

**DEPARTMENT OF BUSINESS OVERSIGHT***Ensuring a Fair and Secure Financial Services Marketplace for all Californians*

**JAN LYNN OWEN**  
**Commissioner of Business Oversight**

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## **DBO Moves to Stop Arcadia-Based Securities Fraud Scheme Linked to Digital Currency**

*Sellers Billed 'Gemcoin' as Better than Bitcoin*

SACRAMENTO – The California Department of Business Oversight (DBO) today moved to stop an alleged Arcadia-based securities fraud scheme that markets a digital currency called Gemcoin, billed as better than Bitcoin. DBO officials estimate the fraud has victimized hundreds of Californians and thousands nationwide.

“All investment fraud is intolerable, but this Gemcoin scheme ranks high on the egregious scale,” said DBO Commissioner Jan Lynn Owen. “The perpetrators’ claims are outlandish and disturbing, and their unlawful conduct required quick action to help prevent further victimization.”

The DBO issued an [enforcement order](#) against US Fine Investment Arts, Inc. (USFIA) and three of the firm’s executives that alleges they have unlawfully sold securities without the DBO’s approval, and lied to and misled investors in offering and selling the securities. The order requires USFIA and the officers to “desist and refrain” from further violations. USFIA is based in Arcadia, CA.

The three officers named in the order are: President Steve Chen; Vice President of Investor Relations Leonard Stacy Johnson and spokesman Weiwen (Wayne) Zhao.

The alleged investment scheme centers on the gemstone amber. USFIA claims to own amber mines across the globe, and that the value of those assets totals more than \$5 billion. USFIA claims those “hard assets” back Gemcoins. That is one reason Gemcoins are superior to Bitcoin and other digital currencies, USFIA has told investors.

In presentations and other marketing material, USFIA has touted Gemcoin as “the new gold rush” and a “business opportunity 100 years in the making,” the DBO order says. The order alleges USFIA also has advertised “unstoppable growth” by Gemcoin since the initial issuance in 2014.

The DBO order cites a Feb. 8, 2015 investor presentation held at the Marriot Mission Valley in San Diego. In the presentation, USFIA representatives said a \$10,000 investment would earn investors 66,000 Gemcoin at the then-current price of 15 cents per Gemcoin. According to the order, USFIA said investors would reap a “guaranteed” profit in 60 days, claiming, “The price will never go back, it will only go up. It will go up to \$1.00.” That would represent an increase in value of more than 650 percent, the order notes.

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USFIA has claimed the State of California has endorsed Gemcoin. That claim is false. Here's how the investment scheme has worked, according to the order:

USFIA marketed and sold investment contracts for set amounts of \$1,000, \$2,000, \$5,000, \$10,000 or \$30,000. The contracts entitled investors to some amber jewelry and "reward points" that subsequently could be redeemed for Gemcoins.

The operation also had a pyramid scheme aspect, the order alleges, in that USFIA promised investors they could earn additional reward points if they recruited new investors. At some promotional events, USFIA "purported to give away cars, trips, luxury purses and other valuable items to persons who had recruited a large number of new investors," the order alleges.

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