

TRAVIS J. ILES
SECURITIES COMMISSIONER



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Texas State Securities Board

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MEMBER

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MEMBER

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| IN THE MATTER OF | § | |
| WIRELESS MANAGEMENT, LLC, | § | Order No. ENF-22-CDO-1859 |
| AND WILLIAM S. ROGERS | § | |

Wireless Management, LLC

Service by certified mail, return receipt requested, addressed to 491 South Venice Blvd., Venice, Florida 34293.

William S. Rogers

Service by certified mail, return receipt requested, addressed to 491 South Venice Blvd., Venice, Florida 34293.

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 4007.104 of The Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 (the "**Securities Act**").

The Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find:

FINDINGS OF FACT

1. Wireless Management, LLC ("**Respondent Wireless Management**") is a Florida Limited Liability Company located in Venice, Florida and is being served by certified mail, return receipt requested, addressed to 491 South Venice Blvd., Venice, Florida 34293.
2. William S. Rogers ("**Respondent Rogers**") serves as the Manager of Respondent Wireless Management and is being served by certified mail, return receipt requested, addressed to 491 South Venice Blvd., Venice Florida 34293.

BACKGROUND AND SUMMARY OF THE ACTION

3. The Enforcement Division of the State Securities Board ("**Enforcement Division**") investigated Respondent Wireless Management and Respondent Rogers

(“**Respondents**”) and determined they were violating the registration and disclosure requirements set forth in the Securities Act.

4. The Enforcement Division corresponded with Respondents and afforded Respondents the opportunity to voluntarily stop violating the Securities Act and become compliant with the law.
5. Respondents agreed to comply with the law and promised they would cease violating the Securities Act.
6. Respondents are nevertheless continuing to illegally and fraudulently offer securities, and they are threatening immediate and irreparable harm to Texas residents.

THE RECENT PUBLIC SOLICITATIONS

7. Although the Enforcement Division notified Respondents they may be violating the Securities Act, Respondents are continuing to publish advertisements on Craigslist.org targeting residents of Texas.
8. For example, Respondents recently published an advertisement on Craigslist.org targeting residents of Houston, Texas.
9. The advertisement promoted an investment in technology that “mines crypto currency [sic] and makes... great income every month” which is further described as follows:
 - A. The investor purchases a turnkey equipment package for \$5,000.00;
 - B. Respondents select a “top tier location,” install equipment at the location and the equipment thereafter mines cryptocurrencies; and
 - C. The investment generates a passive monthly income for five years.

THE HELIUM TOKEN

10. The investment relates to Helium, a cryptocurrency developed by Helium Systems, Inc., that trades under the symbol HNT. HNT is described in more detail as follows:
 - A. HNT was priced at around \$1.30 per token on January 1, 2021, peaked at around \$52.99 on November 15, 2021, and is priced at around \$29.00 as of January 19, 2022;
 - B. HNT has a current circulating supply of more than 108 million HNT and a current market capitalization of approximately \$3.2 billion;

- C. Users earn HNT by obtaining and installing hotspots – devices that are a combination of a wireless gateway and a miner – that purportedly provide wireless coverage for millions of connected devices over a certain radius;
- D. Hotspots on the network are randomly and automatically assigned proof-of-coverage tests, and persons operating these hotspots are rewarded with HNT for passing and winning these tests; and
- E. Persons operating hotspots also earn HNT for using the hotspots to build and secure network infrastructure and transferring device data over the network.

THE INVESTMENT IN HNT MINING

- 11. Respondents are not directing potential investors to send their funds to Helium Systems, Inc., or to purchase HNT from a cryptocurrency exchange. Instead, Respondents are directing investors to send their principal to Respondents, as Respondents are claiming they already obtained one or more hotspots from Helium Systems, Inc.
- 12. Respondents are promising to install the hotspots and use the hotspots to mine HNT tokens. Respondents are also promising to thereafter share rewards with investors, with Respondents receiving half of the rewards and investors receiving half the rewards.
- 13. Respondents are touting the profitability of the investment, representing the hotspots either are generating or will generate significant monthly income and at least one hotspot is earning almost \$10,000.00 in profit per month.
- 14. Respondents are also touting the transparency of the investment by stating investors can monitor the income 24 hours per day, seven days per week.

