

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
SECURITIES DIVISION**

IN THE MATTER OF:

**GS PARTNERS GLOBAL; JOSIP HEIT; AND
RICHARD L. SHOTO**

**ADMINISTRATIVE ORDER
S-23-6458**

Respondents

ORDER TO CEASE AND DESIST

WHEREAS, the Secretary of State of the State of Mississippi (“Administrator”) has the authority to administer and provide for the enforcement of all provisions of the Mississippi Securities Act (“Act”), codified at Mississippi Code Annotated Sections 75-71-101 to -701 (2020); and

WHEREAS, GS Partners Global; Josip Heit; AND Richard L. Shoto (collectively “Respondents”) have violated provisions of the Act; and

WHEREAS, the Securities Division of the Mississippi Secretary of State’s Office (“Division”) is authorized to issue an order to direct any person to cease and desist from engaging in an act, practice, or course of business when the Administrator determines a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of the Act or a rule adopted or order issued under the Act; and

WHEREAS, action by the Division in this instance is necessary and appropriate in the public interest and for the protection of investors and is consistent with the purposes fairly intended by the policy and provisions of the Act;

NOW, THEREFORE, the Division hereby enters its Order to Cease and Desist.

I. FINDINGS OF FACT

Parties

1. The Secretary of State has the authority, pursuant to the Act, to administer and enforce the Act and to regulate the offer and sale of securities in Mississippi as well as the firms and persons who offer or sell securities or who provide investment advice regarding securities.

2. Respondent GS Partners Global (“GS Partners”) purports to be involved in digital banking, corporate finance, and investment solutions. GS Partners conducts business using various names, including GS Partners; Swiss Valorem Bank Ltd.; GSB Gold Standard Bank Ltd.; GSDeFi; Gold Standard Trade; GSTrade; G999; and Lydian World. GS Partners issues for sale securities, known as MetaCertificates. MetaCertificates are marketed online and at seminars in which Members of GS Partners recruit potential customers to purchase MetaCertificates and register to become Members. GS Partners’ products are offered and sold throughout the United States. Respondent’s last known address is Emgate Building, Office 343-745, 212 Sheikh Road, Al Wasl, Dubai, United Arab Emirates. It also has a mailing address of 149a Vaihingerstrasse, Stuttgart, Baden-Wuerttemberg, 30337, Germany.

3. Respondent Josip Heit (“Heit”) is the CEO, Chairman of the Board, and/or control person of GS Partners, as well as other companies associated with GS Partners. Heit is not a United States citizen. Heit’s last known address is Emgate Building, Office 343-745, 212 Sheikh Road, Al Wasl, Dubai, United Arab Emirates, the same as GS Partners. He also has a known address of Strada Alexandru cel Bun Nr 22, Galati, 800193, Romania as well as a residential address of 30 Hans Place, London, GB, SW1X0JY.

4. Respondent Richard L. Shoto (“Shoto”) is a known Mississippi representative and Member of GS Partners. He has a mailing address of 106 Lonie Drive, Pearl, MS 39208, as well as 3457 Forest Hill Road, Jackson, MS 39212. These are last known residential addresses associated with Richard L. Shoto.

5. The Respondents are not and have not at any time been registered or notice-filed with the Division in any capacity.

Events

6. On or about October 13, 2023, the Division began its investigation into Respondents’ securities-related activities and learned of the following facts and circumstances.

7. GS Partners, controlled by Heit, implemented an international multilevel marketing program, promising investors guaranteed, lucrative returns. GS Partners uses on-demand webinars, videoconferencing, and in-person corporate events to train multilevel marketers and promote securities,

called MetaCertificates. Notable individuals affiliated with GS Partners in its multilevel marketing program include Bruce Hughes, Aline Lima, Dirc Zahlmann, Dennis Utiz, and Michael Dalcoe.

