



5 hours ago | Kevin Helms (<https://news.bitcoin.com/author/kevin-helms/>)

US State Issues Emergency Cease and Desist Order to Two Crypto Investment Firms

(<https://news.bitcoin.com/wp-content/uploads/2018/05/texas-CD.png>)

A U.S. state has issued emergency cease and desist orders to two companies and related cryptocurrency investment schemes. The first company posted videos of three mining farms according to the order. Both companies made numerous materially misleading claims about their operations.

Also read: Yahoo! Japan Confirms Entrance Into the Crypto Space (<https://news.bitcoin.com/yahoo-japan-confirms-entrance-crypto-space/>)

Bitcoin Trading & Cloud Mining Limited

The Texas State Securities Board has issued

(<https://www.ssb.texas.gov/sites/default/files/ENF-18-CDO-1762.pdf>) "an emergency cease and desist order" to London-based Bitcoin Trading & Cloud Mining Limited, also known as Btcrush. Also included in the order are the company's sole director and shareholder Jaylene Cross, founder and CEO Bruce Rodgerson, Chief Marketing Officer Robin Lozinski, and sales agent Thomas A. Johnson.

Btcrush is self-described on its website as "a cloud-based cryptocurrency mining company that mines bitcoin and altcoins and profits from selling altcoins for bitcoins." The company

promises an investment return of 4.1% daily interest regardless of the profitability of its mining operations, adding that its main principle is a "100% satisfaction guarantee for [its]

A principal investment of \$10,000.00 for a term of 365 days returns \$149,650.00 per hour, \$410.00 per day and \$149,650.00 per year.

In addition, the company has been recruiting investors as sales agents, promising them a percentage of the principal investment deposited by the new investors that they recruit.

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Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
[www\(ssb.texas.gov](http://www(ssb.texas.gov)

IN THE MATTER OF
BITCOIN TRADING & CLOUD MINING LIMITED AKA
BTCRUSH, JAYLON CROSS, BRUCE RODGERSON,
ROBIN LOZINSKI AND THOMAS A. JOHNSON
§
§
§
Order No ENI

TO: BITCOIN TRADING & CLOUD MINING LIMITED AKA BTCRUSH
19 Eastbourne Road, London, United Kingdom, E6 6AU

Bogus Mining Farm Videos

According to the order, Btcrush had posted videos of its three mining farms on its website.

The first mining farm the company claims to operate is the Maverik Farm, which it describes as the "most powerful farm" located "in the mountains."

The second is the Hephaestus Farm, which Btcrush claims to be the "most reliable and secretive farm located in a bunker of the Second World War times."

The third is the Rebelpower Farm, located "at the former power station."

However, the Securities Commissioner wrote:

Although the Btcrush website represents these videos depict Hephaestus Farm and the Rebelpower Farm, they do not actually operated by respondent Btcrush. Instead, respondent Btcrush manipulating stock footage available for sale on 1

Forex EA & Bitcoin Investment

The second company (<https://www.ssb.texas.gov/sites/default/files/Order%20No.%20EN.pdf>) received an emergency cease and desist order from the Texas State Securities Board on Tuesday is the MyForexEA Investment LLC, also known as My Forex EA. Also included in the order are James Butcher's company's Forex and Bitcoin trading program targeting Texas residents, the Securities Co

An investment of \$500.00 in the Forex and Bitcoin trading program in twenty-one calendar days.. [and] an investment of \$1,000.00 in the trading program will return \$10,000.00 in twenty-one

Similarly, an investment of \$20,000 will yield \$20,000 and \$5,000 will yield 50,000 in the short term. They also claim that the investments involve "no risk" and their returns "are 100% assured and investors can lose money."

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IN THE MATTER OF §
FOREX EA & BITCOIN INVESTMENT LLC AKA MY FOREX EA §
FOREX EA & BITCOIN INVESTMENT LLC AKA MY FOREX EA §
FOREX EA, JAMES BUTCHER AND RICHARD DUNN §
Order No EI