THE LAWSUIT AGAINST RESPONDENT ROGERS FOR FAILURE TO PAY GUARANTEED PROFITS AND RETURN PRINCIPAL TO A PRIOR INVESTOR

- 15. On or about March 11, 2014, an investor filed a Complaint in Dustin Saboorian v. William Stuart Rogers, Cause No. 14-CVS-882, in the General Court of Justice, Superior Court Division of North Carolina, Gaston County.
- 16. The plaintiff claimed he was induced to invest with Respondent after responding to an advertisement posted on Craigslist.org.
- 17. The plaintiff claimed Respondent Rogers represented he was raising investment funds to open a physical store wherein he would sell cellular phones and cellular phone plans.

18. Respondent Rogers allegedly guaranteed the plaintiff a 6% return on an investment of \$30,000.00.
19. The plaintiff allegedly never received the guaranteed returns or a return of the original principal investment.
20. On or about September 22, 2014, following Respondent Rogers' failure to respond to the plaintiff's Complaint, the Court entered a Default Judgment in favor of the plaintiff and ordered Respondent Rogers to pay \$36,000.00 in damages and \$3,655.00 in attorney fees.

LACK OF EXPERIENCE AND KNOWLEDGE

21. Respondent Rogers is claiming he has been working in "the technical industry for many years and is knowledgeable of the business."
22. However, Respondent Rogers has little experience or technical knowledge of HNT or mining HNT.

LACK OF INCORPORATION OR AUTHORITY TO ACT UNDER ASSUMED NAME

23. Respondents are offering and selling investments in Texas under the business name Wireless Management, LLC.
24. However, Respondents have not filed for incorporation and organization with the Texas Secretary of State. Respondents also have not filed an assumed name certificate with the Texas Secretary of State.
25. Therefore, Respondent Wireless Management is not authorized to transact business in Texas as a domestic or foreign entity, and Respondent Rogers is not authorized to transact business under the assumed name of Respondent Wireless Management.

REGISTRATION VIOLATIONS

26. Respondent Wireless Management has not been registered with the Securities Commissioner as a dealer at any time material hereto.
27. Respondent Rogers has not been registered with the Securities Commissioner as an agent of Respondent Wireless Management at any time material hereto.
28. The investments in HNT mining have not been registered by notification, coordination or qualification in Texas, and no permit has been issued for their sale in Texas.

DECEIT AND THE RISKS ASSOCIATED WITH HNT

29. As described herein, Respondents are claiming the investment in HNT mining is profitable and generates significant monthly income. These statements are materially misleading or otherwise likely to deceive the public because Respondents are not disclosing the following risks associated with HNT and the investment in HNT mining:
- A. HNT competes with other cryptocurrencies and this competition may negatively impact the price of HNT;
 - B. HNT is only available for trade at certain exchanges, and the lack of exchanges supporting HNT or a decrease in the number of exchanges supporting HNT may limit demand for HNT and negatively impact its price;
 - C. Governments may adopt legislation or regulation that may negatively impact the use, transfer and exchange, or price of cryptocurrencies such as HNT;
 - D. A hacking incident or malicious attack, or technical problem with the hotspot, may negatively impact the ability to mine, secure and sell HNT for a profit;
 - E. The number of HNT allocated to miners may correlate with the aggregate number of miners of HNT, and the ability to successfully mine HNT may decrease as rewards are shared among a larger population of miners;
 - F. A decrease in demand for or use of the wireless coverage provided by hotspots may negatively impact demand for or the price of HNT; and
 - G. The price of HNT is volatile, and this volatility may negatively impact the ability to liquidate positions or trade HNT for a profit.