8. The investors who purchase MetaCertificates are categorized as Customers or Members (also called Partners). Customers simply purchase the MetaCertificates, while Members join GS Partners by paying a fixed amount each month in addition to purchasing MetaCertificates. Members can earn additional returns and/or income by recruiting new customers and/or Members to GS Partners.

9. GS Partners recently experienced significant trading losses and informed purchasers that these trading losses negatively impacted many members. GS Partners thereafter implemented a “market protection system” that, among other things, places new restrictions on client withdrawals and increases fees for converting profits from an internal illiquid token to liquid external tokens.

10. Securities regulators from the United States and Canada identified the threat presented by GS Partners and organized a working group to collectively investigate its dealings.

11. The Administrator, in coordination with other regulatory agencies from the United States and Canada, is entering this Order to Cease and Desist to stop the parties from inflicting immediate and irreparable public harm.

Unregistered MetaCertificates Offered for Sale and Sold in Mississippi

12. Heit and GS Partners promote the sale of MetaCertificates, financial services, investments, and their business through internet websites accessible by Mississippi residents at gspartners.global (“GS Partners’ Website”), gsb.gold (“Gold Standard Corp. Website”) and g999main.net (“G999 Website”).

13. The GS Partners’ Website redirects Mississippi residents to an Instagram account (@g999blockchain), Facebook webpage (@g999blockchain) and YouTube channel (<https://www.youtube.com/@g999main>) that promoted the sale of MetaCertificates until approximately October 21, 2023, when references to MetaCertificates were suddenly removed.

14. The GS Partners’ Website, available to prospective Customers and Members who create an online account, describes the process of purchasing MetaCertificates as follows:

- A. Customers and Members must convert fiat currency to crypto currency, USDT (Tether), to purchase MetaCertificates. Customers and Members cannot use fiat currency to purchase MetaCertificates. The USDT must be transferred to a wallet on the GS Partners' Website where the Customers and Members can select the MetaCertificate(s) to purchase.
 - B. Upon purchasing a MetaCertificate, Customers and Members must then "load" (i.e., pay additional money) their MetaCertificates with more funds until satisfying certain thresholds in order to optimize the guaranteed returns. MetaCertificates typically incorporate a single threshold, often referred to as the "main load." Customers and Members that load additional principal equal to or more than the main load have "fully loaded" their MetaCertificates.
 - C. Customers and Members who meet the main load requirements are entitled to receive the guaranteed profits, bonuses, and/or income.
 - D. When a Customer or Member funds an account and purchases a MetaCertificate, they then select a sector to invest in, such as Blockfolio, Real Estate, Supplements, Fintech, Renewables, or Online Gaming. These sectors pay different rates of returns and bonuses.
15. None of the Respondents are registered as a broker-dealer, agent, investment advisor, or investment advisor representative in the state of Mississippi.
16. Additionally, the Respondents' MetaCertificates are not registered as securities in Mississippi and are not exempt from registration in Mississippi.

The Lydian World Metaverse and LYS Token

17. GS Partners has been promoting Lydian World, a metaverse that permits users to engage in various activities that purport to provide income. Lydian World is closely associated with LydianStater (LYS), a digital asset deployed on the Binance blockchain.
18. Owners of LYS can also stake LYS in Lydian World and receive up to 22.8% APY as follows:
- A. LYS staking returns a yield that varies by month during the first year and, assuming clients stake their LYS for 12 months, their APY is 14.8% during the first year;
 - B. LYS staking returns a yield that varies by month during the second year and, assuming clients stake their LYS for 12 months, their APY is 14.8% during the second year; and
 - C. LYS staking returns a yield that varies by month during the third year and, assuming clients stake their LYS for 12 months, their APY is 18.8% during the third year.
19. Owners of LYS that paid 33 USDT and upgraded their membership with GS Partners are able to acquire an NFT. These users, and others that acquire additional NFTs, can use these NFTs in Lydian World to increase staking rewards as follows:

