

ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA

IN THE MATTER OF:)

Plutus Financial, Inc. d/b/a Abra;)
Plutus Lending, LLC; and)
Abra Boost, LLC,)

ORDER TO CEASE AND DESIST
Matter No. 20225297

Respondents.)

investigation into the securities-related activities of Plutus Financial, Inc./d/b/a Abra (“Plutus

Financial”), Plutus Lending, LLC (“Plutus Lending”) and Abra Boost, LLC (“Abra Boost”)

of South Carolina (the “Division”) by the Securities Commissioner. the Division conducted an (collectively, “Abra” or the “Respondents.”) In connection with its investigation, the Division has Pursuant to the authority granted to the Securities Commissioner of South Carolina (the

determined that evidence exists to support the Findings of Fact and Conclusions of Law set forth (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State below, and the issuance of this Order to Cease and Desist. Ann. § 354-101, et seq. and the regulations and rules promulgated thereu((

II. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 354-601(a)

III. RELEVANT PERIOD

2. Except as otherwise expressly stated, the conduct described herein occurred between July 1, 2020, and the present (the “Relevant Period”).

IV. RESPONDENTS

3. Plutus Financial is a Delaware corporation formed on July 1, 2014, with its principal place of business at 1000 N. West Street, Suite 1200, Wilmington, Delaware 19801. Plutus Financial is a subsidiary of Plutus Financial Holdings, Inc. Plutus Financial provides customers with a digital platform to buy, sell, borrow, trade, and deposit virtual currency through its mobilephone application (the "Abra App."). Plutus Financial is not registered to do business in South Carolina and is not registered with the Division in any capacity.

4. Plutus Lending is a Delaware limited liability company formed on May 29, 2020, with its principal place of business at 3715 Northside Parkway, Building 100 Suite 500, Atlanta, Georgia 30327. Plutus Lending is a wholly owned subsidiary of Plutus Financial that lends out virtual currency to institutional borrowers on behalf of its parent company. Plutus Lending is not registered with the Division in any capacity.

5. AbraBoost is a Delaware limited liability company formed on September 28, 2022, with its principal place of business at 1000 N. West Street, Suite 1200, Wilmington, Delaware 19801. Abra Boost is a subsidiary of Plutus Financial Holdings, Abra Boost is not registered to do business in South Carolina and is not registered with the Division in any capacity.

6. Abra conducts its business on its public website accessible at <https://www.abra.com> ("Abra's Website") and through the Abra App.

V. RELATED PARTIES

7. Prime Trust, LLC ("Prime Trust") is a Nevada limited liability company formed on April 13, 2016, with its principal place of business in Las Vegas, Nevada. Prime Trust provides

API-driven¹ open banking solutions for mobile apps and exchanges, customer onboarding, asset custody, and transaction settlement solutions. Abra engaged Prime Trust as custodian assets in Abra's interest-bearing cryptocurrency accounts.

VI. FINDINGS OF FACT

A. Overview

8. From approximately July 28, 2020, until October 3, 2022, Abra offered an interest bearing cryptocurrency account called Abra Earn² individually, the "Earn Account" collectively, the "Earn Accounts" to South Carolina residents. The Earn Account was a "consumer-facing product" available to anyone in the United States over the age of eighteen except for residents of the state of Ne3 (a)4444444448 T6 initedito9

11. As of May 17, 2023, there were at least South Carolina Boost Accounts earning interest with a total value of \$6,552.26. Overall, there were approximately 229 Boost Accounts earning interest with a total value of \$965,549.45.

B. The Abra Earn Accounts 12 t80 Tc 0 Tw 7.(n)-2/TT3 1 Tf ()Tj /TT2 1 Tf 0.02 4 Tc 0.004 Tw94 0

15. Customers approved for Earn Accounts were allowed access to "Abra Wallet," a software that allowed customers to store, use, and manage virtual currencies. Customers deposited supported virtual currencies into their Earn Accounts by moving virtual currency assets held in their Abra Wallets to their Earn Accounts, which were held by Prime Trust.

16. Abra required that Earn Account customers agree to give up certain rights to their virtual currency when they accepted Abra's Terms. Specifically, Abra required that Earn Account customers agree to let Abra hold t

a. The types of investments, trades, and hedging activities that it engages in with Boost Account customers' virtual currencies;

b.

29. In fact, as of February 2023, a subsidiary of Abra had more than \$12,000,000 at FTX.

30. Moreover, Abra and/or subsidiaries have held or currently hold various other impaired and illiquid assets, including approximately \$29,700,000 owed by Babel Finance, approximately \$8,800,000 owed by Auros Tech Limited, approximately \$30,000,000 owed by Genesis, and approximately \$10,000,000 owed by Three Arrows Capital.

E. Registration Status

31. The Earn Account is not registered with the Division or any other securities regulatory authority, nor is it exempt from registration.

VII. CONCLUSIONS OF LAW

32. Paragraphs 1 through 31 are incorporated by reference as though fully set forth herein.

33. The Earn Account and Boost Account are securities as defined in S.C. Code Ann. § 35-1-102(29).

34. Pursuant to S.C. Code Ann. § 35-301, it is unlawful for a person to offer or sell a security in this State unless (1) the security is a federal covered security; (2) the security, transaction, or offer is exempted from registration under Sections 35-205 through 35-203; or (3) the security is registered under this chapter.

35. The Earn Account was and is required to be registered with the Division pursuant to S.C. Code Ann. § 35-301.

36. The Earn Account has not been registered with the Division, is not exempt from registration, and is not a federally covered security.

37. The Respondent offered and sold unregistered securities in violation of S.C. Code Ann. § 354-301.

38. Each violation of S.C. Code Ann. § 35301 is a separate violation of the Act.

39. Pursuant to S.C. Code Ann. § 35-1-501, it is unlawful for a person in connection with the offer, sale, or purchase of a security, directly or indirectly to (1) employ a device, scheme, or artifice to defraud; (2) make untrue statements of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which

of law, or, if a Respondent seeks a hearing and any legal authority resolves this matter, pay a civil penalty in an amount not to exceed ten thousand dollars (\$10,000.00) for each violation of the Act by the Respondent(s) and

IX. NOTICE OF OPPORTUNITY FOR HEARING

Each of the Respondents is hereby notified that ~~at has~~ the right to a formal hearing on the matters contained herein. To schedule a hearing, a Respondent must file with the Division within thirty (30) days after the date of service of this Order, a written Answer specifically requesting a hearing. If any Respondent requests a hearing, the Division, within fifteen (15) days after receipt of a written request, will schedule a hearing for ~~Respondent~~. The written request shall be delivered to the Office of the Attorney General, 1000 Assembly Street, Columbia, South Carolina 29201, or mailed to the Office of the Attorney General, Attention: Securities Division, P.O. Box 11549, Columbia, South Carolina 29215-49.

In the written Answer, a Respondent, in addition to requesting a hearing, shall admit or deny each factual allegation in this Order, shall set forth the specific facts on which the Respondent relies, and shall set forth concisely the matters of law and affirmative defenses upon which the Respondent relies. If the Respondent is without knowledge or information sufficient to form a belief as to the truth of an allegation, the Respondent shall so state.

This order does not prevent the Division or any of its employees from continuing to

investigate the matter.

Very truly yours,

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