

STATE OF NEW JERSEY  
BUREAU OF SECURITIES  
P.O. Box 47029  
Newark, New Jersey 07101  
(973) 504-3600

**IN THE MATTER OF:**

Flamingo Casino Club d/b/a flamingocasino.io,  
  
Respondent.

**SUMMARY CEASE  
AND DESIST ORDER**

Pursuant to the authority granted to Amy Kopleton, Acting Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3- 47 to -89 (“Securities Law”) and certain regulations thereunder, and based upon documents and information obtained during the investigation by the New Jersey Bureau of Securities (“Bureau”), the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Cease and Desist Order (“Order”) against Flamingo Casino Club, d/b/a [flamingocasino.io](https://flamingocasino.io).

The Bureau Chief makes the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

**Introduction**

1. Flamingo Casino Club (“Flamingo”) conducts its business on the internet through its website and social media presence on YouTube, Instagram, Twitter, Telegram, and Discord. The Flamingo website was procured and paid for from an IP address in Russia in March 2022.
2. Flamingo is offering and selling securitized NFTs (the “Securitized NFTs”) that it purportedly will pay 50% of earnings generated by a casino that Flamingo claims it will establish in The Sandbox metaverse.
3. The Sandbox metaverse is a virtual world that d itself as a community-driven

driven platform where creators can monetize voxel assets and gaming experiences on the blockchain

4. The Bureau Chief enters this Order to protect the investing public by halting the offer and sale of these fraudulent, unregistered securities.

### **Respondent**

5. In March 2022, hosting services for the Flamingo website, <https://www.flamingocasino.io> (the “Website”), were procured and paid for from an IP address in Moscow, Russia.

6. Flamingo conducts its business on the internet, through the Website and its social media presence on YouTube, Instagram, Twitter, Telegram, and Discord.

7. Flamingo is not registered with the Bureau in any capacity.

### **The NFTs**

8. A non-fungible token (“NFT”) is a digital asset with a unique identifier that exists on blockchains and can represent a real-world or digital asset like art and real estate.

9. A metaverse is a virtual world focused on social connections, interactivity, commerce, entertainment, and business. Metaverses can incorporate Web 3.0, blockchain and NFT technologies, and can be accessed via computer, in some cases with or without virtual reality headsets.

10. Flamingo is offering and selling securitized NFTs that it claims will pay 50% of earnings generated by a casino that Flamingo will establish in a metaverse to Securitized NFT holders.

11. The Securitized NFTs are similar to shares of stock and other equities insofar as the Securitized NFTs purportedly provide investors with ownership of the Flamingo metaverse casino

and the right to passively share in half the profits generated by the metaverse casino.

12. Flamingo is funding its metaverse casino through the sale of 11,111 Securitized NFTs to the public.

13. The Securitized NFTs also purportedly convey the right to participate in lotteries, including contests awarding 11 Tesla Model 3 automobiles, 1,111 iPhone 13 Pro Max smartphones, and cash prizes worth over \$1 million.

#### **False Information Provided to Secure Website Hosting Services**

14. At approximately 13:10:50 UT, or 8:10:50 AM ET on March 3, 2022, Flamingo engaged Hostinger UAB (“Hostinger”), a firm operating in Lithuania that is affiliated with Hostinger International LTD, to provide web hosting services for the Website.

15. The IP addresses used to interact with Hostinger resolve to Moscow, Russia.

16. Flamingo represented to Hostinger that its email address is flamingocasinoclub.mail.ru. This email address is administered by VK LLC, a Russian social media and communication firm, located in Moscow, Russia.

17. Flamingo represented to Hostinger that its address is 4440 Cherry Ridge Drive, Rochester, New York 32746. This address, however, is fake, and the zip code provided is in Florida, not New York.

18. Flamingo also represented to Hostinger that its telephone number is +1 3142555175. This telephone number, however, is not in service.

#### **Anonymous Payments for Web Hosting Services**

19. Hostinger does not process payments, and does not collect or maintain payment related information reflecting the actual identity or contact information of parties paying for web hosting services.

20. Hostinger utilizes payment gateways such as PayPal, AliPay, and CoinGate, to

process payments for web hosting services.

21. CoinGate operates from Lithuania and in addition to acting as a processor of payments, provides cryptocurrency trading and management services.

22. CoinGate also does not collect or maintain information reflecting the actual identity or contact information of parties transacting through its platform.