- A. Investors can load one NFT, and up to 12 NFTs, in the staking pool;
 - B. NFTs loaded in the staking pools increase the rewards in the final month of the second and third years of staking by 0.33% APY per NFT; and
 - C. Investors loading the maximum number of NFTs into the staking pool receive 18.8% of 14.8% APY during the second year and 22.8% APY instead of 18.8% in the third year.
20. Investors received 90% of the rewards earned from staking LYS. The remaining 10% of staking rewards are distributed to the virtual country in Lydian World where the user registered their KYC.
21. Investors staking LYS can unstake their tokens at any time but must pay a penalty if they unstake before the third year. The penalty is 14.8% of the deposited LYS in the first year, 18.8% of the deposited LYS in the second year and 22.8% of the deposited LYS in the third year. 10% of penalties are distributed to the virtual country in Lydian World where the user registered their KYC.

The MetaCertificates

22. After creating a Customer or Member account, prospective investors may use their credentials to access the GS Partners Platform (“GSP Platform”). After accessing the GSP Platform, and consistent with their status as a Customer or Member, investors may mint NFTs, purchase event tickets, manage multilevel marketing matrixes, access Lydian World, attend courses at a blockchain academy and invest in many different products.
23. These products include Elemental Certificates and Success Series Certificates.
24. GS Partners is using the following terminology to describe the terms of the Elemental Certificates and Success Series Certificates:
- A. Investors purchase Elemental or Success Series Certificates by transferring digital assets, and then “load” their products by transferring additional principal.
 - B. Investors can “load” principal into their Elemental or Success Series Certificates until the value of their principal meets or exceeds certain thresholds. Elemental Certificates generally use a single threshold, often referred to as a “main load.” Investors that purchase certificates and “load” principal equal to or in excess of the main load have “fully loaded” a main load.
 - C. Success Series Certificates can incorporate two tiers of thresholds, and these thresholds are referred to as “main load 1” and “main load 2.” Investors that load additional principal equal to or in excess of main load 1 have “fully loaded main load 1” and investors that load additional

principal equal to or in excess of main load 2 have “fully loaded main load 1” and “fully loaded main load 2.”

25. Investors that fully load a main load, fully load main load 1 or fully load main load 2 unlock income streams or increase the value of the product as follows:

- A. The purported value of an Elemental or Success Series Certificates may be increased by a certain value, often referred to as a “bonus” or “bonus value;”
- B. Investors may be entitled to receive monthly payments, sometimes referred to as the “monthly payback programme on load” or simply “on load;”
- C. Investors may be entitled to receive weekly payments, sometimes referred to as the “weekly payback programme on price” or “on price of certificate;” and
- D. Investors may be entitled to some utility from the MetaCertificate when loading principal tied to supplements and gaming blockfolios.

26. GS Partners frequently incentivizes the loading of additional principal through various promotions. These promotions may increase the value of a certificate or unlock weekly or monthly income streams.

27. Each Elemental or Success Series Certificate is associated with six different “blockfolios” that represent specific industries or sectors. Investors loading Elemental or Success Series Certificates must first elect one or more of six “blockfolios.” The elected blockfolios determine the value of the main load, main load 1, main load 2 and/or promotional load, as well as the terms of the bonus, monthly payments and weekly payments.

Payment of Profits Using Internal Tokens, Fees for Conversion

28. Purchasers are afforded the opportunity to compound certain profits or to withdraw said profits.

29. Purchasers access the GSP Platform to withdraw principal and/or profits from the Elemental and Success Series Certificates.

30. The profits are not paid in fiat currency, popular digital assets such as BTC or ETH, or external stablecoins such as USDT. Instead, GS Partners claims to use proprietary internal tokens to pay withdraws.

31. The proprietary internal tokens are represented by the tickers GEUR, CVEUR, LEUR and DEUR. They are highly illiquid assets, are not traded on most if not all external cryptocurrency exchanges and have little or no fair market value. Moreover, GS Partners is not providing clients with access to block explorers

for GEUR, CVEUR, LEUR and DEUR, and they are not disclosing information relating to their consensus mechanisms, their contract addresses or their contracts. Simply put, GS Partners is not providing clients with sufficient information to show GEUR, CVEUR, LEUR and DEUR actually exist.

