

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

In the Matter of,

MIDAS ALPHA, LLC d/b/a
MIDAS INVESTMENTS,
IAKOV LEVIN a/k/a TREVOR LEVIN,

SUMMARY ORDER TO CEASE AND
DESIST AND REVOKING EXEMPTIONS
NOTICE OF PROPOSED ORDER FOR
RESTITUTION AND CIVIL PENALTIES

Respondents.

DFI Case No. S-246645 (EX)

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

Respondents

1. At all relevant times, MIDAS ALPHA, LLC d/b/a MIDAS INVESTMENTS (“Midas”) operated online through the website <https://midas.investments>. On its website, Midas lists an operating location in Dubai, United Arab Emirates, and purports to have been in business since 2018. Midas was organized in St. Vincent and the Grenadines on or about June 10, 2022, and its headquarters is reportedly located in Copenhagen, Denmark.
2. IAKOV LEVIN a/k/a TREVOR LEVIN “Levin” is the Chief Executive Officer and founder of Midas. Levin’s online profile identifies his residence as Tel Aviv, Israel.

Conduct

3. Since at least 2018, Midas has been offering and selling unregistered, non-exempt securities as an issuer by operating an online platform offering crypto asset interest-bearing accounts in which a customer deposits digital assets and promises an annual percentage interest return.

4. Midas offers and sells these securities by describing itself online as a member of the “crypto community focused on building wealth through passive income” and portraying itself as offering an “[e]cosystem of investment products and strategies built to simplify and generate passive income to our investors.” Midas marketed its interest-bearing accounts as employing various technical and proprietary investment strategies, including “fixed yields strategies,” “dynamic yields strategies,” “yield automated portfolio,” “CeDeFi strategies.” Midas stated on its website that, “Midas’ mission is to build an ecosystem of intuitive tools that will allow any investor to generate sustainable passive income during the rise of this new economy.” Midas further touted its ability to generate “yield through hedged strategies which uses investment instruments such as lending and borrowing, hedged token farming, DeFi yield vaults, and concentrated liquidity provider on Uniswap V3.”
5. Midas’ website offered investors a passive investment in which the investor could deposit their crypto assets and watch the assets grow through Midas’ investment strategies, which had “variable risk-reward levels, powered by algorithmic tools utilizing select DeFi protocols.” Midas’ website touted that an investor could earn “the highest yields” on assorted crypto assets on its platform, offering at various times “[u]p to 17.3% APY on USDC/USDT, 8.7% on BTC, 10.3% on ETH. No limits, no lockups.”
6. Although various materials including the Midas Token Whitepaper vaguely represented that “performance fees are collected based on the [Midas CeDeFi] strategies’ performances”, investors were never informed as to the amount of fees Midas earned in terms of percentages or specific amounts.
7. Seeking a broad appeal, Midas portrayed its investment platform as exceptionally user-friendly and geared to inexperienced investors. In a website post titled “Three simple steps to begin investing in DeFi on Midas’ platform” Midas essentially described the investment process as follows: create an account (sign up on Midas’ platform using your Gmail or Discord account), make a deposit (Deposit any supported crypto on Midas’ platform), and swap (Swap your deposited crypto to your preferred CeDeFi strategy token in just a few seconds).
8. Customers investing with Midas were not required to have any business expertise or experience or contribute any managerial efforts in order to benefit from the high interest rate returns of Midas’ products. Marketing on the Midas website emphasized the passive nature of the investment, touting its “mission” to “provide passive income streams to crypto investors” and helping investors “achieve financial freedom through building sustainable passive income streams by grasping opportunities in the crypto economy and DeFi market.”
9. In order to register an account with Midas, investors had to enter into Midas’ Terms of Service. The Terms of Service represented that returns generated for investors would be achieved through the essential managerial efforts of Midas:

