

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

IN THE MATTER OF:	)	
	)	
BESTONOMICS, LLC,	)	
BEST BANKING, LLC, and	)	
MARK L. SOKOL,	)	
RESPONDENTS.	)	Docket No. E-2017-0103
	)	

**ADMINISTRATIVE COMPLAINT**

**I. PRELIMINARY STATEMENT**

The Enforcement Section of the Massachusetts Securities Division of the Office of the Secretary of the Commonwealth (the “Enforcement Section” and the “Division,” respectively) files this Administrative Complaint (the “Complaint”) to commence an adjudicatory proceeding against Bestonomics, LLC, Best Banking, LLC and Mark L. Sokol (collectively, “Respondents”) for violations of MASS. GEN. LAWS ch. 110A, the Massachusetts Uniform Securities Act (the “Act”), and 950 MASS. CODE REGS. 10.00-14.413 (the “Regulations”). The Enforcement Section alleges the Respondents engaged in acts and practices in violation of Sections 101, 201, and 301 of the Act and Regulations.

The Enforcement Section seeks an order: 1) finding as fact the allegations set forth in Section VI of the Complaint; 2) finding that all sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors; 3) requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth; 4) censuring Respondents; 5) requiring

Respondents to provide an accounting of those losses attributable to the alleged wrongdoing; 6) requiring Respondents to provide restitution to fairly compensate investors for those losses attributable to the alleged wrongdoing; 7) requiring Respondents to make offers of rescission to all residents of the Commonwealth who purchased securities sold in violation of the Act; 8) requiring Respondents to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing; 9) permanently barring Respondents from registering in the Commonwealth as, associating with, or acting as broker-dealer agent, investment adviser, investment adviser representative, Securities and Exchange Commission registered investment adviser, investment adviser exempted from registration, a person relying on an exclusion from the definition of investment adviser in any capacity, issuer, issuer-agent, or partner, officer, director, or control person of any of the above; 10) permanently barring Respondents from associating with or registering in the Commonwealth as an issuer of securities; 11) imposing an administrative fine on Respondents in an amount and upon such terms and conditions as the Director or Presiding Officer may determine; and 12) taking any such further action which may be necessary or appropriate in the public interest for the protection of Massachusetts investors.

## **II. SUMMARY**

For investors looking for advantageous investment opportunities, learning about Best Banking, LLC (“Best Banking”), seemed an opportunity too good to pass up. Starting in 2013, Mark L. Sokol (“Sokol”) purchased several domain names, hoping there would be a big name and deep-pocketed entity itching to purchase one. Believing someone would pay handsomely for these domain names, Sokol purchased domains with the words “Best”

and “Banking” and names such as: Best BankingVentures.com; Best Banking.com; and BestBanking.org.

Sokol did not stop at simply purchasing domain names. Sokol cunningly used some of these domain names to form limited liability companies, which he organized in Massachusetts and named Best Banking and Bestonomics, LLC. However, the limited liability companies Sokol formed were as hollow as a shell: they had no product to sell, no employees, no proprietary technology, infrastructure, or assets behind them. Nevertheless, Sokol set out to sell interests in these companies to anyone willing to buy, even though neither Sokol, Best Banking, nor Bestonomics were registered to offer or sell securities in Massachusetts, and even though the offering was, in many ways, in violation of Massachusetts laws.

Sokol set out to attract and recruit investors by any means available and did so without being registered in any capacity in the securities industry. Likewise, the securities he offered and sold were neither registered nor exempt from registration in Massachusetts.

Sokol knew that investors would actually be paying for a silent interest in a fraudulent business. On November 21, 2017, during on-the-record testimony before the Division, Sokol admitted that Best Banking was a scam. Specifically, he stated:

“...there is quite an amount of hyperbole here, whether you call it hype or salesmanship, but there is nothing behind it. There is no business behind it.”

In order to attract investors to his hollow entity, Sokol needed to present Best Banking as a fantastic investment opportunity; to that end, Sokol designed the Best Banking Business Plan (the “Business Plan”).

The Business Plan highlighted Best Banking as a platform, which together with an app, had a pre-launch valuation of \$10 million. It further described Sokol's entity as a hybrid platform for loans and banking with crowdfunding services, cryptocurrency with its own block chain software application, and which simultaneously connected borrowers with lenders across all network depository institutions, offering an exclusive low-cost crowdfunding platform for non-profits, charities, emergencies, and medical expenses.