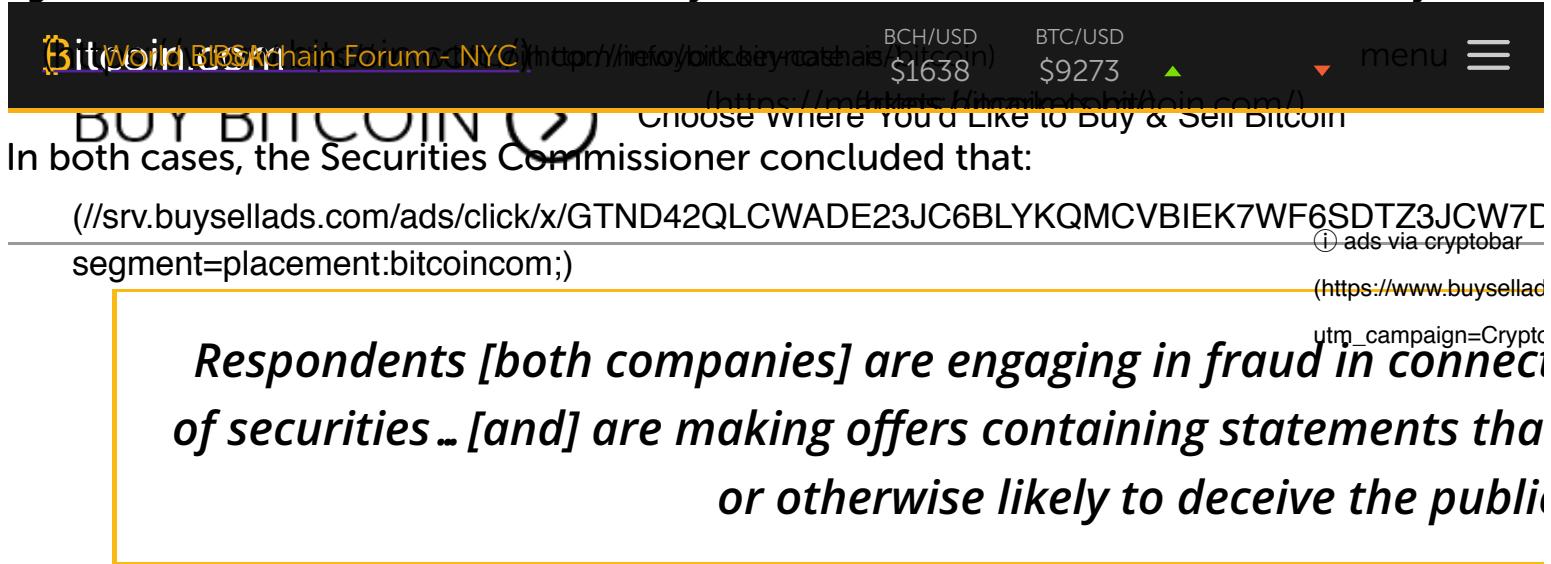
TO: FOREX EA & BITCOIN INVESTMENT LLC AKA MY FOREX EA
INVESTMENT LLC AKA MY FOREX EA
277 Canal Street, New York, NY 10013

Violating Securities Laws

The Texas State Securities Board's order explains that the investments both companies offer violate the Securities Act since neither the companies nor their agents have been registered with the Commissioner.

Btcrush also asks investors to agree to a “private transaction rule” of the US Securities Act 1933 and related acts when signing up. “This statement is materially misleading,” the order shows, adding that the public will likely be deceived into thinking that the company is offering regulated securities in the state.

Furthermore, Btcrush asks investors to agree at signup that they "are investing at their own risk" and that the company "reserves the right to amend.... fixed interest rates... without agreement with investors." The order says that these statements are also materially



What do you think of Texas issuing cease and desist orders to these two investment sch section below.

Images courtesy of Shutterstock and the State of Texas.

Need to calculate your bitcoin holdings? Check our tools (<http://tools.bitcoin.com/>) section.

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A student of Austrian Economics, Kevin found Bitcoin in 2011 and has been an evangelist ever since. His interests and the intersection between economics and cryptography.

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NEWS

A dark, atmospheric photograph showing silhouettes of several people walking through a wooded area at night. The scene is lit from behind by a bright, possibly moonlit path or a campfire, creating a high-contrast silhouette effect against the dark background of the trees.



7 hours ago | Jamie Redman (<https://news.bitcoin.com/author/jamieredman/>) |

Researchers Find Bitcoin Network 3X More 'Evil' Internet

(<https://news.bitcoin.com/wp-content/uploads/2018/05/EvilOne.jpg>)

Just recently a research group called Rapid7 published a report that reveals over a year's activity tethered to Bitcoin Core (BTC) full nodes. By utilizing data collected from a network internet scanner 'Project Sonar,' alongside intelligence from Bitnodes, the team had found between full blockchain nodes.

