

**COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
ADMINISTRATIVE ACTION NO. 2023-AH-0027**

KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

v.

GS PARTNERS GLOBAL  
and  
JOSIP HEIT

RESPONDENTS

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**ADMINISTRATIVE COMPLAINT**

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The Department of Financial Institutions (the “Department”), pursuant to Kentucky Revised Statute (KRS) 292.470, KRS 292.500, and 808 Kentucky Administrative Regulation (KAR) 10:225, hereby brings this *Administrative Complaint* against GS Partners Global and Josip Heit. In support thereof, the Department states as follows:

**PARTIES**

1. The Commissioner is responsible for administering KRS Chapter 292, the Securities Act of Kentucky, and any applicable rules, regulations, and orders entered pursuant to the Act.
2. GS Partners Global (“GS Partners”) conducts business using various names, including GS Partners; Swiss Valorem Bank Ltd.; GSB Gold Standard Bank Ltd.; Gold Standard Partners; GSB; GSB Gold Standard Corporation AG; GSB Gold Standard Pay Ltd; GSDeFi; Gold Standard Trade; GSTrade; G999; and Lydian World. Due to the nature of Respondents’ business activities, it is not yet known to the Department where central business operations occur, though Respondents’ products are offered and sold throughout the United States. Upon information and belief, the companies are not operating primarily in the United States; possible locations include Kazakhstan, United Arab Emirates, England, and Germany.

3. Josip Heit is the Chairman of the Board of GS Partners.

### **STATEMENT OF FACTS**

4. On or about September 28, 2023, the Department began its investigation into Respondents' securities-related activities, learning of the following facts and circumstances.

5. GS Partners has implemented a multilevel marketing program that promises the payment of commissions for recruiting new investors and selling investments. GS Partners uses on-demand webinars, videoconferencing, and in-person corporate events to train multilevel marketers and promote securities issued by GS Partners. Notable individuals affiliated with GS Partners in its multilevel marketing program and assisting in the offer and sale of securities include Bruce Hughes, Aline Lima, Dirc Zahlmann, and Dennis Utiz. For purposes of this administrative action, these individuals and any other people who offer and/or sell GS Partners' securities are contemplated in any request for relief affecting GS Partners.

6. Heit is a control person for GS Partners. Additionally, he advertises GS Partners' securities products.

7. GS Partners is promoting investments through its affiliated apps on Apple's App Store and Google's Play Store (GSNotes, Signature Wallet, and GSTelecom), along with internet websites accessible by the public at gspartners.global, gsb.gold, and g999main.net. The gspartners.global website redirects to an Instagram account (@g999blockchain), Facebook webpage (@g999blockchain) and YouTube channel (@g999main) that promotes G999, a digital asset that purportedly permits owners the opportunity to stake tokens. GS Partners uses lydian.world to advertise staking pools, digital assets, NFTs, and a product Respondents refer to as MetaCertificates.

8. GS Partners's MetaCertificates are associated with six distinct Blockfolios that represent specific industries or sectors of investment. Investors in these MetaCertificates select which of the six Blockfolios they will invest in and then transfer digital assets to GS Partners through the MetaCertificates until they reach a threshold asset value that are dependent on which blockfolios are selected. Once the MetaCertificates for the applicable Blockfolio(s) meet those threshold values, the MetaCertificates are considered fully loaded, entitling investors to receive associated benefits, such as bonus value applied to the MetaCertificate or payments to investors on a monthly or weekly basis.

9. GS Partners offers 18 distinct MetaCertificates, grouped into two product categories: Elemental Series MetaCertificates and Success Series MetaCertificates. The commission payouts in the multilevel marketing program for Elemental MetaCertificates are collectively valued at 10,126,690.71 USDT, and the Success Series MetaCertificates are collectively valued at 906,893.46 USDT. Elemental MetaCertificates include GS Partners's Terra, Light, Water, Wind, Nature, Fire, Heart, Space and Prana MetaCertificates. These Metacertificates range from 150 USDT purchase value with a purported max payout of 10,579 USDT to 100,000 USDT purchase value with a max payout of 10,579,000 USDT. Success MetaCertificates include GS Partners's Rise, Grow, Prosper, Flourish, Thrive, Advance, Triumph, Epic and Victorious Success Series Certificates. These Metacertificates range from 150 USDT purchase value with a purported max payout of 17,612 USDT to 100,000 USDT purchase value with a purported max payout of 17,612,000 USDT.