Among other things, the Business Plan included a list of clients: companies such as Netflix, Hulu, and the Disney Channel, which the Business Plan described were all dependent on funding exclusively through the Best Banking platform.

To provide funding to potential and current clients, the Business Plan listed a number of banks and other lenders, which, according to the Business Plan, purportedly had agreements with Best Banking and would assist and facilitate lending. The banks listed in the Business Plan included: Stoneham Bank, Eastern Bank, People's United Bank, Everett Credit Union, Merrimack Valley Credit Union, and Boston Private Bank, as well as Trust, Banking.com, and Lendio.

The Business Plan also stated that Best Banking had cryptocurrency services capabilities. Best Banking would purportedly bring Bitcoin depositors to the attention of their local participating banks and prompt local banks to welcome Bitcoin as an additional currency to use for depositing, crowdfunding, and investing.

In reality, neither Sokol nor his companies had any agreements in place with any such banks. In addition, the Business Plan failed to disclose that Best Banking did not currently have any agreements with clients nor products to offer, and that it did not have cryptocurrency capabilities or any platform at all.



The Business Plan explained that Best Banking was a “bank,” that it provided lending capabilities and infrastructure, and that users would have access to 24-hour business loans using the Best Banking app. In reality, Sokol used the word “bank” to mislead people to believe they were doing business with a legitimate, regulated financial institution. However, Best Banking did not have the charter necessary to organize or operate as a bank.

Between 2017 and 2018, Sokol separately met two Massachusetts residents through a mutual acquaintance. Sokol presented Best Banking’s Business Plan and told each that Best Banking was looking for investors. Dazzled by the possibility of earning abundant profits as described in the Business Plan, these two Massachusetts investors agreed to become silent partners and proceeded to purchase an interest in Best Banking in reliance on the false statements and misrepresentations made by Sokol.

In furtherance of his scheme to defraud investors, Sokol sold approximately \$150,000 of securities to Massachusetts residents. Sokol did not use the money he received from Massachusetts investors towards Best Banking’s development, technology, the platform or the app. Sokol used the money he received from Massachusetts investors to pay for his personal expenses until he ran out of funds. With this action, the Division seeks to put an end to the fraudulent scheme perpetrated by Sokol.

### **III. JURISDICTION AND AUTHORITY**

1. As provided for by the Act, the Division has jurisdiction over matters relating to securities pursuant to chapter 110A of Massachusetts General Laws.
2. The Enforcement Section brings this action pursuant to the authority conferred upon the Division by Sections 407A and 414 of the Act, wherein the Division has the

authority to conduct an adjudicatory proceeding to enforce the provisions of the Act and the Regulations.

3. This proceeding is brought in accordance with Sections 101, 201, 301, 407A, and 414 of the Act and its Regulations.

4. The Enforcement Section reserves the right to amend this Complaint and bring additional administrative complaints to reflect information developed during the current and ongoing investigation.

#### **IV. RELEVANT TIME PERIOD**

5. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of January 1, 2012, to the present (the "Relevant Time Period").

#### **V. RESPONDENTS**

6. Mark L. Sokol ("Sokol") is a natural person with a last known address in North Reading, Massachusetts. Sokol is the President and CEO of Best Banking, LLC a/k/a BestBanking.com, BestBanking.org, and Bestonomics, LLC f/k/a BestBankingVentures.com LLC a/k/a BestBankingVentures.com. During the Relevant Time Period, Sokol was not registered in any capacity in the securities industry, either with the Division, the United States Securities and Exchange Commission ("SEC"), or the Financial Industry Regulatory Authority ("FINRA").

7. Best Banking, LLC a/k/a BestBanking.com, BestBanking.org ("Best Banking") is a limited liability company organized on October 28, 2013, in Massachusetts, with a former business address of 49 Church Street, North Andover, Massachusetts. The managers of Best Banking were Sokol and Paul F. Cronin. Best Banking is not chartered as a federal or

national bank by the Office of the Comptroller of the Currency (“OCC”). Best Banking was not issued a bank charter in any state. Sokol has been the agent of record of Best Banking since its inception. During the Relevant Time Period, Best Banking was not registered in any capacity in the securities industry with either the Division, the SEC, or FINRA.

