

Division of Securities
Utah Department of Commerce
160 East 300 South, 2nd Floor
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801)530-6980

BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH

<p>IN THE MATTER OF:</p> <p>CAMERON HAYES COX ADAM PAUL COX, BLOCKTRICS INC.,</p> <p>Respondents.</p>	<p>STIPULATION AND CONSENT ORDER</p> <p>Docket No. SD-21-0013 Docket No. SD-21-0014 Docket No. SD-21-0015</p>
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The Utah Division of Securities (“Division”), by and through its Director of Enforcement, Dave Hermansen, and Cameron Cox (“Cox”) and Blocktrics Inc. (“Blocktrics,” collectively with Cox, “Respondents”) hereby stipulate and agree as follows:

1. Respondents have been the subject of an investigation by the Division into allegations that they violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. §61-1-1 (securities fraud).
2. On or about January 27, 2022, the Division initiated an administrative action against Respondents by filing an Order to Show Cause.
3. Respondents hereby agree to settle this matter with the Division by way of this Stipulation and Consent Order (the “Order”). If entered, the Order will fully resolve all claims the Division has against Respondents pertaining to the Order to Show Cause. The Division’s administrative action against respondent Adam Cox is not included in this Order and is ongoing.

4. Respondents admit that the Division has jurisdiction over them and over the subject matter of this action.
5. Respondents hereby waive any right to a hearing to challenge the Division's evidence and present evidence on their behalf.
6. Respondents have read this Order, understand its contents, and voluntarily agree to the entry of the Order as set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondents to enter into this Order, other than as described in this Order.
7. Respondents are aware that they may obtain counsel to represent them in this matter but have elected not to obtain counsel.

FINDINGS OF FACT

THE RESPONDENTS

8. Cameron Cox was a resident of Utah during all times relevant to the allegations asserted herein and was once licensed in the securities industry from 2006 to 2007. Cox held Financial Industry Regulatory Authority ("FINRA") Series 7 and Series 63 securities licenses. Cox is a convicted felon. In 2010, Cox pleaded guilty to one count of wire fraud and was sentenced to twelve months in federal prison with thirty-six months of supervised release for his role in a bribery scheme while employed as an investment analyst for Utah Retirement Systems ("URS").¹

¹ See case number, 2:2010cr00532, *USA v. Cox - Cameron Hayes Cox*; Cox was involved in the negotiations of URS investing \$50 million in a London based hedge fund. Cox negotiated a side deal with a member of the fund wherein Cox would be paid \$150,000 to ensure URS approved the buy-in.

9. Blocktrics is a corporation organized in the state of Delaware on March 13, 2018. Cox is listed as the founder, CEO, President, Secretary and Treasurer on entity documents. Blocktrics created and maintained the website blocktrics.io on January 31, 2018. In marketing materials and on the website, Blocktrics is described as a visual dashboard tool and a, "*market Intelligence and data analytics platform ...*" intended for use in the cryptocurrency market. Blocktrics' marketing materials further provide that Blocktrics will launch its own "tokens" and expand blockchain intelligence. Blocktrics has never been licensed with the Division, and has never recorded a securities registration, exemption from registration, or notice filing with the Division.

GENERAL ALLEGATIONS

10. The Division's investigation of this matter revealed that from approximately March 2018 and continuing through approximately June 2018, while conducting business in or from Utah, Cox offered and sold an investment opportunity to one Utah investor and raised approximately \$20,000 in connection therewith.
11. The investment offering in Blocktrics promised shares of stock in a corporation and/or an investment contract. Stock and/or investment contracts are securities as defined by Utah Code §61-1-13 of the Utah Uniform Securities Act.
12. In connection with the offer and sale of securities, Cox, either directly or indirectly, made untrue statements of material facts and/or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or engaged in an act practice or course of business which operated as a fraud.
13. Cox utilized investor funds in a manner inconsistent with the representations Cox made

to the investor. For example, investor money was used to fund Cox's personal expenses such as: food and dining, entertainment, personal retail shopping, and substantial cash withdrawals.

