

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:)	
)	
PLUTUS FINANCIAL HOLDINGS, INC.;)	
PLUTUS FINANCIAL, INC.;)	
PLUTUS LENDING, LLC;)	CONSENT ORDER
ABRA BOOST, LLC; and)	Matter No. 20225297
WILLIAM “BILL” BARHYDT,)	
)	
Respondents.)	
_____)	

I. PRELIMINARY STATEMENT

WHEREAS, pursuant to the authority granted to the Securities Commissioner of South Carolina (the “Securities Commissioner”) under the South Carolina Uniform Securities Act of 2005, S.C. Code Ann. § 35-1-101, *et seq.*, and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Securities Division of the Office of the Attorney General of the State of South Carolina (the “Division”) by the Securities Commissioner, the Division conducted an investigation into the securities-related activities of Plutus Financial Holdings, Inc. (“Plutus Holdings”), Plutus Financial, Inc. (“Plutus Financial”), Plutus Lending, LLC (“Plutus Lending”), Abra Boost, LLC (“Abra Boost”) (collectively, “Abra”), and William “Bill” Barhydt (“Barhydt”) (collectively, the “Respondents”);

WHEREAS, Abra is a group of companies controlled by Barhydt;

WHEREAS, state securities regulators, as part of a North American Securities Administrators Association Working Group, conducted an investigation into the Respondents’ issuance, offer, and sale of investments in interest-bearing depository account products referred to hereinafter as the “Abra Earn Accounts” and the “Abra Boost Accounts” to residents of U.S. states and territories;

WHEREAS, the Division commenced this matter on June 15, 2023, with the entry of an Order to Cease and Desist and Notice of Opportunity for Hearing (the “Cease and Desist Order”)¹ against Plutus Financial, Plutus Lending, and Abra Boost. The Cease and Desist Order set forth violations of the Act by Plutus Financial, Plutus Lending, and Abra Boost, specifically violations of the Act’s provisions related to the offering and selling of an unregistered security and the making of material misrepresentations and omissions in the offering and selling of a security;

WHEREAS, the Respondents cooperated with inquiries and information requests from state securities regulators, including the Division;

WHEREAS, the Respondents have reached an agreement with the Division to resolve its investigation and return assets owned by South Carolina residents as set forth herein;

WHEREAS, the Respondents have agreed to resolve investigations by state securities regulators from the other 49 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and Guam on the same terms;

WHEREAS, solely for the purpose of terminating the Division’s investigation and in settlement of the issues contained in this Consent Order and the pending Cease and Desist Order, the Respondents, without admitting or denying the Findings of Fact or Conclusions of Law contained in this Consent Order, except as to the jurisdiction of the Securities Commissioner over the Respondents and the subject matter of this proceeding, which are admitted, expressly consent to the entry of this Consent Order; and

WHEREAS, the Respondents elect to waive permanently any rights to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to the entry of this Consent Order.

¹ In the Matter of Plutus Financial, Inc. d/b/a Abra; Plutus Lending, LLC; and Abra Boost, LLC – Order to Cease and Desist (6/15/2023) (<https://www.scag.gov/media/bsuigzpl/order-to-cess-and-desist-plutus-financial-inc-et-al-06-15-2023-03312055xd2c78.pdf>)

NOW, THEREFORE, the Securities Commissioner, as administrator of the Act, hereby enters this Consent Order:

II. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

III. RESPONDENTS

2. Plutus Holdings is a Delaware corporation formed on June 22, 2022. Plutus Holdings is the direct or indirect parent company and beneficial owner of Plutus Financial, Plutus Lending, and Abra Boost, and directly or indirectly controls the operations of Plutus Financial, Plutus Lending, and Abra Boost.

3. Plutus Financial is a Delaware corporation formed on July 1, 2014, and is a subsidiary of Plutus Holdings.

4. Plutus Lending is a Delaware limited liability company formed on May 29, 2020, and is a wholly owned subsidiary of Plutus Financial.

5. Abra Boost is a Delaware limited liability company formed on September 28, 2022, and is a subsidiary of Plutus Holdings.

6. Barhydt founded and controls Abra.

IV. FINDINGS OF FACT

A. Background

7. Abra is a collection of financial services companies conducting business on its public website accessible at <https://www.abra.com> (the “Abra Website”) and through its smartphone application available from the Apple App Store and Google Play Store (the “Abra App”).

8. Through the Abra Website and the Abra App, clients purchased products and services from Abra including cryptocurrency exchange services (the “Abra Trade Accounts”) and the Abra Earn Accounts and the Abra Boost Accounts.

B. Abra Earn Accounts

9. Abra offered and sold investments in Abra Earn Accounts to accredited and unaccredited investors residing in the United States, including South Carolina.

10. Investors purchased investments in Abra Earn Accounts 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 decentralized finance lending.

12. Investors earned interest, compounded daily, on assets deposited in Abra Earn Accounts. This interest varied depending on the digital assets used to fund the investors’ Abra Earn Accounts.

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

C. Abra Boost Accounts

14. Beginning on or about October 3, 2022, Abra began offering and selling investments in Abra Boost Accounts to accredited and institutional investors in the United States, including South Carolina.

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

16. Abra Boost lent investor assets in the Abra Boost Accounts to institutional borrowers, either through direct lending or decentralized finance lending.