8. Bestonomics, LLC f/k/a Best Banking Ventures.com, LLC (“Bestonomics”) is a limited liability company organized on September 9, 2016, in Massachusetts, with a former business address of 110 Lowell Road 303, North Reading, Massachusetts. The name was changed from BestBankingVentures.com LLC on April 10, 2018. During the Relevant Time Period, Bestonomics was not registered in any capacity in the securities industry with either the Division, the SEC, or FINRA. Sokol has been the agent of record of Bestonomics since its inception.

## **VI. STATEMENT OF FACTS**

9. On October 28, 2013, Sokol formed a limited liability company organized under the laws of Massachusetts and called it Best Banking. Sokol purchased the domain name BestBanking.com.

10. In or about September 2016, Sokol purchased the BestBankingVentures.com domain name for the web page and on September 9, 2016, formed an entity he called BestBankingVentures.com LLC.

11. On April 10, 2018, Sokol formally changed BestBankingVentures.com, LLC’s name to Bestonomics, LLC.

12. Sokol is the CEO/President of Best Banking, in all its iterations, and had full control of the decision making, management, and direction of the Best Banking entities.

13. In or about 2016, Sokol designed a business plan (the “Business Plan”) for his new entities.

14. Between the summer and fall of 2017, Sokol began to distribute the Business Plan to prospective Massachusetts investors.

**A. The Business Plan Stated that Best Banking Had Banking, Crowdfunding, and Cryptocurrency Capabilities**

15. The Business Plan described Best Banking as both a platform company and a technology company for the purpose of raising money and targeting users such as: entrepreneurs, business owners, charities, and consumers. The Business Plan stated that Best Banking was looking for users in need of low-cost banking capabilities through financing, loans, mortgages and crowdfunding, and cryptocurrency, with capabilities to connect lenders with borrowers.

**a. *Banking Capabilities***

16. The Business Plan explained that Best Banking was a bank and provided prospective investors with detailed explanations of Best Banking’s lending capabilities and infrastructure. For example, the Business Plan stated users would have access to 24-hour business loans by using the Best Banking app.

17. The Business Plan provided details about a financial algorithm purportedly better than that of LendingTree because its users would save up to \$20,000 in mortgages and various loans, including small business loans.

18. However, the Business Plan failed to disclose that Best Banking did not have the infrastructure or technology to support a Best Banking app. It also failed to disclose that there was no algorithm and that there was no basis to forecast savings of any amount.

19. Further, the Business Plan did not disclose that the OCC did not approve Best Banking for a federal bank charter.

20. Moreover, no state issued Best Banking a bank charter which would allow Best Banking to organize as a bank in Massachusetts or elsewhere.

*i. Best Banking's Business Plan*

21. The Business Plan contains a financial analysis section ("Section 8").

22. Section 8 states that the legal name of the company in the Commonwealth of Massachusetts is Best Banking Ventures.com LLC and describes that the new platform together with the app have a pre-launch valuation of \$10 million. The Business Plan further includes that this valuation "will dramatically change and be virtually priceless once the platform goes live and its assets are utilized where Best Banking is not an ordinary business, it represents a global industry to be coveted by any bank."

*ii. Assets Listed on the Business Plan*

23. Best Banking's Business Plan contains a list of the company's assets, as follows:

The Best Banking Business Model: The only platform company that's a hybrid of loans and banking with crowdfunding as the world's only solution to service banks' crowdfunding and eventual cryptocurrency needs.

MagicChannel.com, a streaming media platform similar to Netflix, Hulu and the DisneyChannel.com has agreed to acquire funding exclusively through the Best Banking platform and to license Best Banking's crowdfunding technology and services to have the world's only subscription and fan funded broadcasting.

The Best Platform, "PETE" Technology, Best Banking Coin and Apps: Our proprietary business model will be developed into our own proprietary software and blockchain applications because nothing is licensed on our own properties, everything is custom designed to the Best standards.

