STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: PLUTUS FINANCIAL HOLDINGS INC., PLUTUS FINANCIAL INC., PLUTUS LENDING LLC, ABRA BOOST LLC, AND WILLIAM BARHYDT. Respondents.	Case No. S-24-0030 **CONSENT ORDER**

INTRODUCTION

WHEREAS Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, and Abra Boost LLC are part of a group of companies ("Abra") that has been and is controlled by William "Bill" Barhydt ("Barhydt") , and

WHEREAS state securities regulators, as part of a North American Securities Administrators Association ("NASAA") Working Group led by the Texas State Securities Board, investigated the issuance, offer and sale of investments in interest-bearing depository account products referred to as Abra Earn and Abra Boost to residents of U.S. states and territories, and

WHEREAS Abra and Barhydt cooperated with inquiries and information requests from state securities regulators; and

WHEREAS Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and Barhydt have agreed to resolve investigations by state securities regulators from all 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam on the same terms, and

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Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

WHEREAS without admitting or denying the Findings of Fact or Conclusions of Law in this Order (the "Consent Order"), Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and Barhydt have consented to the jurisdiction of the Oregon Department of Consumer and Business Services, Division of Financial Regulation ("the Division") and the entry of this Consent Order.

FINDINGS OF FACT

1. Plutus Financial Holdings Inc. ("Respondent Plutus Holdings") is being served via electronic mail addressed to its attorney, Christopher Gerold, Partner, Lowenstein Sandler LLP, at cgerold@lowenstein.com.

2. Plutus Financial Inc. ("Respondent Plutus Financial") is being served via electronic mail addressed to its attorney, Christopher Gerold, Partner, Lowenstein Sandler LLP, at cgerold@lowenstein.com.

3. Plutus Lending LLC ("Respondent Plutus Lending") is being served via electronic mail addressed to its attorney, Christopher Gerold, Partner, Lowenstein Sandler LLP, at cgerold@lowenstein.com.

4. Abra Boost LLC ("Respondent Abra Boost") is being served via electronic mail addressed to its attorney, Christopher Gerold, Partner, Lowenstein Sandler LLP, at cgerold@lowenstein.com.

5. Abra was founded and is controlled by William "Bill" Barhydt ("Respondent Barhydt"). Barhydt is being served by electronic mail addressed to Ronak V. Patel, Principal, Bressler, Amery & Ross, PC, at rpatel@bressler.com.

BACKGROUND

6. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost are part of a family of companies collectively known as "Abra."

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7. Clients purchased products and services from Abra through a smartphone application available from the Apple App Store or the Google Play Store.

8. The products and services included cryptocurrency exchange services ("Abra Trade") and interest-bearing digital asset depository accounts ("Abra Earn" and "Abra Boost").

ABRA EARN

9. Abra offered and sold investments in digital asset depository accounts known as "Abra Earn" or "Abra Earn accounts" to accredited and unaccredited investors residing in the United States, including Oregon.

10. Investors purchased investments in Abra Earn by opening and funding Abra Trade accounts through a third-party trust company.

11. Investors authorized Abra to lend client assets or cause client assets to be lent to institutional borrowers, either through direct lending or DeFi lending.

12. Investors earned interest on assets deposited in Abra Earn accounts that compounded on a daily basis. The interest varied depending on the digital assets used to fund their accounts.

13. Abra ceased selling investments in Abra Earn on or about October 3, 2022. Although clients were able to withdraw their principal and profits, unwithdrawn assets remained with Abra and continued to generate yield.

ABRA BOOST

14. Beginning on or about October 3, 2022, Abra began offering and selling investments in digital asset depository accounts known as "Abra Boost" or "Abra Boost accounts" to accredited investors residing in the United States, including Oregon.

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15. Investors purchased investments in Abra Boost by opening and funding Abra Trade accounts through a third-party trust company.

16. Abra Boost lent its assets to institutional borrowers, either through direct lending or DeFi lending.

17. Investors earned interest on assets deposited in Abra Boost accounts that compounded on a daily basis. The interest varied depending on the digital assets used to fund their accounts.

