

BEFORE THE INVESTOR PROTECTION DIRECTOR
FOR THE STATE OF DELAWARE

OKX.com, ELAINE KIM CHEN : Investor Protection Matter No. 23-0180
YU, DOES 1-15, and DOES :
16-20, :
Respondents. :

SUMMARY ORDER TO CEASE AND DESIST

Based upon a preliminary investigation conducted by the Investor Protection Unit of the Delaware Department of Justice (the “Unit”), pursuant to Title 6, §73-601(c) of the Delaware Securities Act (the “Act”) and Rule 263 of the Rules Pursuant to the Delaware Securities Act, the Unit has determined that evidence exists to support the entry of this Summary Order to Cease and Desist. This order is believed to be in the best interest of the victim identified below, as well as other possible victims not yet identified.

Findings of Fact

1. On September 6, 2023, the Unit received a complaint from a 68-year-old Delaware resident (the “Delaware Victim”) regarding investments made using cryptocurrency.
2. The Delaware Victim met a person online who went by the name Elaine Kim Chen Yu, or “Emily” for short. Upon information and belief, Elaine Kim Chen Yu is an alias.
3. Ms. Yu encouraged the Delaware Victim to make various investments using cryptocurrency.
4. The Delaware Victim was not informed of any risks and believed that he was making legitimate investments for which he was likely to receive a return.
5. On information and belief, Ms. Yu is working with a number of other unknown parties, Does 1-15, to operate a sham website, bybit.us. Bybit.us mimics the website bybit.com, belonging to Bybit, a large cryptocurrency exchange. Ms. Yu and Does 1-15 also solicit investors, including the Delaware Investor, and recommend investments in cryptocurrency through the sham website.

6. The Delaware Victim followed the advice of Ms. Yu and purchased cryptocurrency through what he believed to be the exchange Bybit, using the sham website bybit.us.
7. When he tried to make withdrawals, the Delaware Victim was repeatedly told he could not do so until he paid various fees.
8. The Delaware Victim took out multiple loans to pay the “fees.” After paying the fees, the Delaware Victim was still unable to withdraw his funds.
9. Inca Digital (“Inca”) is a cryptocurrency intelligence company that provides data, analytics, and expertise on cryptocurrency.
10. Based on a preliminary investigation conducted by the Unit, with Inca acting at the direction of the Unit, it is believed that Ms. Yu and the operators of the bybit.us website are part of a larger operation that uses cryptocurrency and sham companies to fraudulently obtain funds from victims.
11. Some of the fraudulently obtained funds are being held on cryptocurrency exchanges and by other cryptocurrency financial services providers.
12. Inca Digital, at the direction of IPU, has tracked some of the fraudulently obtained investments from the initial deposit into bybit.us to the accounts referenced below.
13. Upon information and belief, some the fraudulently obtained funds belonging to the Delaware Victim are now located in the following wallet(s) on the OKX exchange:

1)

Date	8/15/2023
Amount (BTC)	1.6729855
From	3AnqBBVLBQJmNBArVENBrPbb9Q2SJSATyo
To	32JVDMqxfitLeEdvFBJg4yDKaGu9izSSjd (OKX)
Transaction Hash	560823c57aef176bf30ac2f9a0550e1ec12fb2d5f732ceb2082b69ba6d2ec3db

2)

Date	8/16/2023
Amount (BTC)	1.7479855
From	3AnqBBVLBQJmNBArVENBrPbb9Q2SJSATyo
To	32JVDMqxfitLeEdvFBJg4yDKaGu9izSSjd (OKX)
Transaction Hash	304e33720f8a905196a176f3d8eb8ad812321156347694a710807602433d256f

3) Date	8/23/2023
Amount (BTC)	2.3238507
From	3AnqBBVLBQJmNBArVENBrPbb9Q2SJSATyo
To	32JVDMqxfitLeEdvFBJg4yDKaGu9izSSjd (OKX)
Transaction Hash	f00e24ccfd30c8a5811bbcf1925a456e80faea61acb8da15304ed193ab8de1a0

4) Date	8/28/2023
Amount (BTC)	1.88008115
From	3AnqBBVLBQJmNBArVENBrPbb9Q2SJSATyo
To	32JVDMqxfitLeEdvFBJg4yDKaGu9izSSjd (OKX)
Transaction Hash	a9389c3a9786961b6e2371ee81acf588115c23c80d6fc977aa07ed9d7bdc645d

14. As a cryptocurrency exchange, OKX.com acts as an online marketplace where people can buy and sell cryptocurrency by depositing and withdrawing it from “wallets.” Crypto wallets are pieces of hardware or software that allow the wallet owner to interact with the cryptocurrency exchange to buy and sell crypto. In its role as an exchange, OKX follows the instructions of the owner of a wallet with respect to effectuating transactions of cryptocurrency into or out of a given wallet. Because it acts at the direction of a wallet owner in this limited manner, OKX has an agency relationship with each wallet owner.
15. The Delaware Victim, and other unknown victims, do not have the private key (or code) to enable them to transfer their funds out of the wallets controlled by the scammers; only the scammers have that key. However, OKX.com, or any other exchange on which a wallet sits, has the ability to halt transactions into or out of that wallet.
16. Does 16-20 are other wallet owners and exchanges to which the Delaware Victim’s cryptocurrency has been, or could be, transferred.