Also read: The Hitchhikers Guide To The Invisible Internet (<https://news.bitcoin.com/hitchhikers-guide-to-the-invisible-internet/>)

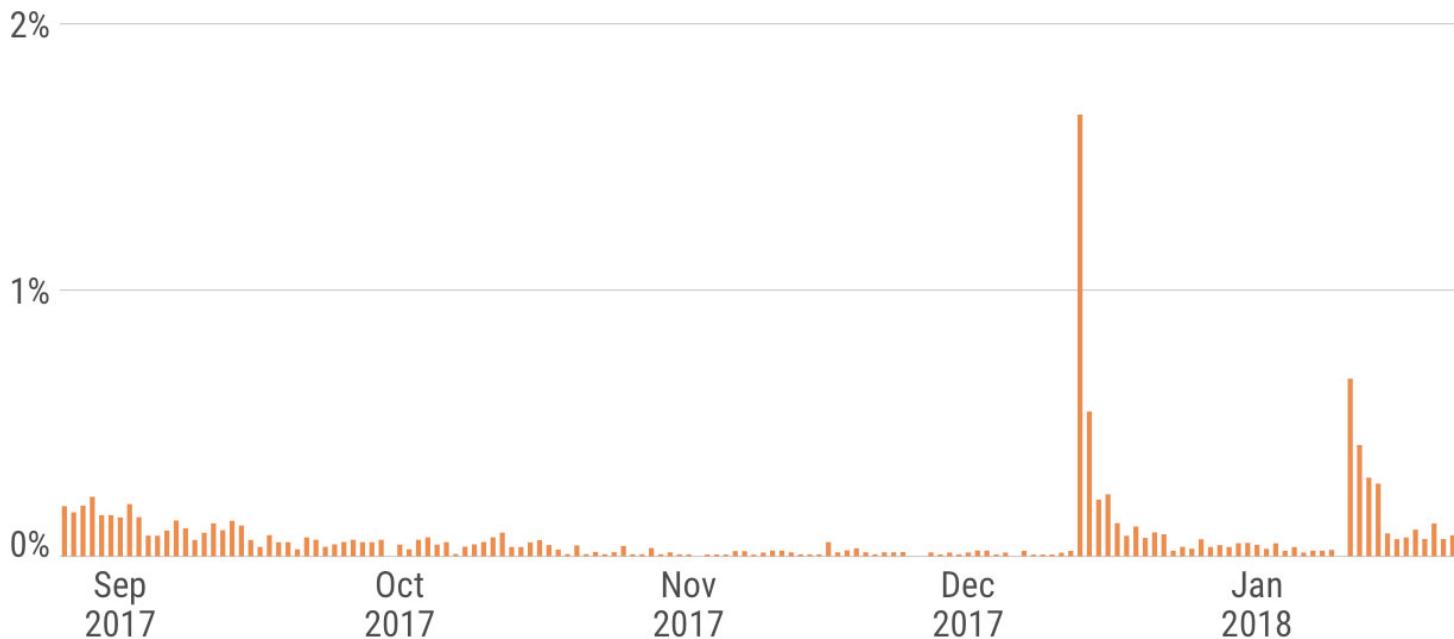
Study Finds Bad Actors Throughout Bitcoin Network

Bitcoin full node operators connect usually connect by default to a TCP service on port 8333, with alternative ports available. Rapid7's recent research (<https://www.rapid7.com/info/off-the-public-internet/>) used data from the team's Project Sonar which revealed the top three countries with the most bad actors:

stem from the U.S., China, and Germany. The researchers began the blockchain surveillance more than 11,000 nodes per day. Moreover, the researchers collected data from more than course of the study.

Daily Percentage of 'Badly Behaving' Bitcoin Nodes

If a Bitcoin node connects to a Heisenberg honeypot, something's not right (with that n