10. In order to purchase investments, prospective investors must first create accounts through the gspartners.global. After creating their accounts, prospective investors can use their credentials

to access the gspartners.global back-office,<sup>1</sup> a platform for describing, offering, and selling investments. Users that pay 33 USDT<sup>2</sup> and complete a partnership agreement or enroll through the gspartners.global are able to participate in the multilevel marketing program. The program purportedly pays 18% direct commissions on all product sales and up to 24% on direct packages, with additional commissions if participants meet certain recruitment conditions.

11. GS Partners and Heit are promoting G999 Mainnet, a proof-of-stake blockchain purportedly permitting electronic transfers of value and a secure platform for voice, chat, and email communications. The advertised appeal of G999 Mainnet is to stake G999 Coin. G999 Mainnet is powered by G999 Coin, a digital asset. Furthermore, users can store G999 Coin on a G999 Crypto Card, a physical digital asset wallet advertised as an analog of a savings account but permitting card owners to stake G999 Coin to receive a return of 2.5% per year.

12. Swiss Valorem's website claims Swiss Valorem has created a cutting-edge banking platform for people looking to invest in stocks, manage their portfolios, and/or open a checking account; references the idea of an integrated and rigorously supervised bank without explaining how it is integrated and rigorously supervised while also touting that it has the stability and security of traditional banking; allows borrowing against traditional and digital assets; and advertises a "Rewards Programme" and "Partner Programme (IPP)" or "The GSP Platform Compensation Plan." Swiss Valorem's listed services include margin trading, short-selling, derivatives, asset-collateralized loans, and digital asset investments. The digital asset investments are particularly advertised as having attractive returns in digital asset markets in a safe and fully regulated way without any verifiable evidence of U.S. securities regulation.

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<sup>1</sup> Back-office is a term of art borrowed from retail software, denoting applications that are not involved in consumer-facing tasks. For example, inventory, pricing, invoicing, and other data-driven tasks are often relegated to back-office software.

<sup>2</sup> Also known as "Tether," a fiat-collateralized stablecoin cryptocurrency emulating the value of the US Dollar.

13. GTrade’s website explains that the company operates gtrade.exchange, a platform that offers an e-wallet, a cryptocurrency exchange, and the company’s native token (known as “G999”). Related services provided by GTrade include market cap rankings, token listing and merchant point-of-sale payment gateways, a merchant list, and an “early version” of a cryptocurrency-friendly marketplace. GTrade allows for the deposit, buy, sale, trade, exchange, and withdrawal of cryptocurrency, including participation in “trading promotions and token sales.”

14. GSB Gold Standard Pay Ltd. alleges on its website that GSB Gold Standard Pay KB provides its digital crypto storage services in Stockholm, Sweden and that this company is a professional and registered Trustee in accordance with the Stockholm County Administrative Board as its supervisory authority. GTrade’s “GSDeFi Incentive” rewards 1.75% yield per year for no membership, 3.5% yield per year for Basic Advantage Membership, and 5% yield per year for Premier Advantage Membership. As of the date of this *Administrative Complaint*, GTrade’s fees appear to be 0.2% trade commission.

15. Neither of the Respondents have ever been registered as an issuer agent in Kentucky.

16. Respondents have not registered or filed a claim of exemption from registration for its business activity.

### **STATUTORY AUTHORITY**

17. KRS 292.310(13) defines “issuer” as:

any person who issues or proposes to issue any security, except that with respect to certificates of deposit, voting trust certificates, or collateral-trust certificates, or with respect to certificates of interest or shares in an unincorporated investment trust not having a board of directors, or persons performing similar functions, or of the fixed, restricted management, or unit type, the term “issuer” means the person or persons performing the acts and assuming the duties of depositor or manager pursuant to the provisions of the trust or other agreement or instrument under which the security is issued, and except that with respect to fractional undivided interests in oil, gas, or other mineral rights, the term “issuer” means the owner of any such right or of an interest in such right, whether whole or fractional, who creates fractional interests therein for the purpose of distribution.

18. KRS 292.310(1) defines “agent” as:

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.

19. KRS 292.310(19) defines a “security”, in relevant part, as:

...any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, life settlement investment, voting-trust certificate, certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; or, in general, any interest or instrument commonly known as a “security[.]”

20. KRS 292.330 states, in pertinent part,

(3) It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent or is exempt from registration under subsection (4) of this section.

...

(7) It is unlawful for a broker-dealer or an issuer to employ or associate with an agent unless the agent is registered under this chapter or exempt from registration.

21. KRS 292.340 states,

It is unlawful for any person to offer or sell any security in this state, unless the security is registered under this chapter, or the security or transaction is exempt under this chapter, or the security is a covered security.

22. KRS 292.470 states, in pertinent part,

Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of any provision of this chapter or any rule or order under this chapter, the commissioner may in his or her discretion bring any or all of the following remedies:

...