The Best Domain Name Portfolio: Best Banking.com, Best Banking.IO, Best Banking Coin.com, Best Banking Coin.IO, Best Bitcoin Advisors.com, Best Banking.net, Best Banking.org, The Best Banking

App.com, Best Banking App.com, Multi Bank Backing.com, Best Business Advisors.com, Best Power Network.com, Best Banking Foundation.com, Best Banking Foundation.org, Best Entertainment and Sports Tickets.com, Best Banking Ventures.com, Best Investment Bankers.com, Best Investment Bankers.net, Best Investment Bankers.org, Best Peer To Peer Lending.com, Best Circle Giving.com, Best Banking Exchange.com, Best Bidding.com, Best Bidding.net, Best Bidding.org, Best Offshore Banking.com, Best News.com, TheBestNewsApp.com, The Best Searching App.com, Best News Channel.com, Best News Channel.net, Best News Channel.org, Best News Groups.com, Best News Reports.com, Best Searching.com, Best Searching.net, Best Searching.org, Best Classifieds.com, Best Calling.com, Best Book Club.com, Best Holiday Shopping.com, Best Space.com, Best Banking Practices.com, Best Business Advisors.Info, Best New Business Practices.com, Best Banking Associations.com and Best Business Associations.com.

Twitter Accounts with a cumulative 500,000+ followers: BestBankingCom, TheBestBankingApp, BankAndCrowdfund, BestSearchingCom, BestNewsCom, TheBestNewsApp, MultiBankBacking, BestPowerNetwork, BestBankingVentures, BestBusinessAdvisors

Facebook Accounts with a cumulative 5,000+ likes: Best Banking, Best News, Best Entertainment and Sports Tickets

The Best Database: Approximately 5,000 future users took advantage of free pre-registration at BestBanking.org

Trademarked slogans:

“Backing Entrepreneurs and Startups of Tomorrow,” That’s Best Banking!

“Backing Every Student of Tomorrow,” That’s Best Banking!™

“Backing Every School of Tomorrow,” That’s Best Banking!™

“Black Entrepreneurs and Students of Tomorrow,” That’s Best Banking!

“Black Entrepreneurs and Schools of Tomorrow,” That’s Best Banking!

“Backing Emergency Services and Transitions,” That’s Best Banking.org!

“Bringing Everyone’s Stories Together,” That’s Best News!™

“Bitcoin Enabled Secure Transactions,” That’s Best Banking!™

“Backing Entrepreneurs who See new Trends,” That’s Best Banking!™

“Bitcoin Encrypted Secure Transactions,” That’s Best Banking!™

“Best Easy and Secure Transactions,” That’s Best Banking’s Best Pay!™

“BestBanking.com is for “Serving All Leading Entrepreneurs”™

“Best Business Advisors, “The Internet’s Best Brand”™

“Multi Bank Backing ONLY At Best Banking!”™

“America’s Favorite, Best Banking”™

24. The Business Plan does not disclose to investors that Best Banking's actual assets consisted only of the domain names. Furthermore, the Business Plan did not disclose to investors that Best Banking did not have the financial assets or the infrastructure to acquire and/or support the rest of the assets listed in Section 8.

25. The Business Plan contains statements presenting Best Banking as a bank, where borrowers would be able to obtain mortgages, small business loans, auto loans, student loans, personal loans, and other financial products provided by Best Banking's national banking partners and affiliates.

26. The Best Banking network of banks and affiliates identified in the Business Plan were Stoneham Bank, Eastern Bank, People's United Bank, Everett Credit Union, Merrimack Valley Credit Union, and Boston Private Bank and Trust, Banking.com, and Lendio (the "Network").

27. Best Banking did not actually have agreements or relationships with any bank in the Network or agreements or partnerships or collaboration with any bank in or outside the Network.

***b. Crowdfunding Capabilities***

28. The Business Plan states that Best Banking maintained proprietary crowdfunding service capabilities through Best Banking's technology division called Best Banking Practices (the "Technology Division"). According to the Business Plan, the Technology Division had the ability to build its own banking and crowdfunding platform, specializing in its easy-to-use onboarding of financial institutions, lenders, schools and online communities.

29. According the Business Plan, the Technology Division and Best Banking Practices Division benefited from the insight of former developers from State Street Bank in Boston, and further added that these professionals were dedicated to Best Banking.