32. GS Partners mistakenly and falsely claims that it uses proprietary tokens like CVEUR, which represents convertible euro, instead of external tokens like BTC and ETH so it can pay rewards without needing a securities license.

33. Notwithstanding the forgoing, GS Partners directs clients to trade these internal tokens for external tokens through an exchange accessed through the GSP Platform. GS Partners charges a 2.5% fee for exchanging the internal tokens to external digital assets.

34. Clients that pay the 2.5% fee to exchange internal tokens to external digital assets can then transfer the external assets to an external wallet. They may pay additional fees, as well as gas, to convert these external assets to fiat currency through a different digital asset exchange.

The Financial Losses and the Implementation of the Market Protection System

35. On October 2, 2023, GS Partners announced that “[m]etaportfolio accounts have recently taken some loss trades in the market.” As described herein, metaportfolio is a blockfolio tied to the Elemental and Success Series Certificates.

36. These losses resulted in the value of loads decreasing for many Elemental and Success Series Certificates and, consequently, owners were not being paid their weekly profits.

37. GS Partners encouraged investors to either wait until term and receive decreased profits, load additional principal to satisfy thresholds necessary to resume payment of weekly rewards, or “wait and see IF there is an exchange option into BlockChain Bonds.”

38. On October 4, 2023, GS Partners announced the issue was only impacting the Elemental Certificates tied to the metaportfolio blockfolio and a different series of certificates tied to the metaportfolio blockfolio.

39. On October 11, 2023, GS Partners announced that “[a]ll Metaportfolios that were paused due to load dropping below 100%, will restart their quarterly payouts, 4 months after load is returned above

100%.” It also announced that “[n]o quarterly payouts were made on the 1st October due to NEGATIVE performance.”

40. GS Partners thereafter implemented the Market Protection System (“MPS”), and it applies to owners of Elemental and Success Series Certificates withdrawing weekly, monthly or other profits paid in GEUR, CVEUR, LEUR, DEUR or another internal token prior to the end of term.

41. The MPS classified investors as either an active Partner that paid 33 USDT or Customers acting through a free account. When Partners and Members withdraw assets, the MPS prevents them from receiving the full value of their withdrawal and instead transfers assets to an undisclosed entity for undisclosed use.

42. The MPS interfaces with the Elemental Certificates as follows:

- A. Partners and members receive 75%, not 100%, of the value of the withdrawal.
- B. For partners, 13.75% of the value of the withdrawal is transferred to a “13 month lock up vehicle” and, for customers, 15% of the value of the withdrawal is transferred to the “13 month lock up vehicle.” The lock up vehicle is purportedly designed to “increase[e] the value of the blockchain and secur[e] value for later use by the users.”
- C. The MPS releases “gas fees,” with partners receiving 7.5% of a gas fee value and customers receiving 5% of the gas fee value.
- D. GS Partners continues charging an administrative fee for converting internal token to external tokens. The fee is increased to 3.75% for partners and 5% for customers.

43. The MPS interfaces with the Success Series Certificates as follows:

- A. Partners and members receive 50%, not 100%, of the value of the withdrawal.
- B. For partners and members, 30% of the value of the withdrawal is transferred to a “13 month lock up vehicle” purportedly designed to “increase[e] the value of the blockchain and secur[e] value for later use by the users.
- C. The MPS releases “gas fees,” with partners receiving 16.25% of a gas fee value and customers receiving 15% of the gas fee value.
- D. GS Partners continues charging an administrative fee for converting internal token to external tokens. The fee is increased to 3.75% for partners and 5% for customers.

Investment Alerts/Cautions Issued by Canadian Regulators

44. Canadian securities regulators have been warning the public about GS Partners not being registered or authorized to solicit investors.