(3) Issue a final order, after notice and an opportunity for a hearing, containing findings of fact and conclusions of law, directing any person or persons found to have engaged in, or about to be engaged in, activity that constitutes a violation of this chapter or any rule or order under this chapter:

(a) To cease and desist from the activity;

- (b) To perform any other reasonable mandates directed by the commissioner pursuant to an appropriate remedy fashioned by the commissioner and reasonably calculated to carry out the provisions of this chapter; or
- (c) To pay fines assessed under KRS 292.500(14) and costs assessed under KRS 292.500(15).

### **VIOLATIONS**

23. GS Partners is offering securities in the form of MetaCertificates that qualify as securities pursuant to KRS 292.310(19) and *Securities and Exchange Commission v. W. J. Howey Co.*, 328 U.S. 293 (1946). Respondents' descriptions of the MetaCertificates most closely resemble either certificates of deposit or investment contracts. Respondents' other referenced offerings, including its staking program, also constitute a security.

24. GS Partners has acted as an unregistered issuer of unregistered securities through its publicly available websites as defined by KRS 292.310(13) and in contravention of KRS 292.330 and KRS 292.340.

25. Heit has acted as an unregistered issuer agent of unregistered securities, on behalf of GS Partners, in contravention of KRS 292.330 and KRS 292.340.

26. In contravention of KRS 292.330, Respondents never been registered with the Department and have never sought registration and it is unlawful for any person to solicit or sell securities in Kentucky without first being registered with the Department to do so. Respondents advertised products as described in this *Administrative Complaint* do not qualify for an exemption from registration.

### **REQUEST FOR RELIEF**

WHEREFORE, the Department respectfully requests the Commissioner find the aforementioned violations have occurred, and in so finding, the Commissioner further ORDER:

1. Respondents **CEASE AND DESIST** from soliciting or selling any security in Kentucky unless that security is registered with the Department pursuant to KRS 292.340;
2. Respondents **CEASE AND DESIST** from any and all other activity that would otherwise violate the Securities Act of Kentucky;
3. Any other relief which may be appropriate and to which the Department is entitled.

Respectfully submitted,

/s/ Brandon Adcock

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## **NOTICE TO RESPONDENT**

1. You are hereby notified that you must respond to the complaint by filing a written answer to the allegations in the complaint with the Department within twenty (20) days of service of the complaint. You have a right to a hearing but you must request such a hearing in the response to the administrative complaint. If requested, an administrative hearing shall be held pursuant to the provisions of KRS Chapter 13B and 808 KAR 10:225. If an answer is not filed within twenty (20) days, the Department shall seek a final order from the Commissioner granting the relief requested in the complaint. You are hereby advised that you have a right to legal counsel at all stages of these proceedings, including but not limited to, preliminary matters, and including a hearing, if one is requested.
2. You are advised that all parties to these proceedings, that is the Respondent and the Department, have a right to examine, at least five (5) days prior to any hearing in this matter, a list of witnesses the parties, including the Department, expect to call at the hearing, any evidence to be used at the hearing, and any exculpatory information in the possession of the Department. The time limits established herein shall accrue from the actual date of the hearing once that date is established. However, no hearing will be set if the parties fail to timely request a hearing.
3. You are advised that any party who fails to attend or participate as required at any stage of the administrative hearing process may be held in default under this chapter.

## CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing *Administrative Complaint* was sent on this the 16<sup>th</sup> day of November, 2023 by the method indicated below to the following:

*Via certified mail, return receipt requested:*

GS PARTNERS GLOBAL  
Emgate Building  
Office 343-745  
212 Sheikh Zayed Road  
Al Wasl, Dubai, United Arab Emirates  
*Agent on behalf of Respondent*

Josip Heit  
30 Hans Place  
London, GB SW1X0JY  
*Respondent*

*Alternative addresses:*

Process Agent  
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K. Amanzholov Street  
No.174  
Uralsk, 090000, Kazakhstan  
*Agent on behalf of Respondent*

Process Agent  
GS PARTNERS GLOBAL  
P.B. 1257, Bonovo Road  
Fomboni, Mwali,  
KM-M, Comoros  
*Agent on behalf of Respondent*

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GS PARTNERS GLOBAL  
149a Vaihingerstrasse, Stuttgart,  
Baden-Wuerttemberg  
30337, Germany  
*Agent on behalf of Respondent*

Process Agent  
GS PARTNERS GLOBAL  
Königsallee 61, 40215  
Düsseldorf, Germany  
*Agent on behalf of Respondent*

*Via electronic delivery:*

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*/s/ Brandon Adcock*  
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Brandon Adcock, Counsel  
Kentucky Department of Financial Institutions