

**STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE
SECURITIES DIVISION**

IN THE MATTER OF:)	
)	FINAL CONSENT ORDER
ADOSIA LLC and KYLE E.)	
SOLOMON,)	File No.: 18 ADM 007
)	
Respondents.)	

The North Carolina Secretary of State (the “Administrator”), pursuant to her statutory authority and responsibility to administer and enforce the North Carolina Securities Act, N.C. Gen. Stat. Chapter 78A (the “Securities Act”), has considered the evidence, and finds that it is in the public interest to resolve this matter on the terms set forth in this Final Consent Order (the “Order”). With the consent of Adosia LLC and Kyle E. Solomon, the Administrator enters this Order.

I. SUMMARY

1. The Administrator, through her Securities Division, conducted an investigation of Adosia LLC (“Adosia”) and Kyle E. Solomon (“Solomon”) to evaluate whether they have been offering securities in compliance with the Securities Act.
2. The Securities Division found that Adosia and Solomon engaged in an unregistered securities offering in violation of the Securities Act.
3. Through this Order, the Administrator orders Adosia and Solomon to permanently cease and desist from offering unregistered securities and acting as securities dealers until registered to do so.

II. FINDINGS OF FACT

1. Adosia is a foreign corporation, incorporated on April 9, 2010, under the laws of the State of Arizona, with a registered address in Phoenix, Arizona. Adosia is not registered to sell securities in North Carolina.

2. Solomon is an adult individual who resides in Benson, North Carolina. Solomon is the manager, CEO, Lead Software Developer, and Lead Hardware Engineer of Adosia. Solomon directs all aspects of Adosia’s business operations, including marketing and fundraising. Solomon is not registered to sell securities in North Carolina.

3. On the Adosia website (www.adosia.com), Solomon describes the business as an entity that will create “a decentralized display advertising ecosystem that leverages blockchain for ad targeting, delivering and measuring.” Additionally, “Adosia’s approach to hardware control and customization enables Adosia platform users to create custom use cases to create a better quality of life, and is limited only by a user’s own imagination.”

4. Below is the description of Adosia’s “decentralized ecosystem” from the Adosia website.



5. Adosia and Solomon have created and published a wide variety of marketing materials, including presentations, images, and videos, that describe Adosia’s future business

plans. These materials have been posted on several websites including Reddit, YouTube, Facebook, Instagram, GitHub, Medium, and Bitcointalk.

6. Adosia is promoting two types of products. The first product is a blockchain-enabled platform for internet advertisers. The second product is a technology called Adosia Internet of Things (“IoT”) Hardware.

7. The Adosia internet advertising platform product represents an evolution of Adosia and Solomon’s legacy, non-blockchain-enabled business.

8. The Adosia IoT Hardware product features technology that uses a wireless chip to monitor and configure internet-connected hardware functions (*e.g.*, when mail is received in a physical mailbox, a garage door is opened, a plant needs water, etc.).

9. According to the Adosia marketing materials, “Future projects outlined in the Adosia roadmap entail multiple decentralized open source initiatives with world-changing potential....Successful development and implementation of these latter initiatives is dependent on upcoming third generation cryptocurrencies.”

10. In order to fund these initiatives, Adosia and Solomon decided to undertake an initial coin offering (“ICO”)¹ in which Adosia offered a digital token². The Adosia token (the “ADO token”) is described in the Adosia White Paper³, and also in marketing materials and videos posted on the internet.

¹ An ICO is a fundraising event in which an entity offers participants a unique digital asset, often referred to as a “coin” or “token,” in exchange for consideration, often in the form of another cryptocurrency like Bitcoin or Ether, or a fiat currency like the US Dollar.

² A digital token is a digital asset that entitles its owners to certain rights related to the business underlying the ICO. Such rights could include rights to profits, a share of assets, rights to use certain products or services or voting rights. Tokens can be listed on cryptocurrency exchanges, and they can be used to buy other digital assets or fiat currencies.

³ Issuers of a token often release a document called a “White Paper” describing the particular project they seek to fund and the terms of the ICO.

11. According to the Adosia White Paper, the ADO token is a digital asset that may be traded for products that Adosia intends to develop.⁴

12. In order to purchase the ADO token, purchasers must first buy Ether (“ETH”), a cryptocurrency, on a cryptocurrency exchange using a fiat currency⁵(*e.g.*, the US Dollar). Purchasers must then transmit their newly acquired ETH into a wallet on the Ethereum blockchain. Once the purchasers transfer ETH from their own wallets to a wallet controlled by Adosia and Solomon, they will be issued the ADO token.

