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**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE,
OFFICE OF THE MONTANA STATE AUDITOR**

IN THE MATTER OF

JOHN OR JANE DOE USING THE
HANDLE @ELONMUSK0416,

Respondent.

Case No. SEC-2025-00212

**NOTICE OF PROPOSED AGENCY
ACTION AND OPPORTUNITY FOR
HEARING**

TO: @ElonMusk0416 on X
Telegram number 647-495-5709
support@elonxtokenx.live

The Commissioner of Securities and Insurance, Office of the Montana State Auditor (Commissioner), has cause to believe that Respondent, a person using the handle @elonmusk0416 on the social media platform X, the Telegram number 647-495-5709, and/or the email address support@elonxtokenx.live, has violated the Securities Act of Montana, §§ 30-10-101 *et seq.* The Commissioner proposes to levy a fine of \$5,000 and require restitution. The Commissioner has the authority to undertake this action pursuant to the Securities Act of Montana, Mont. Code Ann. §§ 30-10-101 and 30-10-301 *et seq.*

The following is a proposed agency action. Acceptance of CSI's proposed action will resolve this matter and be deemed a Final Agency Action based on the facts and law set out below. If Respondent chooses not to accept the penalty, an administrative hearing

must be requested; that request must be in writing and received by the Commissioner **within 24 days** of the date this Notice, as described in the Statement of Rights below. Failure to timely request a hearing can result in the entry of a default order as stated in the Possibility of Default section below.

FACTUAL ALLEGATIONS

1. On February 6, 2025, the Office of the Commissioner of Securities and Insurance (CSI) received a consumer complaint from a resident of Montana, D.M., age 67, concerning an investment loss in cryptocurrency in what is known as a pig butchering scam.

2. D.M. reported that he had been contacted through the social media platform X (formerly Twitter) by a person using the handle @ElonMusk0416 who claimed he could have Elon Musk contact him and present an investment idea. Elon Musk is an owner of X and uses the handle @elonmusk. Given his wealth and prominence on social media, scammers often impersonate Elon Musk. There is no evidence that the Respondent in this case is the Elon Musk who owns X, and the evidence indicates this was an impersonation scam.

3. Eventually, D.M. agreed to discuss the investment with Respondent. D.M. was instructed to download the encrypted messenger service Telegram. D.M. communicated with Respondent using the Telegram number 647-495-5709 and the email address support@elonxtokenx.live.

4. Respondent used a confidence tactic to deceive D.M. into believing in the authenticity and profitability of the investment. Assuming that he was communicating directly with Elon Musk, D.M. was persuaded to invest in a purported cryptocurrency business called “Token X,” described as a high-speed cryptocurrency mining operation. Respondent claimed that Token X used advanced technology for cryptocurrency mining and presented it as a legitimate and profitable investment opportunity.

5. Between January and February 2025, D.M. executed 28 cryptocurrency transfers from his personal Coinbase Global, Inc. account to multiple digital wallet

addresses provided by Respondent. These transfers involved 24 different types of cryptocurrencies, including Ethereum (ETH), Bitcoin (BTC), Solana (SOL), XRP, and Cardano (ADA). The largest transfers occurred in transactions totaling over \$45,800.69 in ETH and \$50,100.62 in BTC.

6. In total, D.M. purported to invest \$150,716.42 in cryptocurrency, as evidenced by his Coinbase account statements.

7. Investigative review of the cryptocurrency addresses revealed no legitimate business affiliations and suggested the funds were redirected to personal or laundering-style wallets held by unknown entities.

8. CSI Securities Investigator Ryan Sullivan concluded that the actions constituted a violation of the Montana Securities Act, as unregistered securities were offered and sold fraudulently under false pretenses.

ASSERTIONS OF LAW

9. The Commissioner is tasked with enforcement of the Securities Act of Montana, §§ 30-10-101, *et seq.* The Commissioner has jurisdiction over this matter pursuant to Mont. Code Ann. §§ 30-10-101 through 30-10-342. The Commissioner is entrusted to protect investors, persons engaged in securities, and the public interest. Mont. Code Ann. § 30-10-102.

10. It is unlawful for any person, in connection with the offer, sale, or purchase of any security, directly or indirectly, in, into, or from this state, to employ any device, scheme, or artifice to defraud; to make any untrue statement of a material fact or 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; or to engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person. Mont. Code Ann. § 30-10-301(1).

11. Further, “any person that knowingly provides substantial assistance to another person in violation of a provision of this part [Title 30, Chapter 10, Part 3] or of any rule or regulation issued under this part must be considered to be in violation of that

provision to the same extent as the person to whom the assistance is provided.” Mont. Code Ann. § 30-10-321.