23. On March 3, 2022, at approximately 13:11:15 UT, or 8:11:15AM ET, Flamingo accessed the CoinGate payment platform using an IP address that resolves to Moscow, Russia.

24. Flamingo paid Hostinger by transferring 1.303 Litecoin to CoinGate, priced at about \$143.76 USD on the date of the transaction.

#### **The Flamingo Casino Club Website and Social Media Platforms**

25. The Website became accessible to the general public, including residents of New Jersey, on or about March 10, 2022.

26. Flamingo claims on the Website that it is “building a casino club in the Sandbox metaverse” and that the Flamingo NFT collection sale will fund the “creation of one of the largest online casinos on the Ethereum blockchain.”

27. Around that time, Flamingo established a social media presence on YouTube, Instagram, Twitter, Telegram, and Discord, and is promoting itself through social media influencers (the “Flamingo Social Media Platforms”), as described below:

- a) In February 2022, Flamingo created a Twitter account using the handle @flamingocasino3. Flamingo posted its first tweet on March 11, 2022, one day after publishing the Flamingo Website.
- b) On March 9, 2022, Flamingo registered an account with YouTube. It published its first video on March 15, 2022, several days after publishing the Flamingo Website.
- c) On March 11, 2022, Flamingo began posting content through @flamingo.casino on



Instagram.

- d) On or about March 11, 2022, Flamingo began posting information through a Telegram channel accessible at [t.me/flamingocasino](https://t.me/flamingocasino). The telegram channel has been and is moderated by an unidentified person acting through the aliases Flamingo Host and `flamingo_casino_admin` (the “Telegram Agent”).
- e) On or around March 14, 2022, Flamingo began disseminating information through a server hosted by Discord named FlamingoCasino. This server has been administered by an unidentified person acting through the alias Brownee#8315 (the “Discord Agent”).
- f) In or around March 2022, Flamingo began recruiting influencers to market Flamingo. On March 17, 2022, social media influencers began promoting Flamingo by publishing videos to their YouTube channels.

### **The Metaverse Casino**

28. Flamingo is using the Flamingo Website and the Flamingo Social Media Platforms to promote the development of a casino in the metaverse.

29. Flamingo is purportedly developing this metaverse casino in the Sandbox metaverse. The Sandbox metaverse is a decentralized community-driven metaverse where creators share and monetize voxel assets on the Ethereum blockchain.

30. The metaverse casino will purportedly include a virtual stadium for virtual games and concerts, a virtual hotel, a virtual movie theater, a virtual bowling alley, virtual tennis courts, and virtual poker, polo, and golf clubs. It will also purportedly host a virtual hockey team named “Flamingos.”

31. Patrons, acting through digital representations of themselves known as avatars, will be able to gamble in the metaverse casino by playing craps, palace baccarat, mini-baccarat,

blackjack, and roulette.

**The Flamingo Offers of Securities - The Securitized NFTs**

32. Flamingo offers investments to the general public in the form of Securitized NFTs.

33. Flamingo offers the Securitized NFTs through the Flamingo Website and Flamingo Social Media Platforms purportedly to raise capital for the development of a metaverse casino.

34. The Securitized NFTs are securities as defined by N.J.S.A. 49:3-49(m).

35. The Securitized NFTs are not registered with the Bureau, federally covered, or exempt from registration.

36. Flamingo, through Flamingo Social Media Platforms, among others is directing investors to the Website, as well as an affiliated website accessible at <https://flamingocasinoft.com>, to purchase and mint the Securitized NFTs.

37. The aggregate number of mintable NFTs is 11,111, with 10,711 Securitized NFTs available for purchase by investors, since Flamingo claims that 250 Securitized NFTs are reserved for pre-launch and post-launch marketing, 100 Securitized NFTs are reserved for prizes in the metaverse casino, and 50 Securitized NFTs are reserved for the team managing Flamingo.

38. The Securitized NFTs have been minted and published on the Ethereum Mainnet as FlamingoCasino or FCC, through Contract 0x64b02c06BC769dCed16648b7A214e73369279F3F.

39. The contract was created by an unidentified person using 0x35accbfCA9331fE8aB323def266B1737169896fa as their address.

40. The contract was executed on April 11, 2022, as transaction hash 0x05e71f6b69d11a382d7bb9f64eff01042ffc415918f0476865d06f8acc3916a3

41. On or around April 11, 2022, Flamingo announced that the Securitized NFTs are being minted in either the Solana blockchain or both the Solana blockchain and the Ethereum blockchain.