14. In connection with the offer and/or sale of securities, Cox made material omissions regarding: Cox's criminal background; who maintained control over Blocktrics' bank account; and respondent Adam Cox's ("Adam") official role in Blocktrics.
15. In connection with the offer and/or sale of securities, Respondents engaged in an act, practice, or course of business which operated as a fraud on the investor when Cox misused the investor's funds; and Respondents failed to disclose that Adam maintained sole control over the Blocktrics' bank account because Cox was unable to open a bank account as a result of his financial and legal troubles.
16. In connection with the offer and/or sale of securities of Blocktrics, Cox acted as an unlicensed agent and used investor funds for personal use.
17. Blocktrics paid and employed Cox as an agent to offer and sell securities on behalf of Blocktrics despite Cox not being licensed in the securities industry to do so.
18. Cox and Blocktrics offered and/or sold securities that were not registered with the Division, did not qualify for an exemption from registration, and were not federal covered securities for which any notice filing was made.

THE SOLICITATIONS

19. In or about March 2018, Adam introduced Utah investor R.K. to Cox as a finance guy who was looking for new investors in a new crypto currency business venture.
20. Cox told investor R.K. that Cox was looking for investors in a crypto currency project to raise \$750,000 to \$1 million in an initial coin offering ("ICO").

21. Adam introduced investor R.K. to Cox as a potential investor and told investor R.K. that Adam was a co-founder of Blocktrics.
22. Cox solicited investor R.K. by telephone and later met investor R.K. in person to discuss his investment in Blocktrics.
23. At the time of the investment, investor R.K. had no managerial role in Blocktrics other than providing investment funds.
24. During the solicitation, Cox made numerous statements to investor R.K. regarding the Blocktrics investment opportunity, including, but not limited to, the following:
 - a. That Blocktrics was a software and data analysis tool for the cryptocurrency economy;
 - b. That investor R.K. could earn a return of 20% to 40% by investing in Blocktrics;
 - c. That Blocktrics would offer a new international cryptocurrency projected to be worth \$100 million in a few years;
 - d. That investor R.K. should withdraw \$50,000 from his 401-k retirement account to invest in 4 Blocktrics;
 - e. That Blocktrics would pay a greater return than the stock market;
 - f. That investor R.K. would receive a 5% share of Blocktrics for a \$50,000 investment;
 - g. That investor R.K. could increase his interest in Blocktrics by working for Blocktrics and helping to engineer software for the platform;² and,
 - h. That Cox and Adam were co-owners and co-founders of Blocktrics.
25. Investor R.K. specifically asked Cox if there was additional information investor R.K. should know about the investment, Blocktrics, or Cox before investing. Cox told investor

² Investor R.K. was never designated as an officer or principal on Blocktrics' entity documents, was never a signatory on Blocktrics' bank accounts, and was never compensated for any work or role held with Blocktrics.

R.K. there was nothing else investor R.K. needed to know regarding the investment. Cox never disclosed his previous criminal or regulatory history to investor R.K. prior to investor R.K.'s investment in Blocktrics.

26. Based upon Cox's statements, investor R.K. invested approximately \$20,000 in Blocktrics on two separate occasions.
27. Investor R.K.'s first investment of \$10,000 was made on May 1, 2018, by wire transfer to Blocktrics' JP Morgan Chase bank account located in Utah, account ending in -2361, pursuant to Cox's and Adam's instructions. Investor R.K.'s second investment of \$10,000 was made on or about May 18, 2018, by paying \$3,000 worth of Blocktrics business invoices and by hand-delivering \$7,000 in cash to Adam. Adam deposited the \$7,000 into Blocktrics' bank account the same day.

THE INVESTMENT AGREEMENT

28. In exchange for his investment in Blocktrics, Cox gave investor R.K. the following documents:
 - a. A document entitled, "Stock Purchase Agreement";
 - b. A document entitled, "Blocktrics Inc. Memorandum of Terms Class A Common Stock" dated April 25, 2018, and signed by Cox as the CEO and investor R.K.; and,
 - c. A document entitled, "Stock Grant Notice" dated and signed by Cox and investor R.K. on April 11, 2018, and April 18, 2018, respectively.
29. The "Stock Purchase Agreement" references the purchase and issuance of shares to investor R.K. from Blocktrics and provides several affirmations regarding the transferability of the shares.
30. The "Blocktrics Inc. Memorandum of Terms Class A Common Stock" document states

that Blocktrics is the issuer of the shares to investor R.K. and is a company valued at \$1,000,000 with 500,000 series A common stock available at a price of \$0.10 per share.