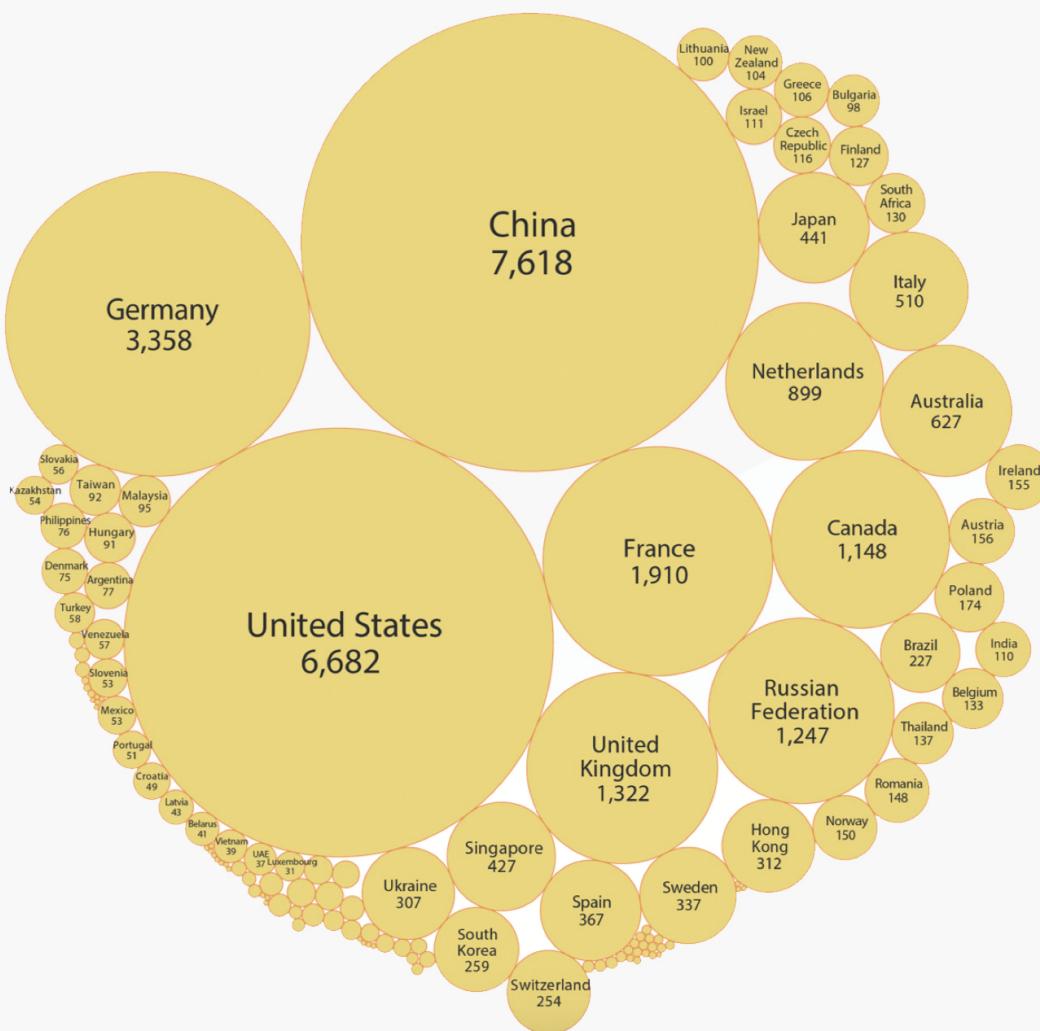


In addition to the Project Sonar intelligence over 900 nodes connected to Rapid7's honeypot revealed interesting and some malicious activities like the distribution of MS17-010 (<https://www.microsoft.com/security/bulletins/2017/ms17-010>) a critical Microsoft operating system vulnerability.

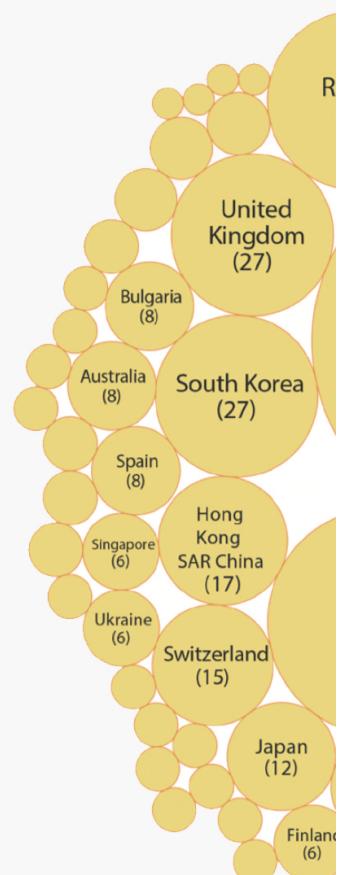
"Investigations into these interactions showed familiar patterns. Port scans and active reconnaissance were rampant, as was repeated attempted exploitation of MS17-010, largely from China," explai