### Terms of the Securitized NFTs

42. The Securitized NFTs provide investors with ownership of the Flamingo metaverse casino, and the right to passively share in the profits generated by the metaverse casino.

#### **WHAT IS FLAMINGO CASINO CLUB?**

Flamingo casino club is your ticket to the largest and fastest growing online casino network on the blockchain with only 11111 VIP NFTs ever to be minted.

Flamingo casino club NFT collection sale will be funding the creation of one of the largest online casinos on the Ethereum blockchain. Every NFT holder will get a share of the profits generated by our Flamingo Casino Club.

43. Flamingo states that it “will distribute 50% of all profits generated in the FlamingoCasinoClub (sic) to [its] NFT holders” and that “[t]he more NFTs you hold, the more share you will receive.”

#### **▼ How much I can earn holding a FlamingoCasinoClub NFT?**

We will distribute 50% of all profits generated in the FlamingoCasinoClub to our NFT holders. The more NFTs you hold, the more share you will receive.

44. An earlier version, used on or about March 14, 2022, of the Flamingo Website claimed that 80% of profits generated by Flamingo would be distributed to its NFT holders.

80% of the generated profits in the Flamingo casino club will be distributed to the Flamingo casino club NFT holders Holding your NFT will generate passive income, which can be used in the Flamingo casino club online (with rake back benefits) or paid out of your wallet

45. Flamingo originally announced that owners of the Securitized NFTs would be eligible to participate in a lottery, including awards of \$150,000 to the owners of 5 Securitized NFTs, \$10,000 to the owners of 20 Securitized NFTs, Apple iPhone 13 smartphones to the owners of 200 Securitized NFTs, and Tesla Model 3 automobiles to owners of 10 Securitized NFTs.



46. On April 14, 2022, Flamingo amended the lottery, and explained that the owners of Securitized NFTs would be eligible to participate in a lottery, including awards of 11 Tesla Model 3 automobiles, 111 prizes of \$11,111, 1,111 iPhone Pro Max smartphones, and 1,111 prizes of \$111.

#### **Creation and Sales of the Securitized NFTs**

47. As of May 3, 2022, the top of the Flamingo Website contains a “Mint Now !” button.



48. Clicking on the “Mint Now !” button redirects a prospective Securitized NFT investor to <https://flamingocasinoft.com> (the “Minting Website”).

49. As of May 5, 2022, the NFT contract generated 41 transactions for holders using 32 unique wallet addresses.

#### **The Flamingo “Team”**

50. Flamingo purports it is operated by a “Team” (the “Flamingo Team”) that includes: (a) David Aaronson, co-founder, (b) Waldo Lorenzo, Casino Manager, (c) Julia Munn, Social Media Manager, (d) and Sebastian Respoli, Community Manager.

51. The Website provides the following information about the Flamingo Team:





52. Flamingo links to several media sources on its Website, one of which claims that David Aaronson is “an experienced lawyer, and seasonal (sic) financial expert” and another that claims that David Aaronson is a “lawyer, and Vice-President of a large financial company.”

53. Other than the information set forth in this section relating to David Aaronson, Flamingo is not providing any material information regarding the Flamingo Team.

54. Flamingo is also failing to provide sufficient information to permit investors to independently verify that the Flamingo Team actually exists.

#### **The Purported Location and Contact Information of Flamingo**

55. Flamingo fails to provide investors and potential investors with the Flamingo:

- a) physical address or any information relating to its physical location;
- b) Team’s physical business address or any information relating to the members’ physical locations;
- c) telephone number; or
- d) email address.

#### **Social Media Sales Agents - Chat Applications**

56. As described herein, an unidentified anonymous promoter referred to herein as the Discord Agent is the moderator of Flamingo’s Discord server. The Discord Agent is offering the

Securitized NFTs through Flamingo's Discord server.

57. As also described herein, an unidentified anonymous promoter referred to herein as the Telegram Agent is the moderator of Flamingo's Telegram channel. The Telegram Agent is offering the Securitized NFTs through Flamingo's Telegram channel.

58. Flamingo fails to provide information relating to the identity, business reputation, qualifications, experience or licensure of the Discord Agent or the Telegram Agent.