The document also references the rights of investor R.K. as a shareholder.

31. The “Stock Grant Notice” references investor R.K.’s “vesting schedule” and based upon its description, “*sets key terms of your stock grant, with more specific terms and conditions in the Stock Purchase Agreement and Stockholder Agreement that follow.*”

FRAUDULENT CONDUCT: USE OF INVESTOR FUNDS

32. An analysis of Blocktrics' entity JP Morgan Chase bank account revealed that Respondents used investor R.K.'s funds in a manner inconsistent with what Cox represented at the time of solicitation.
33. Adam is the sole signatory on Blocktrics' entity bank account; and thus, maintained sole control over the distribution of funds from Blocktrics' bank account.
34. According to Adam, however, Cox decided how the funds in the entity bank account would be used; and Adam simply followed Cox’s instructions.
35. When Adam established the Blocktrics' entity bank account, Adam authorized issuance of a bank account debit card to Cox and Adam. Both Adam and Cox used the bank account debit card for various expenses.
36. Cox told investor R.K. that his investment would be used for business expenses related to developing Blocktrics' cryptocurrency and platform. However, enabled by Adam’s control of the Blocktrics bank account, Cox instead used investor R.K.'s investment for purposes not disclosed to or authorized by investor R.K.
37. Cox misused investor R.K.'s funds in a number of ways, including, but not limited to, the following:

- a. Approximately \$7,000 in a cash withdrawal without providing an explanation or legitimate business use for the cash withdrawals;
 - b. Approximately \$1,223 on general personal spending for entertainment, transportation, dining, personal shopping, and other miscellaneous expense; and,
 - c. Approximately \$3,000 transferred directly to Cox's personal bank account.
38. Cox also spent approximately \$5,776 on expenses that may be considered business expenses to develop Blocktrics' platform.
39. No investor funds appear to have been used for Adam's personal expenses.

MISSTATEMENTS AND OMISSIONS

40. In connection with the offer and/or sale of securities, Cox, directly and/or indirectly, made material misstatements to investor R.K. including, but not limited to, the following:
- a. that investor R.K.'s funds would be used exclusively for business expenses related to developing Blocktrics' cryptocurrency and platform when, in fact, this claim was false;
 - b. that investor R.K. would earn a return of 20% to 40% when, in fact, there was no reasonable basis to make this claim;
 - c. that the Blocktrics' investment would yield a greater return than the stock market when, in fact, there was no reasonable basis to make this claim;
 - d. that Blocktrics' cryptocurrency value would be worth \$100 million in a few years when, in fact, there was no reasonable basis to make this claim; and
 - e. that Cox had told investor R.K. everything he needed to know about Blocktrics and Cox before investing when, in fact, this claim was false, and Cox had not disclosed his criminal and regulatory history to investor R.K.

41. In connection with the offer and/or sale of securities, Respondents, directly and/or indirectly, omitted material information to investor R.K. including, but not limited to, the following:

- a. Cox would use investor R.K.'s money to pay Cox's personal expenses;
- b. Cox had a felony conviction for a financial fraud related offense and served time in prison for the offense;
- c. Cox was specifically ordered by the criminal court not to have direct or indirect control over the assets or funds of others as a part of his felony conviction;
- d. Respondents were not licensed to sell securities; and
- e. Some or all of the information typically provided in an offering circular or prospectus relevant to the investment opportunity, such as:
 - i. Business and operating history;
 - ii. Financial statements;
 - iii. Information regarding principles involved in the company;
 - iv. Conflicts of interest;
 - v. Risk factors;
 - vi. Suitability factors for investment; and
 - vii. Whether the securities offered were registered in the state of Utah.

42. Investor R.K. has been paid back his full investment of \$20,000 in principal.

CAMERON COX'S PARALLEL CRIMINAL PROCEEDING

43. On July 2, 2021, Cox was charged with securities fraud, sale by an unlicensed agent, and false statements to the Division, in a parallel criminal action in Utah's Third District Court, Salt Lake County, Utah, Case Number 211907230 (the "Criminal Action").