13. Adosia and Solomon set the price for each ADO token in relation to ETH at a rate of 12,500 ADO tokens per 1 ETH.

14. Adosia planned to sell up to eight billion (8,000,000,000) ADO tokens to the general public in order to raise a maximum amount of ETH worth \$320 million, given a prevailing USD/ETH exchange rate of \$500 per 1 ETH.

⁴ ADO is an ERC20 token. An ERC20 token is a unit of account used to record ownership rights within a smart contract running on the Ethereum blockchain. ERC20 tokens are denominated in Ether, which is a cryptocurrency used to facilitate transactions on the Ethereum blockchain. Launching the ADO token on the Ethereum blockchain allowed Solomon to avoid creating his own blockchain, and allows interested persons to see who (*i.e.*, which wallet) holds each token of ADO. If a transaction occurs using ADO, anyone can see how many tokens are transferred and to whom.

⁵ Fiat currency, such as the US Dollar, is currency which derives its value from government regulation or law.

15. Adosia provided the following graphical representation of the terms of the ICO to prospective purchasers.

bluponix **TAPLOCK** **MAILMAN**
OPEN PLUG **GARAGE BUG** **CRYPTOCAM**

Decentralized IoT Automation Hardware / Ad-Tech / Education

ADOSIA

1 ETH = 12500 ADO / 8b Max Supply / ERC-20 Protocol

Strategic Sale
100% Bonus
5000 ETH Cap
2 ETH Minimum
KYC/AML
Ends April 15th, 2018

Private Pre-Sale
500% Bonus
3000ETH CAP
2ETH Minimum
KYC/AML
Ends April 15th, 2018

Public Pre-sale
400% Bonus
40,000 ETH Cap
Public ICO Starts Here
on April 16th, 2018
Stage lasts 1 week

Public Phase 1
125% Bonus - 1 Week
40,000 ETH Cap
Public Phase 2
100% Bonus - 1 Week
30,000 ETH Cap
Public Phase 3
50% Bonus - 1 Week
50,000 ETH Cap
Public Phase 4
0% Bonus - 4 Weeks
50,000 ETH Cap

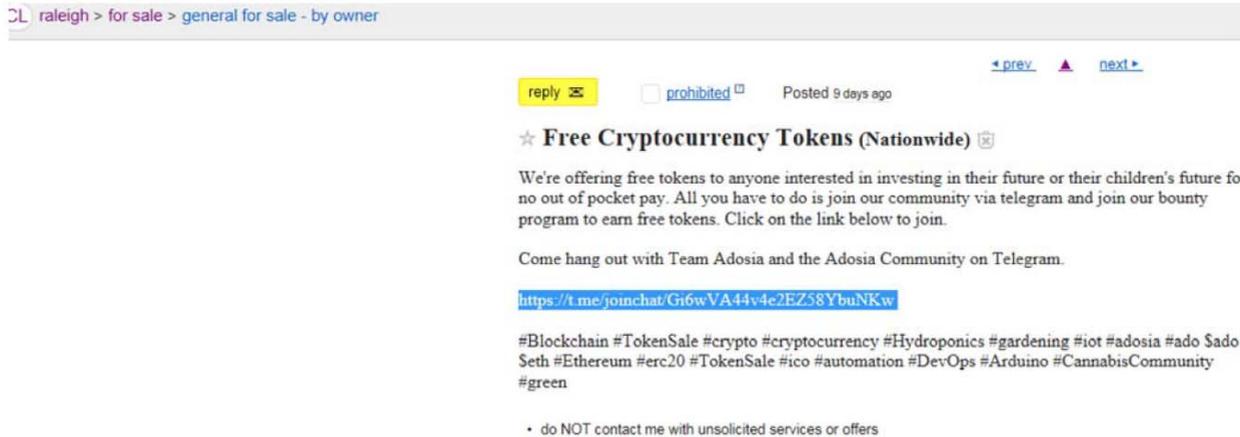
ADO ICO - April 16th thru June 11th, 2018

Contact us at <https://adosia.com> for Private/Strategic Sale Information

16. Between January 1, 2018, and April 1, 2018, Adosia conducted a public pre-sale of the ADO tokens in which it offered a 400% pre-sale bonus (*i.e.*, a purchaser would receive four free ADO tokens for each single ADO token purchased).