30. According to the Business Plan, Best Banking offered an exclusive low cost crowdfunding platform for non-profits, charities, emergencies, and medical expenses where users would keep 100% of the funds raised, and no other fees other than an undisclosed “minimal processing support fee.” The Business Plan provided specific examples of this particular capability as follows:

The best example of this happened when the NFL’s J.J. Watt of the Houston Texans crowdfunded \$18,000,000 for the victims of hurricane Harvey. But, the platform he used took 5% or \$900,000.00 with an additional 2.9% for processing, or platform he used took 5% or \$900,000.00 with an additional 2.9% for processing, or \$522,000.00 to process the transactions. Best Banking.org would virtually have donated \$900,000.00 to the emergency, and to us and the victims of hurricane Harvey that would have been the real power of Best Banking.

31. However, Best Banking did not have a Technology Division or a Best Banking Practices Division.

32. Further, the Business Plan did not disclose that Best Banking had not developed the technology nor the ability to provide the services and infrastructure to support the crowdfunding capabilities described.

33. During the November 21, 2017 testimony under oath, Sokol made the following admissions:

Q. Does Best Banking have staff in place?

A. No, sir.

Q. Does it have developers in place?

A. No.

Q. Does it have support in place?

A. No.

c. *Cryptocurrency Capabilities*



34. The Business Plan also describes cryptocurrency services. Best Banking would purportedly bring Bitcoin depositors to the attention of their local participating banks and lead local banks to welcome Bitcoin as an additional currency to use for depositing, crowdfunding, and investing.

35. According to the Business Plan, former developers from State Street Bank were dedicated to Best Banking to keep-up and track the rapidly changing world of financial, mobile, and cryptocurrency technologies.

36. However, the Business Plan did not disclose that Best Banking did not have any former State Street Bank developers dedicated to Best Banking.

37. Further, Best Banking did not have such service agreements with any individuals or entities to provide the financial support described in the Business Plan.

38. During the November 21, 2017, on the record testimony Sokol admitted, under oath, to the Division that the cryptocurrency aspect of Best Banking did not have any connection to the Best Banking crowdfunding platform.

39. In addition, Sokol admitted there was no such block chain technology in place to support cryptocurrency use with Best Banking. This admission was made as follows:

“What is the Letters in Best, B-E-S-T, bitcoin enabled secured transaction. That is the only marketing angle where theoretically if we were to get to a point if somebody buys the portfolio from me and developed a crowd funding platform or however they want to do it, if they wanted to accept bitcoin.”

*d. Actual Assets: Ownership of Domain Names with the Word Best*

40. The Business Plan prominently featured a list of thirty-five (35) domain names which Sokol owned and which contained the word Best.

41. Best Banking's Business Plan contained a forecast stating that Best Banking would be able to sell the domain names to large technology companies for a profit.

42. The Business Plan did not disclose that Best Banking had not received any offers to purchase any of the domains Best Banking owned.

**B. Sokol Recruited Unsophisticated and Investors and Did not Provide any Disclosures or Financial Information about Best Banking**

***a. Massachusetts Victim One***

43. Massachusetts Victim One is a resident of Massachusetts and earned a bachelor's degree in Organizational Management. Massachusetts Victim One worked as a staff director of student activities for twenty-five (25) years.

44. In 2017, Massachusetts Victim One decided to sell her house and save the proceeds. Massachusetts Victim One was looking for opportunities to grow her savings.

45. Massachusetts Victim One did not have any investment experience at the time.

46. In January 2018, Massachusetts Victim One, then a retired senior citizen, met Sokol through a close family friend.

47. Massachusetts Victim One did not know Sokol prior to being introduced to him by their mutual friend.

48. Sokol presented Best Banking as an investment opportunity to Massachusetts Victim One.

49. Sokol provided Massachusetts Victim One the Business Plan and offered that in exchange for her investment Massachusetts Victim One would become Best Banking's partner.

50. Sokol promised Massachusetts Victim One that her interest in the partnership would be worth one percent 1% of the total profits of Best Banking.

51. Sokol did not explain to Massachusetts Victim One that Best Banking did not have any of the infrastructure, capability, technology, and financial information contained in the Business Plan or the possibility to develop Best Banking as described in the Business Plan.

52. Sokol discussed with Massachusetts Victim One his plans to attend an upcoming two day networking event focused on the business and technology of tokenization known as "Token Fest," that would take place at the Marriot Hotel on Fisherman's Wharf in San Francisco, California in 2018.

53. Sokol stated to Massachusetts Victim One that Best Banking was scheduled to make a 15-minute presentation about the company at the event.