12. Except in certain transactions not at issue here, it is unlawful for a person to transact business in this state as a broker-dealer or salesperson unless the person is registered to do so, and is further unlawful for a broker-dealer or issuer to employ a salesperson to represent the broker-dealer or issuer in this state unless the salesperson is registered. Mont. Code Ann. § 30-10-201(1), (2).

13. “The commissioner may by order deny, suspend, or revoke registration of any ... salesperson ... if the commissioner finds that the order is in the public interest and that the applicant or registrant or, in the case of a broker-dealer or investment adviser, any partner, officer, director, person occupying a similar status or performing similar functions, or person directly or indirectly controlling the broker-dealer or investment adviser ... has engaged in dishonest or unethical practices in the securities business.” Mont. Code Ann. § 30-10-201(13)(g).

14. The Commissioner may impose a fine not to exceed \$5,000 per violation on a person found to have engaged in any act or practice constituting a violation of the Securities Act or a rule or order of the Commissioner. Mont. Code Ann. § 30-10-305.

15. The Commissioner may also impose an order of restitution on any person found to have violated Mont. Code Ann. § 30-10-301 with 10% annual interest from the date of violation, reasonable attorney fees, and costs associated with bringing the administrative action. Mont. Code Ann. § 30-10-309(1).

16. Here, Respondent impersonated the identity of Elon Musk to offer securities as an investment in Token X. Respondent made untrue statements of a material fact and omitted material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading. Further, impersonating Elon Musk to sell securities is an act, practice, or course of business that operates or would operate as a fraud or deceit upon D.M.

17. Respondent's fraud resulted in financial loss to D.M. and is grounds for the Commissioner to require Respondent to make restitution for all losses sustained as a result of Respondent's actions.

PROPOSED AGENCY ACTION

The Commissioner, in his discretion and considering, *inter alia* the gravity, number and scope of offense(s), and the financial loss involved, and to protect the health, safety, and welfare of the public, proposes to order the following:

1. An order finding and declaring that Respondent has violated Mont. Code Ann. §§ 30-10-301 and 30-10-321.

2. Pursuant to § 30-10-305(3)(a), an order of a fine of \$5,000 per violation against Respondent, plus interest at the statutory rate from the date of the Commissioner's final order. Such fine shall be subordinate to the restitution in the event Respondent is unable to pay the full amount of the fines and restitution.

3. Pursuant to Mont. Code Ann. § 30-10-309 an order requiring Respondent to pay restitution for the total losses to D.M. in the amount of \$150,716.42 starting from January 31, 2025.

STATEMENT OF RIGHTS

Respondent is entitled to contest the Commissioner's proposed action by requesting a hearing; this is called an administrative or "contested case" hearing. Mont. Code Ann. § 2-4-102(4). To do so, **within 24 days of the date of this Notice**, Respondent must submit a **written hearing request** to CSI at 840 Helena Avenue, Helena, MT 59601 or CSI.LegalService@mt.gov. A hearing request may, but does not have to, include a response to the allegations set forth above.

If a hearing is requested, the Commissioner may appoint an impartial hearing examiner to conduct the proceedings under the provisions of the Montana Administrative Procedures Act, Mont. Code Ann. Title 2, Chapter 4, Part 6. Mont. Code Ann. § 2-4-611, 33-1-701; Admin. R. Mont. 1.3.218. Informal proceedings may be requested pursuant to Mont. Code Ann. § 2-4-603. Respondent will be provided notice of the time, place, and

nature of the hearing; and will be entitled to participate in the contested case process and respond and present evidence and arguments on all issues involved in this action. Mont. Code Ann. §§ 2-4-601, -612.

Respondent has the right to retain legal counsel to represent, accompany, and advise them at any and all stages of this proceeding or may also elect to represent themselves; however, a business entity may not appear on its own behalf or through an agent other than an attorney licensed to practice law. Admin. R. Mont. 1.3.231.

CONTACT WITH COMMISSIONER'S OFFICE

If there are questions or concerns, please contact CSI at 406-444-2040 or CSI.LegalService@mt.gov. If represented by an attorney, please ensure this contact is made by the attorney.

POSSIBILITY OF DEFAULT

Failure to timely provide a written hearing request shall result in the entry of a default order imposing the Commissioner's proposed action, without additional notice, pursuant to Admin. R. Mont. 1.3.214.

DATED this 2d day of April, 2026.



JACK CONNORS

Counsel for Commissioner of Securities & Insurance