

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of

SUMMARY ORDER TO CEASE AND
DESIST AND REVOKING
EXEMPTIONS

THE HIDEAWAYS,

DFI Case No. S-246613 (EX)

Respondent.

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“Division”), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (“Ch. 551”) and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondent

1. The Hideaways is an online luxury real estate investment business that offers investment contract securities through its website www.thehideaways.io/, which is accessible to Wisconsin residents.

Conduct

The Hideaways' Business Model

2. The Hideaways purports to be a platform for buying, selling and investing in luxury properties sourced globally through fractional ownership of asset-backed NFTs. In addition to its website, The Hideaways solicits investors through various other social media sites including Telegram, Twitter and Instagram. At least one Wisconsin resident was able to access The Hideaways website, www.thehideaways.io/, and open an account.
3. The Hideaways' fraudulent website appears to spoof the website of a legitimate business called The Hideaways Club, www.thehideawayclub.com. The Hideaways Club, organized under the laws of Gibraltar and located in Gibraltar and London, offers equity shares to accredited investors in luxury properties around the world.
4. The landing page of The Hideaways website, www.thehideaways.io/, touts that it is a "Crypto Driven Luxury Property Investment." It further states "At The Hideaways, we're changing how you invest in luxury property. Find your Hideaway." A banner on the top of the landing page states, "Earn Over 20% Passive Income Paid in \$ETH, \$USDT or \$USDC!"
5. The Hideaways' White Paper is available on its website. The White Paper claims The Hideaways is a "revolutionary crypto-currency" investment that offers "the opportunity to invest in luxury properties across the globe for as little as \$100." It further represents:

Through the fractionalisation of NFTs that are underpinned by physical real estate, investors will see returns well beyond those offered through traditional real estate investment. Exclusive

membership rewards, 2 sources of passive income generation, 2 sources of capital appreciation and much more.

Our ecosystem will allow investors to be in complete control of not only their own portfolio structure but our future investment strategy.

In addition to being able to stake their HDWY tokens for rewards, our marketplace will allow investors to trade their fractionally owned NFTs to reshape their portfolio and will be given the opportunity to vote and decide on every property purchased.

Finally, through Club Hideaway, investors will have access to monthly rewards, events and much more.

6. The HDWY token offers investors the opportunity to generate returns through staking, discounts, and membership rewards. In addition, investors purportedly benefit from the passive income and capital gains generated on the underlying property investment.
7. The Hideaways' also promote real estate tokenization through non-fungible tokens (NFTs)¹ where each NFT is tied to a tangible real estate asset. Each NFT is then broken down into fractions and made available to investors for as little as \$100. Net rental profits from luxury real estate investments are distributed to NFT owners monthly via their HDWY dashboard as USDT or ETH.
8. NFT holders are able to trade NFT shares with each other on The Hideaways trading platform. Thus, The Hideaways purports to offer capital appreciation in two ways: first through appreciation in the underlying properties; and second, through NFT trading.

¹ A non-fungible (NFT) token is a unique digital asset which cannot be copied and is recorded on a blockchain to verify authenticity and ownership. After an NFT is digitally sourced or created and recorded to a blockchain, an owner's claim to the NFT can be verified by associating the asset to an address on a blockchain. For example, if an NFT was bought and sold using Bitcoin, one could verify the transaction and ownership on Bitcoin's blockchain. <https://academy.chainalysis.com/what-is-an-nft>.

9. The website also promotes two ways to earn passive income. First, investors earn passive income through fully managed rental properties; and second, through staking of the HDWY token.
10. The Hideaways claims its real estate tokenization program is “ground-breaking” and “breaks down the barriers of traditional real estate investment, such as high capital start-up costs, slow burn returns, long completion times and expensive middle men fees.”
11. The Hideaways launched its first token presale, referred to as Stage 1, on or around September 2022.
12. As of December 14, 2022, The Hideaways’ website indicated the business was in Stage 3 of HDWY sales, with 80,986,470 HDWY tokens sold out of 160,000,000 HDWY tokens available. According to the website, 10 HDWY tokens are the equivalent of \$1 dollar.
13. The Hideaways accepts various cryptocurrencies for funding the investments in NFTs and HDWY tokens, including Bitcoin, Ethereum, Solana, Litecoin, Dogecoin, Tron, Cardano, Tether, Shiba, USDC and BNB.
14. VIP Investors are invited to join Club Hideaway at a Bronze (\$2,500 minimum), Silver (\$5,000 minimum), Gold (\$10,000 minimum), Platinum (\$20,000 minimum) or Diamond (\$50,000 minimum) tier. Diamond investors receive, among other benefits, a two-week complimentary five-star holiday, one free private jet flight annually, one luxury travel experience, and ten limited edition NFTs.

Misrepresentations and Omissions

15. The Hideaways fails to disclose material information concerning its business that could impact customers' investments.
16. In offering NFTs to Wisconsin investors, The Hideaways fails to disclose the following information:
 - a) the location, value, title, property condition, rental income, operating expenses, and other relevant information concerning real estate properties purchased or to be purchased with customers' digital assets;
 - b) risks associated with the investments, both as cryptocurrency investments and real estate investments;
 - c) the development and accessibility of the purported platform on which the NFTs could be traded;
 - d) any financial statements related to The Hideaways' financial condition;
 - e) the identities of officers and directors of The Hideaways, and their reputation, qualifications, and experience.
17. In offering and selling the HDWY token to Wisconsin investors, The Hideaways fails to disclose the following information:
 - a) any financial statements related to The Hideaways' financial condition;
 - b) the identities of officers and directors of The Hideaways, and their reputation, qualifications and experience;
 - c) the basis for the \$1 dollar=10 HDWY pricing model; and
 - d) any details about the staking program which purportedly allows HDWY holders to earn passive income in the form of "daily yields."