44. On June 27, 2022, Cox entered into a plea agreement with the state and pleaded guilty to securities fraud, which was reduced to a third degree felony because he paid restitution of \$18,000 in full to investor R.K.

45. At sentencing, Cox was placed on court probation for 36 months, he was ordered to pay restitution of \$18,000, to maintain full-time employment and to refrain from work that involves exercising fiduciary responsibilities.

CONCLUSIONS OF LAW

Securities Fraud under § 61-1-1(2) of the Act

Respondents Blocktrics and Cameron Cox

46. Based upon the Division's investigative finding, the Division concludes that the investment opportunity offered and sold by Respondents is stock in Blocktrics and/or an investment contract, which are both defined as securities under § 61-1-13 of the Act.

47. In violation of § 61-1-1(2) of the Act, and in connection with the offer and/or sale of a security, Respondents directly or indirectly misrepresented material facts, as described above.

48. In violation of § 61-1-1(2) of the Act, and in connection with the offer and/or sale of a security, Respondents directly or indirectly omitted material facts which were necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading as described above.

Securities Fraud under § 61-1-1(3) of the Act

Respondent Cameron Cox

49. As described herein, in connection with the offer and/or sale of securities, Respondent Cox directly or indirectly engaged in an act, practice, or course of business which

operated as a fraud or deceit on investor R.K., in violation of Section 61-1-1(3) of the Act, when Cox misused investor R.K.'s funds for personal use.

Unlicensed Activity under § 61-1-3(2)(a) of the Act

Respondent Blocktrics

50. It is unlawful for an issuer to employ or engage an agent, unless the agent is licensed in the securities industry in the state of Utah.
51. As described herein, Cox was not licensed in the securities industry in any capacity when he offered and sold securities on behalf of issuer Blocktrics to investor R.K. and used investor R.K.'s funds for personal use, in violation of Section 61-1-3(2)(a) of the Act.

Unlicensed Activity under § 61-1-3(1) of the Act

Respondent Cameron Cox

52. It is unlawful for a person to transact business in this state as an agent unless the person is licensed under this chapter.
53. As described herein, Respondent Cox was not licensed in the securities industry in any capacity when he offered and sold securities on behalf of Blocktrics to investor R.K. and used investor R.K.'s funds for personal use, in violation of Section 61-1-3(1) of the Act.

Sale of Unregistered Securities under § 61-1-7 of the Act

Respondents Blocktrics and Cameron Cox

54. It is unlawful for any person to offer or sell any security in this state unless it is registered, an exempted security or transaction, or is a federal- covered security for which notice filing has been made.
55. As described herein, the Blocktrics investment offered and sold by Cox was not registered with the Division, did not qualify for an exemption from registration, and was

not a federal- covered security for which any notice filing was made, in violation of Section 61-1- 7 of the Act.

False Statements to the Division under § 61-1-16 of the Act

Respondent Cameron Cox

56. It is unlawful for a person to make or cause to be made, in any document filed with the Division or in any proceeding, examination, or investigation conducted, any statement that is, at the time and in light of the circumstances under which it is made, false or misleading in any material respect.
57. As described herein, Cox emailed the Division in response to the Division's investigation, and provided several false statements regarding Blocktrics' securities offering, in violation of Section 61-1-16 of the Act.

REMEDIAL ACTIONS / SANCTIONS

58. Respondents admit the Division's Findings of Fact and Conclusions of Law, and consent to the below sanctions being imposed by the Division.
59. Respondents represent that the information they provided to the Division as part of its investigation is accurate and complete.
60. Respondents agree to cease and desist from violating the Act and to comply with the requirements of the Act in all future business in the state of Utah.
61. Respondents agree to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah.
62. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in

Utah Code Ann. §61-1-31, the Division imposes a total fine amount of \$22,500 against Respondents to be paid jointly and severally. Respondents agree to pay the fine within 60 days following the approval of the Commission. The fine may be offset, dollar for dollar, for restitution of up to \$18,000 paid to the investor pursuant to the Criminal Action.