45. On April 24, 2023, the Autorité des marchés financiers warned about GS Partners, GSB Gold Standard Bank LTD, gspartners.global, gstrade.exchange and other websites, cautioning the promoters “is not authorized to solicit investors in Quebec.”

46. On May 19, 2023, the Alberta Securities Commission added “GS Partners” and “GSTrade” to its Investment Caution List, a list of companies and individuals not registered with the Alberta Securities Commissioner that appear to be violating registration requirements or perpetrating investment scams.”

47. On May 30, 2023, the British Columbia Securities Commission published a warning that “GSPartners is not registered to trade in, or advise on, securities or derivatives” in British Columbia and “urged [British Columbia] residents to exercise caution when dealing with firms that are not registered to trade or advise in British Columbia.”

48. On June 2, 2023, the Financial and Consumer Affairs Authority of Saskatchewan published a warning that “GSPartners is not registered to trade or sell securities or derivatives in Saskatchewan” and it “caution[ed] investors and consumer not to send money to companies that are not registered in Saskatchewan, as they may not be legitimate businesses.”

49. On October 8, 2023, the Ontario Securities Commission published a warning that “GSPartners aka Swiss Valorem Bank... is not registered in Ontario to engage in the business of trading in securities.”

II. CONCLUSIONS OF LAW

1. Miss. Code Ann. Section 75-71-102(28) defines a security as, among other things, any investment contract and/or certificate of deposit. Heit, through GS Partners, issues and offers for sale MetaCertificates, which are certificates of deposits and/or investment contracts. MetaCertificates are securities under the Act.

2. The LYS Staking Pool is almost exclusively being marketed as a means of generating profits, not receiving rewards by interfacing with a validator maintaining the integrity of a proof-of-stake blockchain. Moreover, investors must use the platform provided by GS Partners in Lydian World to earn the advertised

profits from staking assets. For these reasons, as well as other reasons, investments in the LYS Staking Pool are investment contracts, notes, and evidence of indebtedness regulated as securities as that term is defined in Section 75-71-102(28) of the Act.

3. The Elemental Certificates and the Success Series Certificates investment contracts are regulated as securities as that term is defined in Section 75-71-102(28) of the Act.

4. Miss. Code Ann. Section 75-71-102(26) defines sale and offer to sell. "Sale" includes every contract of sale or, contract to sell, or disposition of a security or interest in a security for value. "Offer to sell" includes every attempt to offer or dispose of, or solicitation of an offer to purchase, a security or interest in a security for value. Thus, MetaCertificates are securities offered and/or sold under the Act.

5. Miss. Code Ann. Section 75-71-102(4) defines broker-dealer as any person engaged the business of effecting transactions in securities for the account of others or for the person's own account. GS Partners and Heit engaged in the business of effecting transactions in securities for the account of others and/or for their own account. Thus, GS Partners and Heit acted as broker-dealers under the Act.

6. Miss. Code Ann. Section 75-71-102(2) defines agent as any individual who represents a broker-dealer in effecting or attempting to effect sales of securities. Shoto represented GS Partners and Heit in effecting or attempting to effect the sales of securities. Thus, Shoto is an agent under the Act.

7. Miss. Code Ann. Section 75-71-102(15) defines investment adviser as any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. GS Partners and Heit advise others as to the advisability of investing in, purchasing, and/or selling securities for compensation, and thus are investment advisers under the Act.

8. Miss. Code Ann. Section 75-71-702(16) defines investment adviser representative as any individual employed by or associated with an investment adviser, who makes any recommendation or otherwise renders advice regarding securities. Shoto is associated with GS Partners which recommended

and/or rendered advice regarding MetaCertificates. Thus, Shoto is an investment adviser representative under the Act.

9. Pursuant to Miss. Code Ann. Sections 75-71-401 and 75-71-402, it is unlawful for any person to transact business in this state as a broker-dealer or agent for securities unless that person is registered under the Act. GS Partners, Heit, and Shoto are not registered as broker-dealers or agents in violation of the Act.