- “In the course of the provision of the Services the Company will use its experience and knowledge in order to manage Client’s Virtual Currency funds and achieve gains on the deposited funds.”
 - “The provision of Virtual Currency Asset Management Services may include, but is not limited to, spot trading, margins and futures trading, DeFi liquidity provision, etc.”
 - “By depositing Virtual Currency funds to the Company the Client herewith awards the order to the Company for the independent management of the deposited virtual currency funds in the Client’s name and for his account. For the purposes of the present Terms of Service, the Company may manage the Client’s Virtual Currency funds at Company own discretion.”
10. Midas had its own subscription page on YouTube where it posted videos for public viewing. For example, in a video titled “Rates Update, Midas Portfolio, New Team members | October Investment Report,” posted on YouTube during November 2022, Levin represented a Midas strategy “without expos[ure] to any risk”.
 11. Midas’ interest-bearing products pooled investors’ assets together and put them at risk with the stated purpose of generating passive returns for the investors. The investors did not engage in substantive platform-related activities beyond depositing their crypto assets with Midas; they depended on Midas’ significant business efforts to receive their expected interest earnings. Although these products functioned similarly to banks or pooled investment vehicles, Midas was and is not registered in this capacity, had no relevant authorization, and was not protected by organizations such as the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. As a result, the investors’ expectation and ability to receive a profit in the form of high yield interest earnings were dependent on the success of Midas’ business efforts.
 12. At least one Wisconsin investor, [REDACTED] of Germantown, Wisconsin, deposited \$147,000 in value of various crypto assets into the Midas interest-bearing accounts seeking to earn the passive APY interest growth. [REDACTED] relied on Midas’ representations on its website, and Levin’s representations via YouTube and Discord videos, in believing that he would receive the promised interest returns in the form of a passive investment and that the investment was low risk. [REDACTED] made his Midas investment in November of 2022, expecting a 22% return.
 13. Midas published an “Investment Report” in late November 2022, noting that the overall crypto market had been “rocked” by the fall of the FTX exchange, but assuring investors that Midas’ business was not “materially impacted by FTX” and that it was “business as usual for our team.” Although Midas slightly lowered promised return rates for December 2022, the promised interest yields continued to exceed most traditional investments—between 6% and 22.2% APY, depending on the type of crypto asset.
 14. In late December 2022, Midas abruptly announced its closure and informed investors that it was removing all accrued interest from investor accounts and, without the consent or approval of Midas investors, converting 55% of the investors’ remaining crypto asset

deposits into its proprietary crypto asset, the “Midas token.” The value of the Midas token then immediately fell by over ninety-nine percent, erasing around 55% of the value of the consumers’ accounts. Wisconsin investor [REDACTED] lost \$88,000 of his original \$147,000 investment.

15. In the December announcement, Levin disclosed, among other things, that Midas had actually been operating under a “large asset deficit,” having experienced “an outflow of assets of more than 60% over the course of six months due to events involving LUNA, Celsius and FTX.” Not only did Levin fail to inform investors, such as Wisconsin investor [REDACTED], of Midas’ asset deficit before they invested, he also failed to inform his own employees: “I want to clarify that only Midas C-level employees were aware of the asset deficit. The community team, marketing team, support team, IT team and platform team were not aware of this issue.” As of the December announcement, Levin estimated Midas’ asset deficit amount to be \$63.3 million.
16. Midas and Levin designed the crypto asset investment accounts to accept user registrations from investors in Wisconsin and allow Wisconsin investors to enroll in its passive income investment accounts.
17. Upon information and belief, Levin is now operating a new investment platform called Locus.Finance which was financed at least in part by funds taken from Midas during the time Midas was closing down.
18. At no time were Respondents registered with the Division in any capacity.

B. Conclusions of Law

Legal Authority and Jurisdiction

19. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.
20. Pursuant to Wis. Stat. § 551.102(28)(d)(1), the passive crypto interest investment accounts offered and sold by the Respondents are investment contract securities under Wisconsin law. Specifically, Wisconsin investors who deposited crypto assets into their accounts for the purpose of generating passive income invested their assets with the Respondents with the expectation of profits in the form of interest through the essential managerial efforts of someone other than the investor.
21. In addition, pursuant to Wis. Stat. § 551.102(28)(d)(2), the passive crypto interest investment accounts offered and sold by the Respondents are investment contract securities under Wisconsin law. Specifically, Wisconsin investors who deposited designated crypto assets into their accounts for the purpose of generating a passive income furnished initial value to Midas based on representations from Respondents by which the Wisconsin investors reasonably understood 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.

22. The process to enroll in the Midas passive crypto interest investment accounts by the Wisconsin Investors each constituted an offer to purchase a security, which the Respondents accepted by communicating to the Wisconsin Investors that they successfully enrolled and were authorized to place funds into the crypto interest investment accounts to receive passive income.
23. Pursuant to Wis. Stat. § 551.301(1), it is unlawful to offer or sell securities in Wisconsin unless the securities are registered under Ch. 551, federally covered securities, or exempted from registration under Ch. 551.
24. Pursuant to Wis. Stat. § 551.501(1), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to employ a device, scheme, or artifice to defraud.
25. 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 any 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 under which they were made, not misleading.
26. Pursuant to Wis. Stat. § 551.501(3), it is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly, to engage in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person.