54. Sokol stated to Massachusetts Victim One that at the Token Fest there would be a bidding war to acquire Best Banking's domain portfolio and that the revenue from the bidding war alone would be enough to make every investor rich.

55. Sokol had not previously arranged any purchase bids and at no point during or after Token Fest were there any bidders lined up to make an offer to purchase any of the domain names in Best Banking's domain portfolio.

56. Based on the information contained in the Business Plan and based on the statements Sokol made to Massachusetts Victim One, on September 14, 2018, Massachusetts Victim One invested \$100,000 in Best Banking.

57. In exchange for Massachusetts Victim One's \$100,000 investment, Massachusetts Victim One received one (1%) interest as a limited partner of Best Banking.

58. Massachusetts Victim One's 1% interest in the limited partnership was memorialized in documents executed by both Massachusetts Victim One and Sokol on September 14, 2018.

59. Although Massachusetts Victim One held an interest in the limited partnership, Massachusetts Victim One did not have control of the management of the limited partnership.

60. Although Massachusetts Victim One held an interest in the limited partnership, Massachusetts Victim One did not have access to or control of the financial information of the limited partnership.

61. Although Massachusetts Victim One held an interest in the limited partnership, Massachusetts Victim One depended on Sokol for information and management of the limited partnership.

62. Sokol took no steps to determine whether Massachusetts Victim One was an accredited investor.

63. Massachusetts Victim One did not fill out an investor questionnaire prior to investing in the limited partnership or at any point during the partnership.

*b. Massachusetts Victim Two*

64. Massachusetts Victim Two is a motor vehicle mechanic and owns an auto repair shop in Revere, Massachusetts. Massachusetts Victim Two went up to 12<sup>th</sup> grade in school and took several courses in mechanics

65. Massachusetts Victim Two did not have investment experience or expertise.

66. In or about 2017, Massachusetts Victim Two met Sokol through a close family friend.

67. Massachusetts Victim Two did not know Sokol prior to being introduced to him by their mutual friend.

68. Sokol presented Best Banking as an investment opportunity to Massachusetts Victim Two.

69. Sokol provided Massachusetts Victim Two the Business Plan and offered that in exchange for his investment Massachusetts Victim One would become Best Banking's partner.

70. Sokol promised Massachusetts Victim Two that his interest in the partnership would be ten percent (10%) of Best Banking's limited partnership.

71. Based on the information contained in the Business Plan and based on the statements Sokol made, Massachusetts Victim Two invested \$40,000 in Best Banking.

72. In exchange for Massachusetts Victim Two's \$40,000 investment, Massachusetts Victim Two received a 10% interest as a limited partner of Best Banking.

73. Massachusetts Victim Two's 10% interest in the limited partnership was memorialized in documents executed by both Massachusetts Victim Two and Sokol.

74. Although Massachusetts Victim Two held an interest in the limited partnership, Massachusetts Victim Two did not have control of the management of the limited partnership.

75. Although Massachusetts Victim Two held an interest in the limited partnership, Massachusetts Victim Two did not have access or control over the financial information of the limited partnership.

76. Although Massachusetts Victim Two held an interest in the limited partnership, Massachusetts Victim Two depended on Sokol for information and management of the limited partnership.

77. Sokol took no steps to determine whether Massachusetts Victim Two was an accredited investor.

78. Massachusetts Victim Two did not fill out an investor questionnaire prior to investing in the limited partnership or at any point during the partnership.

**C. Unregistered Offer**

**a. *Best Banking and Sokol sold Unregistered Securities***

79. Best Banking and Sokol generally offered limited partnership interests in Best Banking to the public.

80. Best Banking's offer and sale of its partnership interest originated in Massachusetts.

81. Best Banking and Sokol offered and sold at least two of its partnership interests to Massachusetts residents.

82. Best Banking's offering was not registered in any capacity with the Division.

83. Best Banking's offer did not qualify for an exemption from registration in Massachusetts.

**D. Unregistered Conduct**

**a. *Unregistered Broker-Dealer***

84. Best Banking offered and sold its limited partnership interests to Massachusetts residents.

85. Best Banking was responsible for finding and vetting potential investors, and provided advice as to the value of the investment.

86. Best Banking has never been registered with the Division or in any capacity in the securities industry.

***b. Unregistered Agent***

87. Sokol offered and sold partnership interests in Best Banking to Massachusetts's residents.

88. Sokol was solely responsible for offering and negotiating the interest an investor received in exchange for the amount of the investment.