10. Pursuant to Miss. Code Ann. Sections 75-71-403 and 75-71-404, it is unlawful for any person to transact business as an investment adviser or investment adviser representative unless that person is registered under the Act. GS Partners, Heit, and Shoto are not registered as investment advisers or investment adviser representatives in violation of the Act.

11. Pursuant to Miss. Code Ann. Section 75-71-301, it is unlawful for any person to offer or sell any security in this state unless it is registered, subject to an exemption from registration, or the transaction is a federally covered security. MetaCertificates are not registered securities, not exempt, and not a federally covered security. GS Partners, Heit, and Shoto all offered and/or sold unregistered securities in Mississippi in violation of the Act.

12. Pursuant to Miss. Code Ann. Section 75-71-604, if the Administrator determines that a person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order hereunder, the Administrator is authorized to issue a cease and desist order, without a prior hearing, against any person engaged in any act or practice constituting a violation of the Act.

13. Due to the above alleged facts, Respondents are engaging in fraud in connection with the offer for the sale of securities.

14. Respondents are making offers containing statements that are materially misleading or otherwise likely to deceive the public.

15. Respondents' conduct, acts, and practices threaten immediate and irreparable harm.

16. The foregoing violations constitute bases for the issuance of an Order to Cease and Desist pursuant to Section 75-71-604 of the Act.

III. ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Mississippi until the security is registered with the Division or is offered for sale pursuant to an exemption from registration under the Act.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities broker-dealers, agents, investment advisors, or investment adviser representatives in Mississippi until they are registered with the Division or acting pursuant to an exemption from registration under the Act.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in or from Mississippi through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.
4. It is further ORDERED that Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in or from Mississippi.

IV. RIGHT TO AN ADMINISTRATIVE HEARING

If the Respondents wish to contest the allegations set forth above or offer evidence and arguments to mitigate the allegations, then the Respondents must file a request for hearing. Such request shall be made in writing to Eric S. Slee, Assistant Secretary of State, Securities Division, Mississippi Secretary of State's Office, Post Office Box 136, Jackson, MS 39205, within thirty (30) days from the date of receipt of this Order to Cease and Desist. Within fifteen (15) days after the request, the matter would be scheduled for a hearing. In the event such a hearing is requested, the Respondents may appear, with or without the assistance of an attorney, on a date and at a time and place to be specified and cross-examine witnesses, as well as present testimony, evidence, and argument relating to the matters contained herein. Upon request, subpoenas may be issued for the attendance of witnesses and for the production of books and papers on the Respondents' behalf at the hearing relating to the matters contained herein. If an administrative hearing is requested, written notice of the date, time, and place will be given to all parties by certified mail, return

receipt requested. Said notice will also designate a Hearing Officer. If a request for hearing is not timely filed, this Order becomes final, without any further action, by operation of law.

V. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Order to Cease and Desist.

ISSUED, this the 6th day of December 2023.

Michael Watson
Secretary of State

BY: 
Eric S. Slee
Assistant Secretary of State
Securities Division

CERTIFICATE OF SERVICE

I, Eric S. Slee, do hereby certify that I have this day, mailed a true and correct copy, via certified mail, return receipt requested, of the Order to Cease and Desist to the following:

GS Partners Global
Emgate Building
Office 343-745
212 Sheikh Zayed Road
Al Wasl, Dubai, United Arab Emirates

Josip Heit
Emgate Building
Office 343-745
212 Sheikh Zayed Road
Al Wasl, Dubai, United Arab Emirates

Richard L. Shoto
106 Lonie Drive
Pearl, MS 39208

GS Partners, et al.
c/o Secretary of State of Mississippi
Securities Division
Post Office Box 136
Jackson, MS 39205

This the 6th day of December, 2023.



Eric S. Slee
Assistant Secretary of State
Securities Division

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