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Financial Institutions Orders Cease and Desist of Unregistered MLM Investment Program

Frankfort, Ky. (Nov. 20, 2023) – Overseas company GS Partners Global and board chairman Josip Heit were ordered to cease and desist via administrative complaint filed by the Department of Financial Institutions (DFI) on November 16, 2023. The parties allegedly advertised an unregistered multilevel marketing (MLM) investment program to Kentucky investors, causing an increased risk of financial harm.

The complaint states:

- GS Partners implemented an investment program that promotes unregistered digital asset certificates on the blockchain called MetaCertificates.
- MetaCertificates qualify as securities pursuant to Kentucky statute (see [KRS 292.310\(19\)](#)), most closely resembling certificates of deposit or investment contracts.
- GS Partners promises MLM-stylized commissions for recruiting new investors and selling investments. The program purportedly pays 18 percent direct commissions on all product sales and up to 24 percent on direct packages. Additional commissions are available for participants who meet recruitment conditions.
- Potential Kentucky investors were predominately reached via websites, phone applications, and social media.
- The respondents acted as unregistered issuer agents of unregistered securities.
- The respondents have never been registered as an issuer or investment adviser in Kentucky, nor are they exempt from registration.

“It is unlawful for any person to solicit or sell securities in Kentucky without first being registered with our department to do so,” said Chad Harlan, securities division assistant director. “In our investigation, we found MetaCertificates to qualify as securities. By operating without the proper registration, DFI alleges this activity was unlawful and put Kentuckians at increased risk of financial harm.”

Both GS Partners and Heit have been ordered to cease and desist from soliciting or selling any unregistered security in Kentucky, which includes MetaCertificates. They are further ordered to cease and desist from all other activity that violates the Securities Act of Kentucky.

This action is the result of a collaborative group of securities regulators in the United States and Canada. Respondents have twenty days from service of DFI’s complaint to file a written answer to the allegations. A full copy of the administrative complaint can be found at [KFI.ky.gov](#) by clicking on “Legal” and then “Securities Enforcement Actions.”

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DFI is an agency in the Public Protection Cabinet, and supervises the financial services industry by examining, chartering, licensing, and registering various financial institutions, securities firms and

professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.