FRAUD AND THE FAILURE TO DISCLOSE RESPONDENT ROGERS' PRIOR FAILED INVESTMENTS

30. In connection with the offer of investments in HNT mining, Respondents are intentionally failing to disclose the performance, or lack thereof, of prior investments offered and sold by Respondent Rogers and/or Respondent Wireless Management, and this information constitutes a material fact.
31. In connection with the offer of investments in HNT mining, Respondents are intentionally failing to disclose material facts relating to the lawsuit filed by Saboorian, including the following material facts:

- A. On or about March 11, 2014, an investor filed a Complaint in Dustin Saboorian v. William Stuart Rogers, Cause No. 14-CVS-882, in the General Court of Justice, Superior Court Division of North Carolina, Gaston County;
- B. The plaintiff claimed he was induced to invest with Respondent after responding to an advertisement posted on Craigslist.org;
- C. The plaintiff claimed Respondent Rogers represented he was raising investment funds to open a physical store wherein he would sell cellular phones and cellular phone plans;
- D. Respondent Rogers allegedly guaranteed the plaintiff a 6% return on an investment of \$30,000.00;
- E. The plaintiff allegedly never received the guaranteed returns or a return of the original principal investment; and
- F. On or about September 22, 2014, following Respondent Rogers' failure to respond to the plaintiff's Complaint, the Court entered a Default Judgment in favor of the plaintiff and ordered Respondent Rogers to pay \$36,000.00 in damages and \$3,655.00 in attorney fees.

**FRAUD AND THE FAILURE TO DISCLOSE
INFORMATION RELATING TO INCORPORATION AND ORGANIZATION**

- 32. In connection with the offer of investments in HNT mining, Respondents are intentionally failing to disclose Respondent Wireless Management is not authorized to transact business in Texas as a domestic or foreign entity, and Respondent Rogers is not authorized to transact business under the assumed name of Wireless Management, and this information constitutes material facts.

**FRAUD AND THE FAILURE TO DISCLOSE THE WARNING FROM THE
ENFORCEMENT DIVISION AND THE PROMISE TO COMPLY WITH THE LAW**

- 33. In connection with the offer of investments in HNT mining, Respondents are intentionally failing to disclose the following material facts:
 - A. The Enforcement Division learned Respondent Wireless Management may have previously offered securities in Texas without complying with the Securities Act;
 - B. The Enforcement Division afforded Respondents the opportunity to voluntarily stop violating the Securities Act and become compliant with the law;

- C. Respondents agreed to comply with the law and promised they would cease violating the Securities Act; and
- D. As described herein, although Respondents agreed to comply with the law and promised they would cease violating the Securities Act, Respondents nevertheless continued to illegally and fraudulently offer securities in Texas.

**DECEIT AND THE QUALIFICATIONS
AND PROFESSIONAL EXPERIENCE OF RESPONDENT ROGERS**

- 34. As described herein, Respondent Rogers is claiming he has been working in “the technical industry for many years and is knowledgeable of the business.”
- 35. This statement is materially misleading or otherwise likely to deceive the public because Respondent Rogers has little experience or technical knowledge of HNT or mining HNT.

CONCLUSIONS OF LAW

- 1. The investments in HNT mining are securities as that term is defined by Section 4001.068 of the Securities Act.
- 2. Respondents are violating Chapter 4003 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
- 3. Respondents are violating Chapter 4004 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Chapter 4004 of the Securities Act.
- 4. Respondents are engaging in fraud in connection with the offer for sale of securities.
- 5. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public.
- 6. Respondents’ conduct, acts, and practices threaten immediate and irreparable public harm.
- 7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 4007.104 of the Securities Act.

ORDER

- 1. It is therefore ORDERED Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the

Securities Commissioner or is offered pursuant to an exemption from registration under the Securities Act.

2. It is further ORDERED Respondent Wireless Management immediately CEASE AND DESIST from acting as a securities dealer in Texas until it is registered with the Securities Commissioner or acting pursuant to an exemption from registration under the Securities Act.
3. It is further ORDERED Respondent Rogers immediately CEASE AND DESIST from acting as an agent of a securities dealer in Texas until he is registered with the Securities Commissioner as an agent of a registered securities dealer or is acting pursuant to an exemption from registration under the Securities Act.
4. It is further ORDERED Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.
5. It is further ORDERED Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 4007.104 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 4007.206 of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 4007.104 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$10,000, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 21st day of February, 2022.



TRAVIS J. ILES
Securities Commissioner