### **Social Media Sales Agents - YouTube**

59. In March 2022, Flamingo represented that it began recruiting influencers to market the Securitized NFTs.

60. An influencer from the United Kingdom known as Tommy is now promoting Flamingo and its Securitized NFTs. The promotion is described in more detail as follows:

- a) Tommy discloses he is not a financial advisor. He publishes videos through a YouTube channel accessible at <https://www.youtube.com/c/itstommy>. These videos generally promote various projects tied to digital assets and the metaverse, and they have been viewed more than 4,300,000 times.
- b) Since the start of 2022, Tommy has published more than 140 videos discussing projects tied to digital assets and the metaverse. He brands these videos using titles that incorporate hyperbole and tout extreme profits, such as "Top 3 NFT's that'll EXPLODE in 2022 (100x HUGE POTENTIAL)," "Top 3 Crypto Gems that'll 100X in 2022 (HUGE POTENTIAL)," "\$3 MILLION PROFIT with Jade Protocol (PASSIVE CRYPTO INCOME)" and "How to Stake \$META for 500,000% APY (MetaversePRO) Passive CRYPTO INCOME."
- c) On March 17, 2022, Tommy published a video titled "FLAMINGO CLUB could be the next 10x NFT/HUGE NFT DROP."

- d) The video shows Tommy reading from the Flamingo Casino Website, promoting the Securitized NFTs, and encouraging prospective investors to join the Flamingo Casino Social Media Platforms.
- e) The video also shows Tommy representing that investors of the Securitized NFTs will share in 80 percent of the metaverse casino profits, not 50 percent of the metaverse casino profits.
- f) The video is accompanied by a referral link for Tommy that redirects to the Flamingo Casino Website. It is accompanied by a disclaimer that explains Tommy “may earn a commission” if viewers use the referral link to “make a purchase and/or subscribe.” The disclaimer further explains that Tommy “believes in and personally uses” all products tied to referral links.
- g) As of May 4, 2022, the video received almost 40,000 views and more than 1,200 likes.

61. An influencer from the United Kingdom known as Flozin is now promoting Flamingo and its Securitized NFTs. The promotion is described in more detail as follows:

- a) Flozin states he is not a financial advisor. He is recruiting promoters to engage and pay him to advertise their products through his YouTube channel.
- b) Flozin’s YouTube channel is accessible at <https://www.youtube.com/channel/UCLSGeucA-BnWamEl4K86vDw>. Its videos generally tout various projects tied to digital assets and the metaverse, and they have been viewed more than 12,300,000 times.
- c) Since the start of 2022, Flozin has published more than 200 videos discussing projects tied to digital assets and the metaverse. He brands these videos using titles that incorporate hyperbole and tout extreme profits, such as “YIELD ZILLA



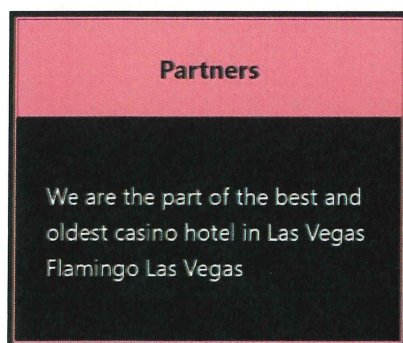
916,474% APY | THE HIGHEST PAYING PROTOCOL [sic],” “YieldZard/The Yield WiZard | Turn \$1,000 into \$9,186,575 in 12 months,” and “STAKR/Stake Your BNB & Earn up to 20% Daily | NEW DAPP.”

- d) On April 6, 2022, Flamingo encouraged potential investors of Securitized NFTs to view a video created by Flozin titled “Flamingo Casino Club NFT: 50% profits for being a holder. Week of WHITELIST competitions.”
- e) The video shows Flozin reading from the Flamingo Casino Website, promoting the Securitized NFTs, and encouraging prospective investors to join the Flamingo Casino Social Media Platforms.
- f) As of May 4, 2022, the video received almost 41,500 views and more than 4,400 likes.

#### **False Claims of Partnership with the Flamingo Las Vegas**

62. Caesar’s Entertainment, Inc. (“Caesar’s”) is a developer and operator of resorts and casinos, including resorts and casinos that operate in Las Vegas, Nevada. Caesar’s owns and operates the Flamingo Las Vegas casino hotel on the Las Vegas Strip in Paradise, Nevada (the “Flamingo Las Vegas Casino Hotel”).

63. Flamingo is publishing images of Flamingo Las Vegas Casino Hotel, copying portions of the Flamingo Las Vegas Casino Hotel website, and claiming it is partnering with Flamingo Las Vegas Casino Hotel.





64. These representations are false. Flamingo is not partnering with Caesar's or Flamingo Las Vegas Casino Hotel and has no affiliation with Caesar's or Flamingo Las Vegas Casino Hotel.