89. Sokol also provided information to investors regarding the value of the investment in Best Banking.

90. Sokol has never been registered with the Division or in any capacity in the securities industry.

**E. Sokol Used Investor Funds for Personal Expenses**

91. During the Relevant Time Period, Sokol opened a bank account for Best Banking at Reading Cooperative Bank under the name Best Banking Ventures.com LLC, with a checking account ending in: xxxxxx2882 (the "Best Banking Account").

92. Sokol did not use funds received from investors to develop Best Banking's technology.

93. During the Relevant Time Period, Sokol used the money he received from investors to pay for personal expenses unrelated to Best Banking's expenses. The following examples are a non-exhaustive list of funds misappropriated by Sokol:

- August 01, 2017: withdrawal \$1,712.59 – no description
- August 02, 2017: withdrawal \$36.96 – Vitamin Shop, Lawrence
- August 02, 2017: withdrawal \$21.15 – Stop and Shop
- August 02, 2017: withdrawal \$23.00 – Supercuts
- August 07, 2017: withdrawal \$42.46 – AC Moore Store
- August 07, 2017: withdrawal \$228.65 - Strega Prime Restaurant
- November 13, 2017: withdrawal \$39.03-Walmart Store
- November 15, 2017: withdrawal \$33.79 – Vitamin Shop, Lawrence

- November 16, 2017: withdrawal – (NYC) NNT Ocean State \$29.98
- November 16, 2017: withdrawal \$36.57 – Gate Liquor Store
- December 11, 2017: withdrawal \$64.00 – The Coach Stop
- December 29, 2017: withdrawal \$31.63 – CVS Pharmacy
- December 29, 2017: withdrawal \$21.98 – Gate Liquor Store
- December 29, 2017: withdrawal \$12.22 – Dollar Store
- December 29, 2017: withdrawal \$12.44 – Seven Eleven
- January 30, 2018: withdrawal \$23.00 – Supercuts, North Reading
- January 30, 2018: withdrawal \$126.44 – Overstock.com

94. Sokol asked Massachusetts Victim One to invest more money after her initial investment.

95. Sokol stated to Massachusetts Victim One there was no money left of her investments.

96. Sokol acknowledged to Massachusetts Victim One that he used the money he received from Massachusetts Victim One to pay for the airfare, hotel, and expenses during the March, 14, 2018, Token Fest in San Francisco, California.

97. Sokol failed to disclose to investors that he used their funds for purposes other than towards building Best Banking.

98. Sokol did not disclose to investors he used investor funds for his own personal expenses, such as online purchases, meals at restaurants, and other nonbusiness purposes.

99. Sokol sold approximately \$150,000 worth of Best Banking securities to Massachusetts residents and put the vast majority of these funds to his own personal use.

## **VII. VIOLATIONS OF LAW**

### **Count I – Violations of MASS. GEN. LAWS ch. 110A, § 101(1)**

100. Section 101(1) of the Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly (1) to employ any device, scheme, or artifice to defraud[.]



MASS. GEN. LAWS ch. 110A, § 101(1).

101. The Enforcement Section re-alleges and re-states the allegations of fact set forth in the Section VI above.

102. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101(1).

**Count II – Violations of MASS. GEN. LAWS ch. 110A, § 101(2)**

103. Section 101(2) of the Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly (2) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading[.]

MASS. GEN. LAWS ch. 110A, § 101(2).

104. The Enforcement Section re-alleges and re-states the allegations of fact set forth in the Section VI above.

105. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101(2).

**Count III – Violations of MASS. GEN. LAWS ch. 110A, § 101(3)**

106. Section 101(3) of the Act provides:

It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

MASS. GEN. LAWS ch. 110A, § 101(3).

107. The Enforcement Section re-alleges and re-states the allegations of fact set forth in the Section VI above.

108. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 101(3).

**Count IV – Violations of MASS. GEN. LAWS ch. 110A, § 201(a)**

109. Section 201(a) of the Act provides:

(a) It is unlawful for any person to transact business in this commonwealth as a broker-dealer or agent unless he is registered under this chapter.

MASS. GEN. LAWS ch. 110A, § 201(a).

110. Section 401(c) of the Act defines the term broker-dealer:

(c) 'Broker-dealer' means any person engaged in the business of effecting transactions in securities for the account of others or for his own account.

