STATE OF CALIFORNIA BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

TO: Fusion Xperience www.fusionxperience.com www.fusionxperience.io www.fusionprotocol.io www.fusionexchange.io

DESIST AND REFRAIN ORDER (For violations of section 25110 of the Corporations Code)

The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

- 1. The Department of Financial Protection and Innovation (Department) regulates the offer and sale of securities in California under the Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL).
- 2. At all relevant times, Fusion Xperience is and was a business entity of unknown type with an unknown principal place of business. Fusion Xperience operated the websites www.fusionxperience.com, www.fusionxperience.io, and www.fusionprotocol.io, as well as social media accounts on Telegram (https://t.me/fusionprotocol2022 and https://t.me/fusionxperience) and X (formerly known as Twitter) (@Fusionarbitrage).
- 3. Beginning at least as early as 2022, Fusion Xperience offered and sold securities in the form of investment contracts in California through general solicitations on its website.
- 4. Fusion Xperience held itself out as a cryptocurrency trading platform. The purported purpose of the securities offerings was for Fusion Xperience to use investor funds to trade cryptocurrency, which in turn would generate returns for investors who purchased the Fusion Xperience's investments. Fusion Xperience claimed that it used artificial intelligence (AI) to maximize investors' profits.
- 5. Fusion Xperience represented that its investments paid investors weekly returns of 3% to 5%. The investments were publicly available to investors in California via Fusion Xperience's

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websites: www. fusionxperience.com, www.fusionxperience.io, www.fusionprotocol.io, and www.fusionexchange.io.

- 6. After investors created their accounts on the Fusion Xperience website, investors could log into their account using their username and password to monitor their purported balance and returns, deposit funds, and request withdrawals.
 - 7. Fusion Xperience facilitated investor deposits and withdrawals using crypto assets.
- 8. As part of its solicitation efforts, Fusion Xperience used a pyramid scheme structure that would reward investors for inducing others to send money to Fusion Xperience. According to this program, investors would be paid a referral bonus based on the amount of funds deposited by the investors that they recruited. Investors would also be paid additional referral bonuses when the investors that they recruited, in turn, recruited new investors.
- 9. Investors seeking to take advantage of Fusion Xperience's referral program created and posted videos to YouTube and posted content on other social media websites to recruit others to invest in Fusion Xperience.
- 10. The investments offered by Fusion Xperience were securities that were neither qualified nor exempt from the qualification requirement under the CSL. The Department has not issued a permit or other form of qualification authorizing Fusion Xperience to sell these securities in California.

Based on the foregoing findings, the Commissioner is of the opinion that the securities offered or sold by Fusion Xperience were subject to qualification under the CSL and have been or are being offered or sold without first being qualified in violation of Corporations Code section 25110.

Pursuant to Corporations Code section 25532, Fusion Xperience is hereby ordered to desist and refrain from the further offer or sale of securities in California unless and until the qualification requirements of the CSL have been met.

Any person who with knowledge directly or indirectly controls and induces another person to violate any provision of the CSL, or knowingly provides substantial assistance to another person to violate any provision of the CSL, is deemed to be in violation of that provision to the same extent as the other person. Cal. Corp. Code § 25403(a) and (b).

This Order is necessary, in the public interest, for the protection of investors, and is consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: October 14, 2024 San Diego, California

CLOTHILDE V. HEWLETT Commissioner of Financial Protection and Innovation



 $By_{\underline{\ }}$ MARY ANN SMITH **Deputy Commissioner Enforcement Division**