**False Claims of Affiliation with Other Casinos**

65. Flamingo is also representing that it is partnering with other casinos operating in or near Las Vegas, Nevada.

66. Flamingo is not, however, identifying these casinos or providing investors with sufficient information to independently verify these statements.

**Claims of Support by and Partnership with Yahoo, Marketwatch and Coinpedia**

67. Flamingo is providing prospective investors of its Securitized NFTs with an article titled "Flamingo Casino NFT Club Successfully Launches an NFT Collection... while Preparing for the Metaverse."

68. The article was authored by Trushti Patel and published in CryptoNewZ on or about April 11, 2022. The article reports Flamingo is supported "by some serious partners" and identifies these partners as Yahoo, MarketWatch and Coinpedia.

69. The article also reports that Flamingo will benefit from and is partnering with Flamingo Las Vegas. As already described herein, Flamingo is not partnering with or supported by Flamingo Las Vegas and it has no affiliation with Flamingo Las Vegas.

70. Although the article reports Flamingo is partnering with and supported by Coinpedia, Flamingo is not providing investors with any information reflecting any type of relationship with Coinpedia. Instead, Flamingo is only providing a hyperlink to an article written by Mustafa Mulla, a Project Manager at Ultimez Technology Inc., that was published in Coinpedia and that discussed Flamingo.

71. Although the article reports Flamingo is partnering with and supported by both Yahoo and MarketWatch, Flamingo is not providing investors with any information reflecting any type of

relationship with either Yahoo or MarketWatch. Instead, Flamingo is only providing hyperlinks to press releases distributed by Blockchain PR Buzz through GlobeNewswire to Yahoo Finance and through Vehement Media via COMTEX to MarketWatch.

#### **Other Claims of Media Coverage**

72. Flamingo is also promoting its Securitized NFTs by claiming MarketWatch and Yahoo Finance reported its Securitized NFTs are “one of the promising and fast-growing NFT projects.”

73. As described herein, however, neither MarketWatch nor Yahoo Finance published articles independently endorsing Flamingo or its Securitized NFTs. Instead, as described herein, Blockchain PR Buzz distributed Flamingo’s press releases through GlobeNewswire to Yahoo Finance and through Vehement Media via COMTEX to MarketWatch.

#### **Purchasing Virtual Land from Snoop Dogg**

74. On April 8, 2022, Flamingo announced it was negotiating the purchase of virtual land in the Sandbox.

75. Flamingo’s announcement claims the virtual land is currently owned by Snoop Dogg and its work in acquiring the land will have a “great positive impact” on the price of the Securitized NFTs.

76. Flamingo is not, however, providing any material information relevant to the negotiation or purchase of the virtual land, such as the location of the virtual land, the status of negotiations for the purchase of the virtual land, the potential cost of the virtual land and the source of funds for purchasing the virtual land.

#### **Untrue or Materially Misleading Statements of Material Facts in the Offer of the Securitized NFTs**

77. In connection with its offers of the Securitized NFTs Flamingo falsely claims that:

- a) it is partners with Flamingo Las Vegas Casino Hotel. Flamingo is not partnering

with Caesar's or Flamingo Las Vegas Casino Hotel and has no affiliation with Caesar's or Flamingo Las Vegas Casino Hotel; and

- b) MarketWatch and Yahoo Finance reported that its Securitized NFTs are "one of the promising and fast-growing NFT projects." The articles referenced were press releases distributed by Blockchain PR Buzz through Globe Newswire to Yahoo Finance and through Vehement Media via COMTEX to MarketWatch. Neither MarketWatch nor Yahoo Finance published articles independently endorsing Flamingo or its Securitized NFTs.

**Omission of Material Facts in the Offer of the Securitized NFTs**

78. In connection with its offer of the Securitized NFTs Flamingo omitted to disclose material facts.

79. Flamingo fails to disclose material facts relating to its claims that it is partnering with other casinos operating in or near Las Vegas, Nevada, including:

- a) the identity of these casinos;
- b) the terms of the partnerships with these casinos; and
- c) information sufficient to independently verify that Flamingo is, in fact, partnering with other casinos.

80. Flamingo fails to disclose material facts relating to Flamingo's location, including:

- a) the physical address for the offices of Flamingo;
- b) its ties to Russia; and
- c) that it misrepresented its physical address and telephone number in order to obtain web hosting services for Flamingo.