MASS. GEN. LAWS ch. 110A, § 401(c).

111. Section 401(b) of the Act provides:

(b) 'Agent' means any individual other than a broker-dealer who represents a broker-dealer or issuer in effecting or attempting to effect purchases or sales of securities.

...

A partner, officer, or director of a broker-dealer or issuer, or a person occupying a similar status or performing similar functions, is an agent only if he otherwise comes within this definition.

MASS. GEN. LAWS ch. 110A, § 401(b).

112. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VI above.

113. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS ch. 110A, § 201.

**Count V – Violations of MASS. GEN. LAWS. ch. 110A, § 201(b)**

114. Section 201(b) of the act states:

(b) It is unlawful for any broker-dealer or issuer to employ an agent unless the agent is registered. The registration of an agent is not effective during

any period when he is not associated with a particular broker-dealer registered under this chapter or a particular issuer. When an agent begins or terminates a connection with a broker-dealer or issuer, or begins or terminates those activities which make him an agent, the agent as well as the broker-dealer or issuer shall promptly notify the secretary.

MASS. GEN. LAWS. ch. 101A, § 201(b).

115. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VI above.

116. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS. ch. 110A, § 201(b).

**Count VI – Violations of MASS. GEN. LAWS ch. 110A, § 301**

117. Section 301 of the Act provides:

It is unlawful for any person to offer or sell any security in the commonwealth unless:

- (1) the security is registered under this chapter;
- (2) the security or transaction is exempted under section 402; or
- (3) the security is a federal covered security.

MASS. GEN. LAWS ch. 110A, § 301.

118. The Enforcement Section herein re-alleges and re-states the allegations of fact set forth in Section VI above.

119. The conduct of Respondents, as described above, constitutes violations of MASS. GEN. LAWS. ch. 110A, § 301.

**VIII. STATUTORY BASIS FOR RELIEF**

Section 407A of the Act provides, in pertinent part:

(a) If the secretary determines, after notice and opportunity for hearing, that any 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 issued thereunder, he may order such person to cease and desist from such unlawful act or practice and may take such affirmative action, including the

imposition of an administrative fine, the issuance of an order for an accounting, disgorgement or rescission or any other such relief as in his judgment may be necessary to carry out the purposes of [the Act].

MASS. GEN. LAWS ch. 110A, § 407A.

#### **IX. PUBLIC INTEREST**

For any and all of the reasons set forth above, it is in the public interest and will protect Massachusetts investors for the Director to enter an order finding that such “action is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this chapter [MASS. GEN. LAWS ch. 110A].”

#### **X. RELIEF REQUESTED**

The Enforcement Section of the Division requests that an order be entered:

- A. Finding as fact the allegations set forth in Section VI of the Complaint;
- B. Finding that all the sanctions and remedies detailed herein are in the public interest and necessary for the protection of Massachusetts investors;
- C. Requiring Respondents to permanently cease and desist from further conduct in violation of the Act and Regulations in the Commonwealth;
- D. Censuring Respondents;
- E. Requiring Respondents to provide an accounting of those losses attributable to the alleged wrongdoing;
- F. Requiring Respondents to provide restitution to fairly compensate investors for those losses attributable to the alleged wrongdoing;
- G. Requiring Respondents to make offers of rescission to all residents of the Commonwealth who purchased securities sold in violation of the Act;

- H. Requiring Respondents to disgorge all profits and other direct or indirect remuneration received from the alleged wrongdoing;
- I. Permanently barring Respondents from registering in the Commonwealth as, associating with, or acting as broker-dealer agent, investment adviser, investment adviser representative, Securities and Exchange Commission registered investment adviser, investment adviser exempted from registration, a person relying on an exclusion from the definition of investment adviser in any capacity, issuer, issuer-agent, or partner, officer, director, or control person of any of the above;
- J. Permanently barring Respondents from associating with or registering in the Commonwealth as an issuer of securities.
- K. Imposing an administrative fine on Respondents in an amount and upon such terms and conditions as the Director or Presiding Officer may determine; and
- L. Taking any such further action which may be in the public interest and necessary and appropriate for the protection of Massachusetts investors.

**MASSACHUSETTS SECURITIES DIVISION  
ENFORCEMENT SECTION**

By and through its attorneys,



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