Violations

27. As described above, the Respondents violated Wis. Stat. § 551.301 by selling, offering to sell, and accepting offers to purchase securities in this state that were not registered and were not exempt from registration.
28. As described above, the Respondents violated Wis. Stat. § 551.501(1-3), when in connection with the offer and sale of the passive crypto interest investment accounts, the Respondents directly or indirectly employed a device, scheme, or artifice to defraud, engaged in acts, practices, or a course of business that operated as a fraud or deceit, and 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 wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

- (a) IT IS ORDERED summarily that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made in or from Wisconsin to any person or entity 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, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).
- (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 any of the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).
- (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 the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(c) and (2).
- (d) IT IS FURTHER ORDERED summarily that RESPONDENTS, their 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 any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 and Wis. Stat. § 551.502 or successor statutes.
- (e) IT IS FURTHER ORDERED summarily that RESPONDENTS, their 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 either RESPONDENT, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.
- (f) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2). 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. Proposed Orders

- (g) IT IS PROPOSED that an order be issued against Midas and Levin to pay restitution in the amount of **\$88,000**, with interest on such amount at the legal rate under Wis. Stat. § 138.04, starting from the date of the transaction through the date of satisfaction, pursuant to Wis.

Stat. § 551.604(4m). Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 30 calendar days from the date of issuance of this Order, or if a petition for a hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

- (h) IT IS FURTHER PROPOSED that an order be issued imposing a civil penalty against the Respondents, jointly and severally, in the form of an administrative assessment totaling **\$25,000** for the violations committed against Wisconsin investor [REDACTED], pursuant to Wis. Stat. § 551.604(4). Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 30 calendar days from the date of issuance of this Order, or if a petition for a hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order. Respondent shall reach out to the Division for written instructions to make the payments before the due date.
- (i) IT IS FURTHER PROPOSED that an Order be issued imposing the actual costs of the investigation or proceeding pursuant to Wis. Stat. § 551.604(5) against the Respondents.
- (j) IT IS FURTHER PROPOSED that an order be issued prohibiting Respondents, their 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 each RESPONDENT, from becoming registered in any capacity under Ch. 551 or successor statute that might otherwise apply, prior to satisfying their civil liabilities under Wis. Stats. §§ 551.604(4), (5) and (4m) as ordered in paragraphs (g), (h) and (i) above.

C. Service of Order

- (k) 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.
- (l) 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.

D. Notice of Hearing Rights

- (m) PLEASE TAKE NOTICE that you have the right to request a hearing pursuant to Wis. Stat. § 551.604(2). 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.

(n) 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
- (3) By faxing the written petition to 608-264-7979.

- (o) 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.
- (p) 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, pursuant to Wis. Stats. §§ 551.604(2) and (3).
- (q) 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 and proposed orders, including any imposition of civil penalties, disgorgement, restitution, costs, and all applicable interest, become final as by operation of law, pursuant to Wis. Stat. §551.604(2).
- (r) 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.

- (s) 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.
- (t) PLEASE TAKE FURTHER NOTICE that any willful violation of an Order by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin, this 28th day of May, 2024.



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

A handwritten signature in cursive script, reading "Leslie M. Van Buskirk".

Leslie M. Van Buskirk
Administrator



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Cheryll Olson-Collins, **Secretary**

**AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611**

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.
2. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have caused to be served copies of the documents below upon the Administrator for the Division of Securities:
 - i. A copy of the Summary Order to Cease and Desist and Revoking Exemptions Notice of Proposed Order for Restitution and Civil Penalties, DFI Case No. S-246645 (EX); and
 - ii. A copy of this Affidavit of Service.

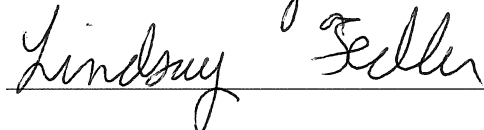
I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.


KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

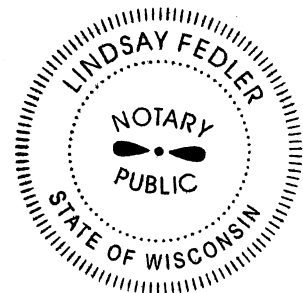
Subscribed and sworn to before me

This 4th day of June, 2024.



Notary Public, State of Wisconsin

(Notary Seal)



My commission is permanent.