81. Flamingo fails to disclose material facts relating to the Flamingo Team, including:

- a) the business reputation, qualifications, licensure, and experience of the Flamingo

Team that relate to casinos, business management and metaverses;

- b) information sufficient to permit investors to independently verify that the Flamingo Team actually exists; and
- c) the identity of the other co-founder(s), and well as their business reputation, qualifications, licensure, and experience.

82. As described herein, Flamingo represents that David Aaronson is an experienced lawyer, seasoned financial expert, and Vice President of a large, but unidentified financial company. Flamingo is failing to disclose material facts relating to David Aaronson, including:

- a) information relating to Aaronson's career as a lawyer, including information describing his professional legal history, areas of practice, and the agency or office administering his license;
- b) information relating to Aaronson's financial expertise including information describing his registration or licensure, his employment and experience in the financial industry, the basis for the claim that he is a financial expert, and any information demonstrating that he is a financial expert; and
- c) the identity of the financial company employing Aaronson, information relating to his employment with the financial company and other companies, his duties and responsibilities as Vice President of the financial company, his success as Vice President of the financial company, and the financial company's success in operating under his leadership.

83. Flamingo fails to disclose material facts relating to its use of anonymous sales agents, including:

- a) the identity and licensure of the Discord Agent and any sales-based or other compensation that has been paid to or can be earned by the Discord Agent; and



- b) the identity and licensure of the Telegram Agent and any sales-based or other compensation that has been paid to or can be earned by the Telegram Agent.

84. As described herein, Flamingo represents that it began recruiting influencers to market the Securitized NFTs in March 2022, and as also described herein, Tommy and Flozin are influencers and they are now marketing the Securitized NFTs through videos published on their respective YouTube channels. Flamingo fails to disclose material facts relating to its use of influencers, including:

- a) its criteria for evaluating the business reputation, experience, and licensure of influencers that it will retain to offer the Securitized NFTs, and
- b) any sales-based or other compensation that has been paid to or can be earned by Tommy, Flozin, and/or any other influencers that it has retained or will retain to offer the securitized NFTs.

85. Flamingo fails to disclose the following material facts relating to articles it is providing prospective investors of its Securitized NFTs to promote Flamingo.

- a) The article published in CryptoNewsZ on or about April 11, 2022, authored by Trushti Patel, and titled, “Flamingo Casino NFT Club Successfully Launches an NFT Collection... while Preparing for the Metaverse,” states that Flamingo is supported “by some serious partners” including Yahoo, MarketWatch, and Coinpedia. Flamingo is failing to disclose the terms of any support by and partnership with Yahoo, Marketwatch, and Coinpedia, or otherwise failing to explain how it is supported by or partnering with Yahoo, MarketWatch and Coinpedia.
- b) Flamingo is not disclosing any other information reflecting a partnership with or support by Coinpedia, except that Flamingo is providing a hyperlink to an article

written by Mustafa Mulla, Project Manager at Utimez Technology Inc., that was published by Coinpedia and that discussed Flamingo.

- c) Flamingo is not disclosing any other information reflecting a partnership with or support by Yahoo or MarketWatch, except that Flamingo is providing hyperlinks to its press releases, which were distributed by Blockchain PR Buzz through Globe Newswire to Yahoo Finance and through Vehement Media via COMTEX to MarketWatch.

86. Flamingo is failing to disclose its assets, liabilities, revenue, and other financial information relating to its operation, development, and management of the metaverse casino, and this information constitutes a material fact.

87. In connection with the offer and sale of Securitized NFTs, Flamingo is failing to disclose its anticipated use of the capital raised through the sale of Securitized NFTs, and this information constitutes a material fact.

88. Flamingo is failing to disclose material facts relating to expenses and revenue derived from the virtual stadium for virtual games and concerts, the virtual movie theater, the virtual bowling alley, the virtual tennis courts, the virtual polo and golf clubs, the virtual hotel, the virtual hockey team, and the virtual poker club, including:

- a) the anticipated or projected costs to build, maintain, promote and use the virtual stadium for virtual games and concerts, the virtual movie theater, the virtual bowling alley, the virtual tennis courts, the virtual polo and golf clubs, the virtual hotel, the virtual hockey team, and the virtual poker club; and
- b) the anticipated or projected revenue derived from the virtual stadium for virtual games and concerts, the virtual movie theater, the virtual bowling alley, the virtual tennis courts, the virtual polo and golf clubs, the virtual hotel, the virtual hockey

team, and the virtual poker club.