17 hosts, mostly from the China IPv4 space, were actively slinging exploits

Bitcoin Nodes Discovered by Project Sonar circle size represents the number of distinct in-country IPv4 addresses discovered



Bad Actors
circle size represents
observed from a cou

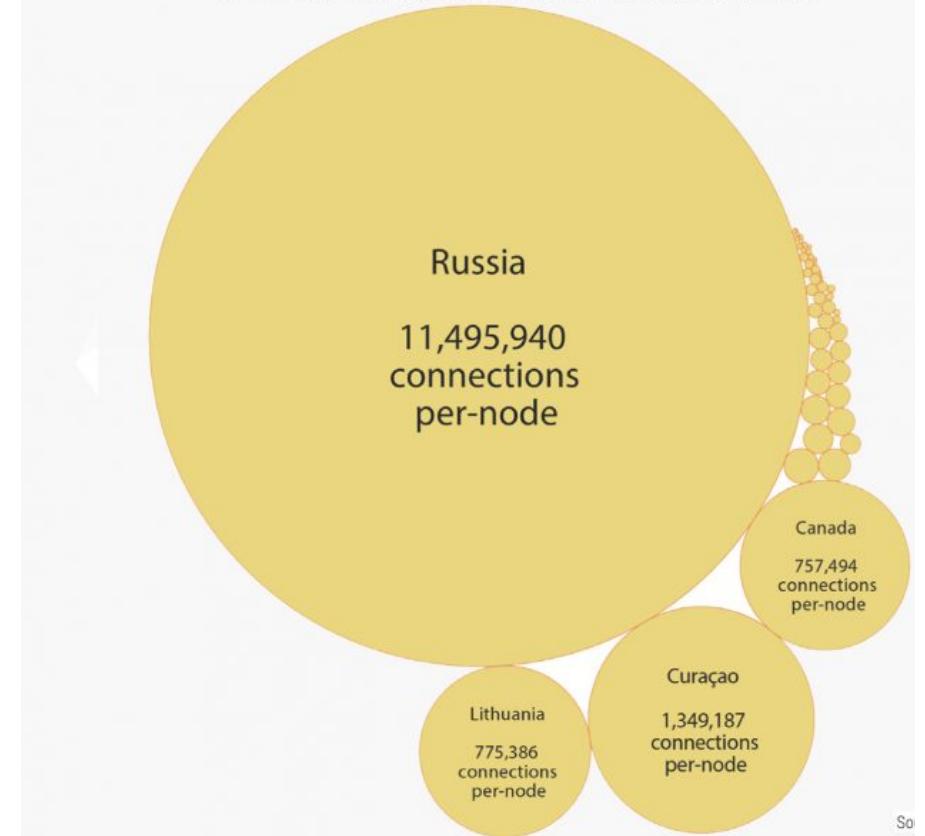


The Bitcoin Network Three Times More Evil Than the NSA

As mentioned above most of the shady activities derived from confirmed malicious nodes: the U.S. (178), China (154), and Germany (132). While the researchers note that not all of them deemed harmful the group observed the nodes used "curious scanning and probing behav

Bad Actors on the Bitcoin Network (Connection Sc

The circle size represents (total connections to Hesienberg nodes/count of distinct source IPv4s)
This rough average helps normalize the grouped country connections and better reflects the behaviours of individual nodes.



The report concludes that the absolute number of bad actors found within the cryptocurrency days' these nodes can account for up to 2 percent of the BTC network. Now the research considered low but compared to the "background noise" of malicious activity found on the (<https://en.wikipedia.org/wiki/IPv4>) the figure is pretty alarming.

"Therefore, on a typical day, the Bitcoin network is approximately three times more 'evil' than active days, we see ten times as many malicious nodes in the Bitcoin network as we see compared to explains the Rapid7 report.

If you are actively participating as a bitcoin miner, one takeaway is to recognize that there are malicious nodes in the bitcoin network actively taking hostile action against otherwise innocent nodes

What do you think about the research that states the BTC network of nodes is three times more evil than the public internet? Let us know what you think about this subject in the comments below.

Images via Shutterstock, Bitnodes, and Rapid7's research report (<https://www.rapid7.com/nodes-on-the-public-internet/>).

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Jamie Redman is a financial tech journalist living in Florida. Redman has been an active member of the crypto community since 2013, writing extensively on topics such as Bitcoin, open source code, and decentralized applications. Redman has written hundreds of articles about the industry and its impact on society.

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