17. According to the Adosia White Paper, “Adosia will conduct a discount token sale upon releasing our first IoT hardware products. Unallocated public tokens will be secured and stored in Adosia addresses. Adosia will use unallocated tokens over time to enable easy allocation of ADO tokens for distribution for fiat-initiated subscription payments, to issue payouts to Adosia Publishers or hardware miners, to create community, employee or other forwardlooking funds, to issue other user rewards, incentives, payments, or to conduct development initiatives. This enables a viable means for continued project funding and organizational sustainability.”

18. To generate purchaser interest in the ADO token, Adosia promoted its ICO to the general public, including North Carolina citizens, on internet websites and in local online marketplaces (e.g., Craigslist).



19. In these promotions, Adosia promised bonuses in the form of free or discounted tokens to those who purchased the ADO token in early phases of the ICO.

20. Adosia claimed that the ADO token may be used in the future to purchase Adosia IoT Hardware products and IoT Subscriptions that are still in development.

21. At this point, the only value the ADO token would have provided to the purchaser is a bonus in the form of free or discounted ADO tokens, and the hope that the value of the ADO token increases.

22. Potential purchasers would have viewed the ADO token as an opportunity to profit. Purchasers would have had an expectation that they would obtain a future profit from the bonuses and an increase in the value of the ADO token itself. According to the Adosia White Paper, Solomon will develop the many products described on the Adosia White Paper, thus creating the impression that the ADO token will increase in value from the efforts of Adosia and Solomon.

23. The ADO tokens have been offered for sale to North Carolina residents.

24. A purchaser outside of the United States bought ADO tokens in the ICO pre-sale period.

25. Neither Adosia nor Solomon have filed a registration with the Securities Exchange Commission or the Administrator or attempted to claim an exemption from registration.

26. Adosia and Solomon have fully cooperated with the Securities Division's investigation.

27. Upon learning of the Divison's investigation, Adosia and Solomon immediately halted the ICO and took steps to remove many of the ICO marketing materials from the Internet.

III. CONCLUSIONS OF LAW

1. The Administrator has jurisdiction over Solomon and Adosia and the subject matter of this Order and enters this Order under the authority granted to her under the Securities Act and the administrative rules adopted thereunder.

2. Solomon and Adosia are "dealers" as defined under North Carolina law.

3. The ADO token is a "security" as the defined under North Carolina law.

4. Solomon and Adosia violated N.C. Gen. Stat. §78A-24 by offering securities for sale in North Carolina that are not: (a) registered with the Administrator, (b) exempted from registration, or (c) notice filed, as would be the case with securities covered under federal law.

5. Solomon and Adosia violated §78A-36 by offering securities while they are not registered to offer and sell securities.

6. Solomon and Adosia are subject to the penalties designated in §78A-39(a) because the violations are willful violations of the Securities Act.

7. The Administrator finds that the entry of this Order is in the public's interest and is consistent with the purposes fairly intended by the policies and provisions of the Securities Act.

IV. JURISDICTION, CONSENT AND WAIVER

Solomon and Adosia, as evidenced by the authorized signature on the Consent to Entry of Order, affirmatively states and agrees that:

1. The Administrator has jurisdiction over Solomon, Adosia, and the subject matter of this Order.

2. Solomon and Adosia voluntarily consent to the entry of this Order and understand this is a public document.

3. Solomon and Adosia have read the contents of this Order and have had the opportunity to consult with an attorney prior to the signing of this Order.

4. Solomon and Adosia freely sign this Order. No threats, promises, or offers of any kind, other than as stated in this document, have been made by the Administrator, Deputy Securities Administrator, any member of the Securities Division staff, or any agent or employee of the North Carolina Department of the Secretary of State in connection with the signing of this Order.

5. This Order contain the entire agreement between the undersigned, and Solomon and Adosia understands its effect.

6. Solomon and Adosia desire to resolve this matter through this Order to avoid further administrative proceedings.

7. Solomon and Adosia permanently waive any and all rights under the Securities Act, the North Carolina Administrative Procedure Act (N.C. Gen. Stat. Chapter 150B) and any

other law, and to a Notice of Hearing, a hearing, the making of findings of fact and conclusions of law, and any further proceedings before the Administrator or other entity to which they may be entitled related to the subject of this Order, including any court of competent jurisdiction. Solomon and Adosia also permanently waives their rights to seek judicial review of this Order under N.C. Gen. Stat. Chapter 150B, to appeal this Order, or to otherwise challenge either the validity or entry of this Order in any court or administrative agency.