FINAL RESOLUTION

63. Respondents and the Division acknowledge that this Order, upon approval by the Commission, shall be the final compromise and settlement of this matter. Respondents acknowledge that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In the event the Commission does not approve this Order, however, Respondents expressly waive any claims of bias or prejudgment of the Commission, and such waiver shall survive any nullification.
64. If Respondents materially violate any term of this Order, after notice and an opportunity to be heard before an administrative judge solely as to the issue of a material violation, Respondents consent to entry of an order in which the total fine amount is increased by 20% and becomes immediately due and payable, less any payments already made. Notice of the violation will be provided to Respondents at their last known addresses, and to counsel for Respondents if they have obtained counsel. If Respondents fail to request a hearing, or fail to cure any missed fine payment, within ten (10) days following the notice, there will be no hearing and the order granting relief will be entered.
65. In addition, the Division may institute judicial proceedings against Respondents in any court of competent jurisdiction and take any other action authorized by the Act or under any other applicable law to collect monies owed by Respondents or to otherwise enforce the terms of this Order. Respondents further agree to be liable for all reasonable

attorneys' fees and costs associated with any collection efforts pursued by the Division, plus the judgment rate of interest.

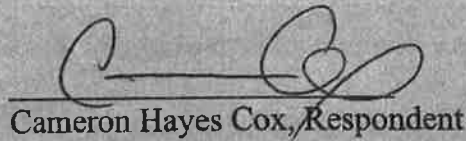
66. Respondents acknowledge that the Order does not affect any civil or arbitration causes of action that third parties may have against them arising in whole or in part from their actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Respondents also acknowledge that any civil, criminal, arbitration or other causes of actions brought by third parties against them have no effect on, and do not bar this administrative action by the Division against them.
67. This Order constitutes the entire agreement between the parties herein and supersedes and cancels all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way. Upon entry of the Order, any further scheduled hearings involving Respondents are canceled. The Order may be docketed in a court of competent jurisdiction.

Dated this 7 day of March 2022




Dave R. Hermansen
Director of Enforcement
Utah Division of Securities

Dated this 17 day of Jan ²⁰²³~~2022~~



Cameron Hayes Cox, Respondent

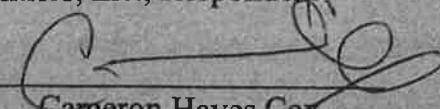
Approved:



Jennifer Korb
Stephen Gillies
Assistant Attorneys General
Utah Attorney General's Office
Counsel for the Division

Dated this 17 day of Jan ²⁰²³~~2022~~

Blocktrics, Inc., Respondent

By: 
Cameron Hayes Cox
Its: President

ORDER

IT IS HEREBY ORDERED THAT:

1. The Division's Findings and Conclusions, which Respondents admit, are hereby entered.
2. Respondents shall cease and desist from violating the Act and comply with the requirements of the Act in all future business in the state of Utah.
3. Respondents shall be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah.
4. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31, Respondents shall pay a fine of \$22,500 to the Division pursuant to the terms set forth in paragraph 62.

BY THE UTAH SECURITIES COMMISSION:

DATED this 13th day of April 2023.


Lyndon L. Ricks


Lyle White

Peggy Hunt


Mark Zimbelman


Dawn Dachenhausen

CERTIFICATE OF SERVICE

I certify that on the 13th day of April 2023, I sent a true and correct copy of the foregoing **Stipulation and Consent Order** to the following as indicated:

Cameron Hayes Cox, individually and on behalf
of Blocktrics Inc., Respondents
512 Timberwood Ave.
Thousand Oaks, CA 91360
camcox@gmail.com
Via U.S. Mail and email

Adam Paul Cox, Respondent
c/o Counsel, Jason McNeill
MCNEILL VON MAACK
c/o Counsel, Judson Stelter
Michael Best & Friedrich LLP
mcneill@mvmlegal.com
jdstelter@michaelbest.com
Via email

Bruce Dibb, Administrative Law Judge
Department of Commerce
bdibb@utah.gov
Via email

Jennifer Korb, Assistant Attorney General
Utah Attorney General's Office
jkorb@agutah.gov
Via email

Dave Hermansen
Director of Enforcement
Utah Division of Securities
dhermans@utah.gov
Via email



Ashlee Buchholz, Administrative Assistant