Statutory Scheme

17. “The purpose of the Delaware Securities Act is to prevent the public from being victimized by unscrupulous or overreaching broker-dealers, investment advisers or agents in the context of selling securities or giving investment advice, as well as to remedy any harm caused by securities law violations. This prophylactic and remedial purpose shall be

deemed of paramount importance in the interpretation of the provisions of this chapter and particularly in any judicial review of sanctions or penalties imposed by the Investor Protection Director and of motions or request by persons affected to stay such sanctions or penalties.” § 73-101(b) of the Act.

18. “Whenever it appears that a person has violated or is about to violate this chapter by ... engaging in fraud or other prohibited conduct, the Director may summarily issue a cease and desist order against that person.” § 73-601(c).
19. The investments made by the Delaware Victim using cryptocurrencies are securities within the meaning of § 73-103(a)(23).
20. “It is unlawful for any person, in connection with the offer, sale or purchase of any security, directly or indirectly: ... to make any untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading.” §73-201(2).

Conclusions of Law

21. Respondent Yu made untrue statements of materials fact when offering an investment to the Delaware Victim, either knowing that the there was never the possibility that the Delaware Victim would have the investment returned or intending to deprive the Delaware Victim of the investment.
22. Respondent Yu and Does 1-15 operate a sham website, bybit.us, that is designed to mislead investors into believing that they are using the exchange Bybit when they are not. Respondent Yu and Does 1-15 have thus engaged in fraudulent conduct prohibited by §73-201(2) of the Act, forming the basis for issuance of this Summary Order to Cease and Desist pursuant to § 73-601 of the Act and Rule 263.
23. Respondent OKX.com, as the cryptocurrency exchange on which some of the Delaware Victim’s funds are currently sitting, is de facto acting as an agent of Ms. Yu and Does 1-15 and as such is also subject to the relief set forth below. In its role as agent, and as an exchange, OKX.com is in the unique position of being able to prevent the movement of the Delaware Victim’s funds pending further investigation or proceedings.
24. In the event that the Delaware Victim’s funds have been or will be transferred to new wallets and / or new exchanges, the owners of these wallets and / or exchanges,

Respondents Does 16-20, became or will become de facto agents of Ms. Yu and Does 1-15. Should such a transfer or transfers occur, Does 16-20 will be in the unique position of being able to prevent further movement of the Delaware Victim's funds.

Order to Cease and Desist

WHEREAS, after due deliberation, the Unit finds that it is necessary and appropriate, in the public interest, for the protection of investors, and is consistent with the purposes fairly intended by the policy and provisions of the Delaware Securities Act to issue the following Order:

NOW, THEREFORE, by the authority of §73-601(c) of the Delaware Securities Act and the Rules promulgated thereunder, IT IS ORDERED that:

Respondents, and every successor, affiliate, control person, agent, servant, and employee of them, and every entity owned, operated, or indirectly or directly controlled or hereinafter organized by or on behalf of them, shall immediately CEASE and DESIST any activity involving funds included in accounts outlined above, as they have a known affiliation with an active investigation and are derived from conduct potentially in violation of the Act.

Respondents, and every successor, affiliate, control person, agent, servant, and employee of them, and every entity owned, operated, or indirectly or directly controlled or hereinafter organized by or on behalf of them, shall immediately CEASE and DESIST from engaging in acts and practice that violate the Delaware Securities Act and that allow Ms. Yu, the operators of bybit.us, and any other entity to violate the Delaware Securities Act.

Within twenty-five (25) days of receipt of written notification that this Order has been issued, Respondents, if desiring to have this order vacated or modified, may file a written request for a hearing on the matter with the Unit.

Upon receipt of such a written request for a hearing, the matter will be set down for a hearing to commence within fifteen (15) days after receipt of the request, unless the person making such a request consents to a later date.

If no hearing is requested, this Order shall remain in effect until modified or vacated by the Director.

FAILURE TO COMPLY WITH THIS ORDER MAY RESULT IN CRIMINAL PROSECUTION, INJUNCTIVE PROCEEDINGS, CIVIL CONTEMPT PROCEEDINGS

(RESULTING IN THE ASSESSMENT OF CIVIL MONETARY PENALTIES) AND,
SUBJECT TO THE RIGHT OF HEARING AFFORDED RESPONDENTS UNDER THE
DELAWARE SECURITIES ACT, THE IMPOSITION OF ADMINISTRATIVE MONETARY
ASSESSMENTS AND STATUTORY BARS.

SO ORDERED this 15th day of September, 2023.

BY ORDER OF THE DIRECTOR

/s/ Jillian Lazar _____

Jillian Lazar
Investor Protection Director
State of Delaware