8. The execution, delivery, and performance of this Order has been duly authorized and signed by a person who meets the statutory or other binding requirements to sign on behalf of Solomon and Adosia as named in this Order.

9. The presentation of this Order to the Administrator and any subsequent discussion of the Order prior to its entry without Solomon and Adosia or their counsel being present shall not constitute an improper *ex parte* communication between the Administrator and the Securities Division or counsel for the Securities Division.

10. The Order shall become final upon entry and shall be binding upon Solomon and Adosia and their successors and assigns as well as their affiliates and successors and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

NOW, THEREFORE, the Administrator, pursuant to and under all authority granted by the North Carolina Securities Act, based upon the forgoing Findings of Fact, Conclusions of Law, and Jurisdiction, Consent and Waiver, and with Solomon's and Adosia's express written consent to the entry of this Final Consent Order, orders the following:

V. ORDER

1. Solomon and Adosia shall permanently cease and desist from violating N.C. Gen. Stat. §78A-24.

2. Solomon and Adosia shall permanently cease and desist from violating N.C. Gen. Stat. §78A-36.

3. Solomon and Adosia shall permanently cease and desist from violating any other provisions of the Securities Act and any administrative rules promulgated thereunder.

4. Solomon and Adosia shall provide a rescission offer to the purchaser who purchased the ADO tokens within thirty (30) days of the execution of this order.

5. Solomon and Adosia shall not take any action or make, or permit to be made, any public statement, denying, directly or indirectly, any finding in this Order or creating the impression that this Order is without factual basis.

WITNESS MY HAND AND THE OFFICIAL SEAL of the North Carolina

Department of the Secretary of State, this the 10TH day of May 2018.

Time of entry: 8:49 A.M.



ELAINE F. MARSHALL
SECRETARY OF STATE OF NORTH CAROLINA and
SECURITIES ADMINISTRATOR, by

REDACTED

KEVIN M. HARRINGTON
Deputy Securities Administrator

**CONSENT TO ENTRY OF ORDER
BY ADOSIA LLC**

I, Kyle E. Solamen, state that:

1. I am an officer of Adosia LLC ("Adosia");
2. I am duly authorized to act on its behalf;
3. I have read the foregoing Final Consent Order and that I know and fully understand the contents hereof;
4. Adosia understands that this Final Consent Order is a public record document;
5. Adosia voluntarily consents to the entry of this Final Consent Order without any force or duress, expressly waiving any right to a hearing in this matter;
6. Adosia understands that the North Carolina Department of the Secretary of State reserves the right to take further actions to enforce this Final Consent Order or to take appropriate action upon discovery of other violations of the Securities Act by Adosia; and
7. Adosia will fully comply with the terms and conditions stated herein.

Dated this the 3 day of May, 2018.

Adosia LLC

REDACTED

By:

Name: Kyle E Solamen

Title: Manager / CEO

STATE OF North Carolina
COUNTY OF Johnston

I, a Notary Public of the above County and State, certify that Kyle E Solomon personally appeared before me this day and acknowledged to me that he/she voluntarily signed the forgoing document for the purposes stated therein.

Witness my hand and official seal, this the 3 day of May, 2018.

REDACTED

Official signature of notary

My Commission expires: June 29, 2018

(Official Seal)



**CONSENT TO ENTRY OF ORDER
BY KYLE E. SOLOMON**

I, Kyle E. Solomon, state that:

1. I have read the foregoing Final Consent Order and that I know and fully understand the contents hereof;
2. I understand that this Final Consent Order is a public record document;
3. I voluntarily consent to the entry of this Final Consent Order without any force or duress, expressly waiving any right to a hearing in this matter;
4. I understand that the North Carolina Department of the Secretary of State reserves the right to take further actions to enforce this Final Consent Order or to take appropriate action upon discovery of other violations of the Securities Act by Adosia; and
5. I will fully comply with the terms and conditions stated herein.

Dated this the 3 day of May, 2018.

REDACTED

By: _____

STATE OF North Carolina
COUNTY OF Johnston

I, a Notary Public of the above County and State, certify that Kyle E. Solomon personally appeared before me this day and acknowledged to me that he voluntarily signed the forgoing document for the purposes stated therein.

Witness my hand and official seal, this the 3 day of May, 2018.

REDACTED

My Commission expires: June 29, 2018

(Official Seal)