89. Flamingo is failing to disclose material facts relating to expenses and revenue derived from virtual gambling, including:

- a) the anticipated or projected costs of creating, implementing and administering virtual games such as craps, baccarat, mini-baccarat, blackjack and roulette; and
- b) the anticipated or projected revenue derived from virtual games such as craps, baccarat, mini-baccarat, blackjack and roulette.

90. Flamingo is failing to disclose material facts relating to the negotiations for its purchase of virtual land and the expenses associated with its purchase of virtual land, including:

- a) the status of negotiations for purchasing virtual land from Snoop Dogg;
- b) the anticipated or projected cost of purchasing the virtual land from Snoop Dogg;  
and
- c) the source of funds that will be used to purchase virtual land from Snoop Dogg.

91. Flamingo is failing to disclose material facts relating to expenses associated with its lotteries, including:

- a) the costs of prizes, including 11 Tesla Model 3 automobiles and 1,111 iPhone Pro Max smartphones;
- b) the source of funds used to purchase prizes, including 11 Tesla Model 3 automobiles and 1,111 iPhone Pro Max smartphones; and
- c) the source of funds for populating cash prize pools, including 1,111 cash prize pools for \$111 and 111 cash prize pools for \$11,111.

92. Flamingo is failing to disclose material facts relating to expenses associated with its marketing of the metaverse casino through press releases and online media, including:

- a) the costs of retaining Blockchain PR Buzz and/or any other marketing firms or

marketing personnel responsible for drafting articles, distributing press releases or otherwise promoting Flamingo through online media; and

- b) the source of funds used to pay Blockchain PR Buzz and/or any other marketing firms or marketing personnel responsible for drafting articles, distributing press releases or otherwise promoting Flamingo through online media.

93. Flamingo is failing to disclose material facts relating to revenue derived from the sale of the Securitized NFTs, including:

- a) the financial impact and consequences of failing to raise sufficient capital through the sale of the Securitized NFTs; and
- b) the financial impact and consequences of only selling as many as 41 Securitized NFTs, with an outstanding allocation of 10,679 Securitized NFTs, as of April 29, 2022.

94. Flamingo is failing to disclose risks associated with operating metaverse casinos, and these risks constitute material facts, including that:

- a) the failure to successfully market the metaverse casino, and the failure to grow or sustain the number of customers, may negatively impact profitability or lead to losses;
- b) a metaverse casino competes with physical, virtual, and metaverse casinos and may need to significantly invest in technology, research and development and marketing to maintain or increase competitiveness;
- c) a metaverse casino competes with other forms of gambling, entertainment and free-to-play platforms;
- d) delays in the implementation of new games or holding new events may negatively impact revenue;



- e) fraud, theft and gambling scams may negatively impact profitability;
- f) the costs of developing and implementing any necessary anti-money laundering and Know Your Customer standards may limit profitability; and
- g) the costs of acquiring and maintaining any necessary licensure, as well as the inability to obtain or retain any necessary licensure, may cause a metaverse casino to close.

95. Flamingo is failing to disclose risks associated with NFTs, and these risks constitute material facts, including that:

- a) bad actors may hack or exploit systems and steal NFTs or appropriate digital assets;
- b) domestic or foreign governments may adopt legislation or regulations that negatively impact the use, transfer, exchange or price of NFTs;
- c) NFTs compete with other digital assets, and this competition may negatively impact the price of an NFT;
- d) the market for NFTs is new and volatile, and the price of an NFT as it relates to fiat currency may greatly decrease over a short period of time, impacting the liquidity of an NFT and the price of an NFT;
- e) bad actors may attempt to impersonate owners of NFTs, counterfeit NFTs, sell replicas of original NFTs, or misuse art tied to NFTs; and
- f) businesses or organizations that issue NFTs may go out of business, declare bankruptcy or cease operations, thereby decreasing the use or value of its NFTs.

96. Flamingo is failing to disclose additional risks associated with Securitized NFTs, and these additional risks constitute material facts, including that:

- a) domestic or foreign governments may adopt legislation or regulations that negatively impact some or all metaverses, gambling in some or all metaverses, or

gambling in metaverse casinos;

