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News Release

BCSC alleges fraud by Einstein crypto platform

Date:
2024-02-02

Number:
2024/009

Vancouver – The B.C. Securities Commission (BCSC) [is alleging](#) fraud by three now-dissolved companies and their sole director, related to their operation of a purported crypto asset trading platform.

The BCSC alleges that the Einstein Exchange’s controlling entities – Einstein Exchange Inc., Einstein Capital Ltd. and Einstein Law Corporation (which was not a law firm) – and their sole director, Michael Ongun Gokturk, induced customers to make deposits into the platform by claiming that:

- It provided safe and secure storage for their money and crypto assets
- Customers could withdraw funds same-day to their bank
- Crypto addresses, called “wallets,” were encrypted and most assets were stored offline in “cold storage,” and
- It provided an unparalleled combination of secure and responsive currency management.

The BCSC alleges that all of the claims were false, in several respects:

- Gokturk and the Einstein entities transferred customer assets into various bank accounts of theirs and Gokturk’s personal wallets on other unrelated platforms. Gokturk and the Einstein entities used those assets for speculative investments, to fund the platform’s operations and to pay out customer withdrawals
- Because of that misappropriation, many customers could not withdraw their funds same-day, or at all, to their bank
- The platform did not retain custody of most of its customers’ assets, and
- The platform did not provide currency management that was secure or responsive.

After becoming insolvent in January 2018, Gokturk and the Einstein entities operated the platform as a Ponzi scheme by continuing to accept deposits and paying out some customers with money and crypto assets drawn from the pooled bank accounts and wallets. They purported to act as a counterparty to customer trades but failed to acquire corresponding assets to fulfil the transactions, and populated customer dashboards with information that falsely suggested the orders had been processed and assets were available. They also entered into separate contracts with large investors to trade crypto assets in bulk using customer money and crypto assets.

At its peak in January 2018, Gokturk and the Einstein entities held more than \$US34 million in money and crypto assets on behalf of customers. About 18 months later, they owed customers money and crypto assets with a total value of about \$US19.2 million, but held assets valued at only about US\$100,000, resulting in a loss to customers of \$US19.1 million.

In November 2019, Gokturk and the Einstein entities entered receivership as a result of a [BCSC request](#) to the Supreme Court of British Columbia. The agreements between the platform and its customers were futures contracts, which were securities under the *Securities Act* during the period of alleged misconduct.

Gokturk, who was a B.C. resident during the relevant period, had been registered as an investment advisor from 2002 to 2003 and as a salesperson from 2003 to 2006. He was the directing mind of the Einstein entities, and as such, authorized, permitted and/or acquiesced in the alleged fraud.

The BCSC's allegations have not been proven. The Commission requires Gokturk and the Einstein entities, or their counsel, to appear at the BCSC's offices on May 14, 2024 if they wish to be heard before a hearing is scheduled.

About the B.C. Securities Commission (www.bcsc.bc.ca)

The B.C. Securities Commission is the independent provincial government agency responsible for regulating capital markets in British Columbia through the administration of the Securities Act. Our mission is to protect and promote the public interest by fostering:

- A securities market that is fair and warrants public confidence
- A dynamic and competitive securities industry that provides investment opportunities and access to capital.

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