ENFORCEMENT ACTIONS FILED BY STATES

18. On or about June 15, 2023, state securities regulators investigating Abra began filing coordinated enforcement actions against the parties (the "Enforcement Actions").

19. As of June 15, 2023, 632 Oregon residents owned unwithdrawn assets in Abra Earn, Abra Boost, and Abra Trade valued at approximately $2,113,356.

WINDING DOWN U.S. OPERATIONS

20. On or about the same day that the Enforcement Actions were filed, Abra began winding down U.S. retail operations. In furtherance thereof, among other things, (a) Abra ceased accepting new retail investors from the United States and (b) Abra ceased offering and selling investments in Abra Boost to accredited investors in the United States.

21. On or around June 14, 2023, Abra also converted all Abra Earn accounts and Abra Boost accounts to Abra Trade accounts, and yield was no longer generated for investors on assets invested in Abra Earn and Abra Boost.

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22. Client assets became subject to the Abra's Terms of Service immediately after Abra converted Abra Earn and Abra Boost accounts to Abra Trade accounts. The Abra Trade accounts were immediately subject to the Terms of Service dated February 7, 2023, which provided, in part, that title to assets held in Abra Trade accounts remains at all times with clients and does not transfer to Abra.

23. Since June 14, 2023, Abra has repeatedly sent notifications via email and in some instances text messages to Abra Earn, Abra Boost, and Abra Trade customers requesting them to withdraw their crypto assets from their Abra Trade accounts via the Abra App.

24. Abra most recently amended its Terms of Service on October 27, 2023, and they continue to provide, in part, that title to assets held in Abra Trade accounts remains at all times with clients and does not transfer to Abra.

25. Abra has been custodializing client assets with a third-party provider and, on or about August 15, 2023, Abra segregated assets held in Abra Trade accounts from assets owned by Abra.

26. Both before and after the segregation of assets at the custodian, clients have been able to withdraw their assets from their Abra Trade accounts. The segregation of assets and return of assets to clients have been in the ordinary course of business between Abra and said clients.

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THE RETURN OF CLIENT ASSETS AND ONGOING REQUIREMENTS

27. On March 26, 2024, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost agreed to return all outstanding assets owned by clients residing in Oregon by or before April 25, 2024, through the following procedure:

A. By or before April 2, 2024, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost provided clients in Oregon with information describing the procedure for returning assets via electronic mail and text messages, to the extent they were in possession of clients' mobile telephone numbers,

B. From April 2, 2024, to April 9, 2024, clients in Oregon were afforded the opportunity to withdraw their assets through Abra's smartphone application,

C. Beginning on or about April 9, 2024, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost complied with the process for returning assets to clients residing in Oregon by converting the outstanding assets owned by clients to fiat (to the extent the outstanding assets have value and can be sold). If the aggregate assets of the client had a value of $10 or more, Abra agreed to send a check or other secure bank instrument to the last known mailing address of the client. Checks were sent by or before a date certain, specified in the election, but no later than 30 days after the date the settling state agency executed the Term Sheet. In no event shall Abra be responsible for nondelivered checks or responsible for any claims resulting from loss of value due to the conversion.

D. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost agreed to continue to provide customer support to clients in Oregon following the entry of this Consent Order by, among other things, responding to inquiries and questions submitted by customers residing in Oregon and providing said clients with the identity of the Division and its

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contact information. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost also agreed to provide copies of all such inquiries to the Division within 14 calendar days of receipt for 90 days following the entry of this Consent Order.

28. Respondent Barhydt, by executing this Consent Order, undertakes and agree that any entity he controls or is a principal of that is in the business of providing investment advice or issuing or offering securities, including exempt or covered securities, will employ a Chief Compliance Officer as follows:

A. As relevant to the subject entity's business, the Chief Compliance Officer shall be authorized to act as a Chief Compliance Officer for the subject entities business, in Oregon.

B. Respondent shall provide the name of and contact information for the Chief Compliance Officer and, in the event a new Chief Compliance Officer is hired or retained to replace the prior Chief Compliance Officer, provide the name of and contact information for any new Chief Compliance Officer.

C. The Chief Compliance Officer shall have full access to files and records (whether kept electronically or otherwise), and employees as required to perform their responsibilities.