- b) metaverses are new platforms with uncertain viability, and any cessation of operations may negatively impact businesses, including casinos, operating in their metaverses;
- c) metaverses compete with other metaverses, and this competition may limit the population of the metaverses and the number of clients of metaverse casinos;
- d) users must invest in hardware and internet service to access the metaverses, and increases in the actual or relative costs of hardware and internet service may limit the population of metaverses and the number of clients of metaverse casinos;
- e) cybersecurity risks from criminals targeting Flamingo using distributed denial-of-service attacks, malware and phishing campaigns may limit the ability of Flamingo to market its metaverse casinos;
- f) changes to economies in the real world, as well as changes to economies in the Sandbox metaverses, may negatively impact the amount of currency spent in metaverse casinos;
- g) the Sandbox metaverse is tied to the \$SAND cryptocurrency, and as such the metaverse casino may create exposure to the risks associated with \$SAND and other cryptocurrencies; and
- h) metaverses may limit the ability of businesses to advertise, increase the costs advertising or restrict the locations of advertisements, and may impair the ability to attract new clients; and
- i) new technologies may replace NFTs and metaverses, thereby limiting the liquidity and profitability of the Securitized NFTs and demand for metaverse casinos.

## CONCLUSIONS OF LAW

97. The Securitized NFTs are securities as defined in N.J.S.A. 49:3-49(m).
98. Flamingo is offering securities that are neither registered with the Bureau, nor “federally covered,” nor exempt from registration, in violation of N.J.S.A. 49:3-60.
99. Flamingo is effecting or attempting to effect transactions in the Securitized NFT securities for the accounts of others or for its own account without registration as a broker-dealer in violation of N.J.S.A. 49:3-56.
100. In connection with the offer, sale, or purchase of securities, Flamingo is making materially false and misleading statements and/or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of N.J.S.A. 49:3-52(b).
101. N.J.S.A. 49:3-67 empowers the Bureau Chief to issue orders that are reasonably necessary to carry out the provisions of the Securities Law.
102. N.J.S.A. 49:3-69(a)(1) empowers the Bureau Chief to issue a cease and desist order against persons engaged in prohibited activities, directing them to cease and desist from further illegal activity or doing acts in furtherance thereof.
103. Flamingos’ violations of the Securities Law are continuous and ongoing, therefore it is in the public interest and appropriate that this Order be issued.

## CONCLUSION

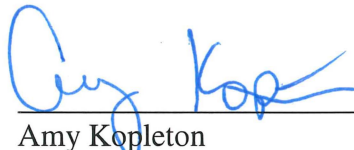
**THEREFORE**, it is on this 11th day of May 2022, **ORDERED** that:

104. Flamingo and any person, employee, officer, director, entity, agent, or Flamingo representative, or independent contractor under Flamingo’s direction or control, immediately **CEASE AND DESIST** from:

- a. offering for sale any security, in New Jersey unless the security is registered with the Bureau, or is offered for sale pursuant to an exemption from registration under the Securities Law;
- b. acting as broker-dealers or agents in New Jersey until each is registered with the Bureau or are acting pursuant to an exemption from registration under the Securities Law;
- c. making material misstatements of fact, or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading in connection with its offer and/or sale of Securitized NFTs in New Jersey; and
- d. violating any other provisions of the Securities Law and any rules promulgated thereunder for the sale of any security in New Jersey.

105. All exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b) are hereby **DENIED** as to Flamingo.

106. All exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c), and N.J.S.A. 49:3-56(g) are hereby **DENIED** as to Flamingo.



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Amy Kopleton  
Acting Chief, New Jersey Bureau of Securities



### **NOTICE OF RIGHT TO HEARING**

Pursuant to N.J.S.A. 49:3-69(a)(1)(i), the Bureau Chief shall entertain on no less than three days' notice a written application to lift the Order to Cease and Desist on written application of the person subject thereto and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the person subject thereto a written statement of the reasons for the Order to Cease and Desist.

Pursuant to N.J.S.A. 49:3-69(a)(1)(ii), upon service of notice of the Order to Cease and Desist issued by the Bureau Chief, the person subject thereto shall have up to 15 days to respond to the Bureau in the form of a written answer and written request for a hearing. The Bureau Chief shall, within five days of receiving the answer and request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing or schedule a hearing at the Bureau of Securities. Orders issued pursuant to N.J.S.A. 49:3-69 shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the Order shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the Order shall toll the time for filing an answer and written request for a hearing.

Pursuant to N.J.S.A. 49:3-69(a)(1)(iii), if any person subject to the Order fails to respond by filing a written answer and written request for a hearing with the Bureau or moving to vacate the order within the 15-day prescribed period, that person shall have waived the opportunity to be heard. The Order will be a Final Order and shall remain in effect until modified or vacated.

### **NOTICE OF OTHER ENFORCEMENT REMEDIES**

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.