18. While concealing information about the controlling persons of The Hideaways, its finances, and the specific real estate assets they are investing in, The Hideaways touts unrealistic investment benefits including “at least 10x the returns of traditional rental income” and “NFT capital appreciation offering truly unlimited gains.”
19. The Hideaways’ NFTs and HDWY tokens have not been registered as securities in the State of Wisconsin and are not exempt or qualified as federal covered securities.

B. Conclusions of Law

Legal Authority and Jurisdiction

The Administrator has the legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.

1. Pursuant to Wis. Stat. § 551.102(28)(d)(1), The Hideaways’ fractionalized NFTs and HDWY token offerings are investment contract securities under Wisconsin law. Specifically, Wisconsin investors are offered the opportunity to purchase HDWY tokens and fractionalized NFTs with the expectation of profits in the form of interest through the essential managerial efforts of someone other than the investors.
2. In addition, pursuant to Wis. Stat. § 551.102(28)(d)(2), The Hideaways’ fractionalized NFTs and HDWY token offerings are investment contract securities under Wisconsin law. Specifically, Wisconsin investors are offered the opportunity to purchase HDWY tokens and fractionalized NFTs, thereby furnishing initial value to The Hideaways based on representations from The Hideaways by which the Wisconsin investors reasonably would understand that a valuable benefit of some kind over and above the initial funds would accrue to them as a result of the operation of the enterprise, and

with the Wisconsin investors not having the right to exercise practical and actual control over the managerial decisions of the enterprise.

3. Pursuant to Wis. Stat. § 551.301, it is unlawful for a person to offer or sell a security in this state unless it is a federal covered security, exempt from registration or registered with the Division.
4. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person in connection with the offer, sale or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances in which they were made, not misleading.

Violations

5. As described above, the Respondent violated Wis. Stat. § 551.301 by offering in this state investment contract securities in the form of fractionalized NFTs and HDWY tokens that were not registered and were not exempt from registration.
6. As described above, the Respondent violated Wis. Stat. § 551.501, when in connection with the fractionalized NFTs and HDWY token offering, the Respondent directly or indirectly, made untrue statements of material fact and omitted to state material facts necessary in order to make the statements made, under the circumstances under which they were made, not misleading.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to issue the following orders and notices:

A. Summary Orders

- (a) IT IS ORDERED summarily that RESPONDENT, its agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute.
- (b) IT IS FURTHER ORDERED summarily that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by RESPONDENT, its agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RESPONDENT, are hereby revoked.
- (c) IT IS FURTHER ORDERED summarily that all exemptions from registration set forth in Wis. Stat. §§ 551.201 and 551.202 that may otherwise apply to a specific security, transaction or offer of or by RESPONDENT, its agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RESPONDENT, are hereby revoked.
- (d) IS FURTHER ORDERED summarily that RESPONDENT, its successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (e) IT IS FURTHER ORDERED that these summary orders of the Administrator are effective as of the issuance of this order. You are advised that any willful violation of an Order

issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

B. Service of Order

- (f) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec 8.06. This order shall also be served upon the office of the Administrator pursuant to Wis. Stat. § 551.611.
- (g) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail if service is by certified mail. If a party or the party's attorney is personally served, the date of service is the date service is completed. You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

C. Notice of Hearing Rights

- (h) PLEASE TAKE NOTICE that you have the right to request a hearing. Every request for a hearing shall be in the form of a written petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the order shall:
 - (1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and
 - (2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.
- (i) PLEASE TAKE FURTHER NOTICE that you may file your written petition:

- (1) By mailing the written petition to:
Division of Securities
Wisconsin Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768;
- (2) By delivering the written petition in person to:
Division of Securities
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower, 4th Floor
Madison, Wisconsin 53705; or
- (3) By faxing the written petition to 608-264-7979.

(j) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), "filing" means "receipt." Therefore, a petition is not "filed" with the Division until it is actually "received" by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.

(k) PLEASE TAKE FURTHER NOTICE that, within 15 days after receipt of a request in a record from you, the matter will be scheduled for a hearing or other public administrative proceedings.

(l) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders become final as by operation of law, and the order may be filed as a certified final order with the clerk of a court of competent jurisdiction.

(m) PLEASE TAKE FURTHER NOTICE violations of this order may be enforced by any investor, or by the Division whether acting in its own right or on behalf of the investor, by petitioning any court of competent jurisdiction to enforce the terms of the order.

(n) You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

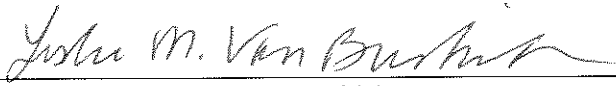
D. Notifications

(o) PLEASE TAKE FURTHER NOTICE failure to provide a copy of this Order to prospective investors may be a material misrepresentation in violation of Ch. 551 and this Order.

(p) PLEASE TAKE FURTHER NOTICE that this Order is effective on the date it is issued. RESPONDENT is advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin this 6th day of September, 2023.





Leslie M. Van Buskirk
Administrator

State of Wisconsin
Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, 4th Floor, North Tower
Madison, Wisconsin 53705