

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

TO: Bitbox International, Inc.
601 Heritage Drive, Suite 143
Jupiter, FL 33458

<https://bitboxatm.com/>

**DESIST AND REFRAIN ORDER
(For violation of sections 25110 and 25403 of the Corporations Code)**

The Complainant, the Commissioner of Financial Protection and Innovation (Commissioner) of the Department of Financial Protection and Innovation (Department), is informed and believes, and based on such information and belief, finds as follows:

1. At all relevant times, Bitbox International, Inc. (hereafter, Bitbox), is and was a Florida corporation formed on June 28, 2019.
2. On or about June 28, 2019, Bitbox registered a principal place of business address at 500 Australian Avenue South, West Palm Beach, Florida 33401. On December 5, 2023, Bitbox changed its principal address with the Florida Division of Corporations to 18117 Biscayne Boulevard, PMB 66566, Miami, Florida, 33160.
3. Beginning June 28, 2019, until December 3, 2019, Brett D. Blackwell was the President of Bitbox. On December 3, 2019, Bitbox filed Articles of Amendment to its Articles of Incorporation, naming Brett D. Blackwell as the President and Secretary of Bitbox and naming Leigh Blackwell as the Vice President. On August 16, 2021, Bitbox filed new Articles of Amendment to its Articles of Incorporation, naming Elie M. Furer as President, Vice President, Treasurer, and Secretary of Bitbox.
4. At all relevant times, Bitbox maintained a website at <https://bitboxatm.com/>. The "Contact" section of the website instructed consumers to contact the company by telephone at 877-424-8269 or by email at info@bitboxatm.com.

1 5. Since at least 2019, Bitbox offered and sold unqualified, nonexempt securities in
2 California by operating cryptocurrency-cash exchange services for commission. Bitbox offered these
3 securities by way of a network of kiosks (hereinafter, ATMs) located throughout the United States
4 and sold to California consumers. Bitbox referred to the ATMs as “Bitboxes” and represented that
5 the ATMs would enable customers to purchase cryptocurrency with U.S. dollars or to convert U.S.
6 dollars into cryptocurrency, such as Bitcoin. Bitbox offered to sell the ATMs to investors as the
7 “initial investment.” Bitbox then entered into written profit sharing-agreements with the investors,
8 wherein Bitbox would split the proceeds made through ATM transaction fees with the investor, each
9 party receiving a fixed percentage of the net profits after expenses. Bitbox described this profit-
10 sharing arrangement in marketing materials as follows: “Bitbox makes money on a per transaction
11 basis after your initial investment . . . we make money only when you make money – and you make
12 the higher percentage!”.

13 6. Bitbox marketed its technology as a secure and profitable investment, describing the
14 ATMs as an “easy to operate, high income, ALL CASH, ground floor business opportunity” that has
15 many advantages over traditional banking and therefore is “poised for continued strong growth.”
16 Promotional materials sent to California consumers promised that “Bitcoin ATMs can bring \$10,000
17 to \$20,000 per month nationwide,” thus creating “strong cash returns” for owners of the ATMs.

18 7. Bitbox represented that California investors were not required to have any business
19 experience or specialized skills to invest and benefit from the profits on the transaction fees charged
20 by the Bitbox ATMs. According to Bitbox, investors “do not even need to understand Bitcoin,
21 cryptocurrency, or software before starting . . .,” and could “get in on the ground floor of the
22 exploding Bitcoin ATM Market with no technical knowledge or expertise.”

23 8. Bitbox described the ATMs in its marketing as a “truly passive, cutting-edge business
24 opportunity” that would generate passive returns for investors, and imploring them to “sit back, relax,
25 and track their profits” because Bitbox’s “experts handle everything [and] are there to make sure their
26 business runs smoothly.” One California investor (Investor A) described the investment model as a
27 “passive investment with a commission split . . . I provide the upfront capital and Bitbox does the
28 rest.” This “hands-free” model was a fundamental part of Bitbox’s appeal to consumers. Bitbox

1 represented to investors on its website that they could invest from anywhere, stating in online
2 marketing materials that “Bitbox ATM franchisees do not have to live in the same area where the
3 ATMs are located and this home-based business can be operated completely in an absentee
4 ownership capacity.” In reliance on such statements, at least one California investor (Investor B)
5 residing in San Diego invested with Bitbox by purchasing two Bitbox ATMs located in Florida.

6 9. Investors’ involvement in the day-to-day operations of the Bitbox ATMs was
7 negligible. Early investors, which Bitbox erroneously described as “Franchisees” in early investment
8 contracts drafted by Bitbox, were required to transfer the cryptocurrency needed to fund the ATMs
9 and could then elect to arrange their own cash pick-up service, requiring them to physically visit each
10 ATM they owned to collect the cash deposits. This minimal involvement was only available to the
11 early investors of Bitbox. Later versions of the Bitbox investment contracts restricted the level of
12 investor involvement to only paying for the initial purchase of the ATM. These later contract
13 versions –
14 which no longer used the term “Franchisee,” instead calling investors “Agents” – also eliminated the
15 requirement that investors fund the machine’s cryptocurrency and removed the option for consumers
16 to arrange cash-pick up, instead mandating that Bitbox was responsible for those services and
17 requiring investors to pay additional fees. Bitbox’s marketing also stated that it was responsible for
18 “finding the locations for the ATMs, handling the installation and set-up of the machines, taking care
19 of all legal and compliance requirements, promoting the locations through their SEO marketing, . . .
20 and dealing with any service issues that may arise.”

21 10. As a result of the terms of Bitbox’s investment contract, investors expected that the
22 ability to receive a profit from the investment through ATM transaction fees was dependent on the
23 success of Bitbox’s business efforts. Investors were not required to contribute any significant
24 management efforts in order to benefit financially from the transaction fees generated by the revenue
25 from the machines. Bitbox was and is not registered with any relevant authority and investors were
26 not protected by organizations such as the Federal Deposit Insurance Corporation or the Securities
27 Investor Protection Corporation.

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1 11. In 2023, Bitbox stopped sending commission checks to California investors, stopped
2 replenishing the cryptocurrency in the ATMs, and stopped responding to investor inquiries, with
3 multiple California investors stating the company “went dark.” The Bitbox ATM machine online
4 portal, which allowed investors to monitor the status of their ATMs, indicated that the ATMs were
5 “offline.”

6 12. Based on the foregoing, the Commissioner finds and is of the opinion that the Bitbox
7 ATM investments are securities, as defined in Corporations Code 25019, and subject to qualification
8 under the Corporate Securities Law of 1968.¹ The Bitbox ATM investments were unqualified,
9 nonexempt securities offered or sold in this state in violation of Corporations Code 25110.

10 Under Corporations Code 25532, Bitbox International, Inc. is hereby ordered to desist and
11 refrain from the further offer and sale of securities in the State of California, including but not limited
12 to, the offer and sale of Bitbox ATMs, as described herein, unless such offer or sale has been
13 qualified under Corporations Code sections 25111, 25112, or 25113, or unless such security or
14 transaction is exempted or not subject to qualification.

15 This order is necessary, in the public interest, for the protection of consumers, and is
16 consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

17 This Desist and Refrain Order shall remain in full force and effect until further order of the
18 Commissioner.

19
20 DATED: December 11, 2024
21 Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



22 By: _____
23 MARY ANN SMITH
24 Deputy Commissioner
25 Enforcement Division

26
27
28 ¹ See CAL. CORP. CODE §§ 25000-25707.