D. If requested, Respondent Barhydt shall instruct the Chief Compliance Officer to cooperate, answer any questions from any state securities regulator and produce records to the state securities regulator, without the need for a subpoena, unless otherwise prohibited by applicable federal or state laws and regulations.

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E. These requirements shall expire two years from the date of entry of the Consent Order or October 1, 2025, whichever date is earlier.

29. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost undertake and agree to notify the Oregon Division of Financial Regulation of the receipt of any government subpoenas received on or before December 1, 2024.

DISQUALIFICATION

30. This Consent Order is not intended to subject any Covered Person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, Guam, or the U.S. Virgin Islands, or under the rules or regulations of any securities or commodities regulator or self-regulatory organization, including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions. For purposes of this Consent Order, the term "Covered Person" means (A) Respondent Barhydt, (B) Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost and (C) any parent companies or affiliates thereof, as well as their current or former officers, directors, employees, contractors, or other persons that could otherwise be disqualified as a result of the Consent Order.

CONCLUSIONS OF LAW

31. The investments in Abra Earn are securities as that term is defined by ORS 59.015(19)(a).

32. The investments in Abra Earn were not registered with the Oregon Division of Financial Regulation for sale in Oregon.

33. Respondents violated ORS 59.055 by offering and selling investments in Abra Earn in Oregon.

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34. The forgoing violation constitutes a basis for the entry of this Consent Order pursuant to ORS 59.995.

35. The entry of this Consent Order concludes the securities investigation by the Oregon Division of Financial Regulation concerning Abra Earn and Abra Boost, however, nothing in this Consent Order shall limit the Oregon Division of Financial Regulation from investigating any conduct not specifically addressed in the Consent Order, or specifically disclosed by Abra during the course of the investigation.

ORDER

36. It is hereby ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in Oregon until said security is registered with the Division or offered for sale pursuant to an exemption from registration set forth in ORS 59.025.

37. It is further ORDERED that Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost jointly and severally pay a CIVIL PENALTY in the amount of $2,113,356 as follows:

A. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost shall deliver or mail a certified check/bank cashier's check, or other secure instrument to the Division, and

B. They shall send a letter identifying the payor, along with relevant tax identification numbers, contemporaneously with the payment to the Department of Consumer and Business Services and a copy of the letter and documentation of the payment to David Venables by mail at the following address: Department of Consumer & Business Services, Division of

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Financial Regulation, 350 Winter Street, NE, Room 11 Salem, OR 97301-3879.

38. It is further ORDERED that the civil penalty assessed herein will be suspended and extinguished, so long as Abra complied with the process for returning assets identified in paragraph 28.c. above. If it is determined that Abra failed to comply with paragraph 28.c. above or if one or more Respondents file for bankruptcy in the United States or abroad (or the equivalent abroad) or are the subject of a successful involuntary bankruptcy in the United States or abroad (or the equivalent abroad) prior to complying with paragraph 28.c. above, the civil penalty shall become immediately due and owing.

39. It is further ORDERED that Respondents Plutus Holdings, Plutus Financial, Plutus Lending, Abra Boost, and Barhydt comply with the terms of this Consent Order. Nothing in this Consent Order shall limit the Division from seeking to enforce the terms of this Consent Order and any other available remedies in the event of a violation.

40. This Order is a "Final Order" under ORS 183.310(6)(b).

RESPONDENTS:

PLUTUS FINANCIAL HOLDINGS INC.

By: */s/ W Barhydt*

Name: William Barhydt

Title: CEO

PLUTUS FINANCIAL INC.

By: */s/ W Barhydt*

Name: William Barhydt

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CEO
Title: _____

PLUTUS LENDING LLC
/s/ W Barhydt
By: _____
William Barhydt
Name: _____
CEO
Title: _____

ABRA BOOST LLC
/s/ W Barhydt
By: _____
William Barhydt
Name: _____
CEO
Title: _____

WILLIAM BARHYDT
/s/ W Barhydt
By: _____

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IT IS SO ORDERED.

Dated this 31st day of October 2024.

Andrew R. Stolfi, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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Salem, OR 97301-3881
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