value of their deposits, less the value of any withdrawals. The settlement applies to all products and services sold by the respondents, including G999 token, the XLT Vouchers, the so-called staking pool in the metaverse and Elemental and Success Series Certificates, so long as the investments were purchased from respondents.

The claims process will be administered by AlixPartners LP, a firm consisting of more than 3,000 experienced personnel drawn from the Federal Bureau of Investigation, Internal Revenue Service, Securities and Exchange Commission and other public and private organizations. The lead states selected the firm because its credentials show considerable relevant expertise – AlixPartners, for example, managed a claims process for clients of Bernie Madoff and it was recently hired by the bankruptcy managers for FTX to perform complex cryptocurrency and blockchain analyses. The settlement terms require the respondents to pay AlixPartners for its work, meaning refunds paid to eligible clients will not be reduced to cover its costs and expenses.

“In my experience, regulatory actions that materially benefit many investors are unfortunately rare, largely because parties accused of illegally raising capital from retail investors tend to spend, not preserve, profits from their misconduct,” said Commissioner Iles. “Today’s settlement is different. It does not simply provide a benefit Texans and residents of other participating states. Instead, the settlement should effectively make many, many clients whole.”

¹ On November 16, 2023, Commissioner Iles [announced](#) the entry of [Order ENF-23-CDO-1879](#) against Mr. Heit and members of GSB Group, as well as Swiss Valorem Bank LTD, Dirc Zahlmann, Bruce Innes Wylde Hughes and Aline Lima. Order ENF-23-CDO-1879 found that Swiss Valorem Bank LTD, Mr. Zahlmann, Mr. Hughes and Ms. Lima illegally, deceptively and/of fraudulent offered securities in Texas. Order ENF-23-CDO-1879, its findings and its conclusions are final and not subject to appeal as they relate to Swiss Valorem Bank LTD, Mr. Zahlmann, Mr. Hughes and Ms. Lima. These parties are not part of today’s settlement.

Enforcement actions were also filed by securities regulators in Alabama (11/16), Arizona (11/16), Arkansas (11/16), California (11/16), Kentucky (11/16), New Hampshire (11/16), Washington (11/16), Wisconsin (11/16), British Columbia (12/1), Mississippi (12/6) and Georgia (1/22/24). The named respondents, as well as the allegations against said respondents, vary from jurisdiction to jurisdiction and additional information can be accessed from those agencies.

² The lead states also negotiated the settlement to provide Canadian regulators with the option of negotiating a term sheet containing substantially similar terms that accounts for Canadian law and legal process.

Following the execution of the term sheet, the Texas State Securities Board and other participating states will begin notifying clients and coordinating with AlixPartners. In the near future, participating states will announce the date that clients can begin taking steps to participate in the claims process. In the meantime, the agency strongly encourages Texans that deposited fiat currency or digital assets with the respondents to begin preparations by contacting the agency's Enforcement Division at enforceinfo@ssb.texas.gov. The Texas State Securities Board will publish and routinely update information about the claims process on its website, and

Texans can subscribe to [an official mailing list](#) that will be used to disseminate information about this case, as well as other matters relating to the agency's work.

"If you live in Texas, and you purchased any product or service from GS Partners, please reach out to us as soon as possible. We can help you begin preparing for the claims process," said Financial Examiner Seth Oufnac. Enforcement Attorney Kristen McCourt noted that communications with the Texas State Securities Board are protected and deemed confidential as a matter of law. She also joined Financial Examiner Oufnac in encouraging Texas clients to contact the agency sooner rather than later, adding "We want to hear your story. We can help you navigate this process. We stand ready to provide any necessary assistance to ensure you receive a return of your deposits."

Returning deposits through AlixPartners is the first of two steps in the settlement, which was bifurcated to prioritize payments to eligible clients. Assuming the respondents successfully return deposits to clients as required by the term sheet, GSB Group and Mr. Heit will consent to the entry of an enforcement order that concludes they illegally offered and/or sold securities that were not registered pursuant to state law. The consent order will replace any prior administrative actions filed by state securities regulators in participating jurisdictions solely as those prior administrative actions relate to the respondents.³ Under Texas law, violation of a cease and desist order is classified as a third degree felony punishable by incarceration for a term of not more than 10 years or less than 2 years.

"We previously alleged that illegal securities sales in Texas and other states were driven by unregistered multilevel marketers. They may be eager to share information relating to the settlement and the return of deposits to clients," said Enforcement Director Rotunda. "Please, however, remember that information can lose meaning and even become distorted when disseminated from one person to the next person, and then to the next person, and then to yet another person. Clients receiving contradictory information from marketers should independently verify the representations before acting upon them." He encouraged Texans to contact the Enforcement Division of the Texas State Securities Board to corroborate any apparently inconsistent information presented to them.

³ The consent order will not affect Order ENF-23-CDO-1879, including its findings of fraudulent, deceptive and/or illegal conduct, as they relate to Swiss Valorem Bank LTD, Mr. Zahlmann, Mr. Hughes and Ms. Lima. Simply, the settlement does not in any way impact Order ENF-23-CDO-1879 as it relates to Swiss Valorem Bank LTD, Mr. Zahlmann, Mr. Hughes and Ms. Lima.

Commissioner Iles recognized the leadership and exceptional work of the agency's Enforcement Division, and he specifically recognized the key contributions of Financial Examiner Seth Oufnac and Enforcement Attorney Kristen McCourt. He also recognized the work of other states, including the Alabama Securities Division, the Arizona Corporations Commission's Securities Division, the Arkansas Securities Department, the Georgia Secretary of State's Securities Division. Commissioner Iles also specifically recognized Ricky Locklar, a Regulatory Compliance Manager for the Alabama Securities Division, for his initiative and material contributions to the investigation and resolution of the matter.

Contact: Texas State Securities Board, Enforcement Division
enforceinfo@ssb.texas.gov

If you are a client of GSB Group and/or GS Partners, please make sure the subject line of your email includes the terms "GSB Group" or "GS partners." Including either term will ensure your email is disseminated to attorneys or investigators familiar with this matter. Your communications with the agency are protected pursuant to Section 4007.056 of the Securities Act