17. Investors earned interest, compounded daily, on assets deposited in Abra Boost Accounts. This interest varied depending on the digital assets used to fund the investors' Abra Boost Accounts.

D. The South Carolina Cease and Desist Order

18. On or about June 15, 2023, state securities regulators investigating the Respondents began filing coordinated enforcement actions against one or more of the Respondents.

19. On June 15, 2023, the Division filed the Cease and Desist Order alleging Plutus Financial, Plutus Lending, and Abra Boost were (i) offering and selling unregistered securities in the form of the Abra Earn Accounts and the Abra Boost Accounts and (ii) making untrue statements of a material fact or omitting to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

20. As of June 15, 2023, 507 investors residing in South Carolina owned unwithdrawn assets at Abra valued at approximately \$2,062,279.08.

E. Winding Down U.S. Operations

21. On or about June 14, 2023, the Respondents 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 Accounts to accredited investors in the United States.

22. On or around June 14, 2023, Abra 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 Accounts and Abra Boost Accounts.

23. Client assets became subject to Abra's Terms of Service immediately after Abra converted Abra Earn Accounts 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.

24. Since June 14, 2023, Abra has repeatedly sent notifications via email and, in some instances, text messages to Abra Earn Account, Abra Boost Account, and Abra Trade Account customers requesting that they withdraw their digital assets from their Abra Trade Accounts via the Abra App.

25. Abra most recently amended its Terms of Service on October 27, 2023, which continues 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.

26. At all times relevant, Abra has been holding custody of client assets with a third-party provider and, on or about August 15, 2023, Abra segregated those assets held in Abra Trade Accounts from those assets Abra owned.

27. Both before and after the segregation of client assets at the third-party provider, clients have continued to be able to withdraw their assets from their Abra Trade Accounts. The segregation of client assets and return of those assets to clients have been in the ordinary course of business between Abra and its clients.

28. As of January 25, 2024, 119 investors residing in South Carolina own unwithdrawn assets in Abra Trade Accounts valued at approximately \$23,450.15.

F. The Return of Client Assets and Undertakings

29. On February 2, 2024, Abra agreed to return all outstanding assets owned by clients residing in South Carolina by or before February 29, 2024, through the following procedure:

- a. By or before February 9, 2024, Abra provided clients in South Carolina with information describing the procedure for returning assets via electronic mail and text messages, to the extent Abra was in possession of clients' mobile telephone numbers;
- b. From February 9, 2024, to February 16, 2024, clients in South Carolina were afforded the opportunity to withdraw their assets via the Abra App;
- c. Beginning on February 16, 2024, Abra complied with the process for returning assets to clients residing in South Carolina by (i) converting outstanding client assets owned by clients to fiat currency² and (ii) sending a check or other secure bank instrument to the last known mailing address of each client by or before February 29, 2024; and
- d. Abra agreed to continue to provide customer support to clients in South Carolina following the entry of this Consent Order by, among other things, responding to inquiries and questions submitted by clients residing in South Carolina and providing the Division's contact information to clients. Abra 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.

30. Barhydt, by executing this Consent Order, undertakes and agrees that any entity he controls or is a principal of that is in the business of providing investment advice or issuing or

² Fiat currency is a government-issued currency that is backed by the government that issued it, as opposed to digital assets, which are not backed by a government.

offering securities, including exempt or covered securities, shall comply with all requirements of the Act. In addition, any such entity will employ a Chief Compliance Officer (the “CCO”) as follows:

- a. As relevant to the subject entity’s business, the CCO shall be authorized to act as a CCO for the subject entity’s business in South Carolina;
- b. Barhydt shall provide the name of and contact information for the CCO and, in the event a new CCO is hired or retained to replace the prior CCO, provide the name of and contact information for any new CCO;
- c. The CCO shall have full access to files and records (whether kept electronically or otherwise), and employees as required to perform their responsibilities;
- d. If requested, Barhydt shall instruct the CCO 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; and
- e. These requirements shall expire two years from the date of entry of the Consent Order or October 1, 2025, whichever date is earlier.

31. Abra undertakes and agrees to notify the Division of the receipt of any government subpoenas for a period of one year from the entry of this Consent Order or December 31, 2024, whichever date is earlier.

V. CONCLUSIONS OF LAW

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

33. The offer and/or sale of the Abra Earn Accounts and the Abra Boost Accounts as described above constitutes the offer and/or sale of a security as defined in S.C. Code Ann. § 35-1-102(29).

34. Pursuant to S.C. Code Ann. § 35-1-301, 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 35-1-201 through 35-1-203; or (3) the security is registered under this chapter.

35. Respondents' offer and sale of securities in South Carolina that were not registered, or did not meet an exemption for registration, violated S.C. Code Ann. § 35-1-301.

36. Each violation of S.C. Code Ann. § 35-1-301 is a separate violation of the Act.

37. The Respondents' violations of the Act set forth above provide the basis for this Consent Order, pursuant to S.C. Code Ann. § 35-1-604(a)(1).

38. This Consent Order is appropriate and in the public interest, pursuant to the Act.

VI. ORDER

Based on the Findings of Fact, Conclusions of Law, and Respondents' express consent to the entry of this Consent Order, **IT IS HEREBY ORDERED** that:

39. This Consent Order concludes the securities investigation by the Division with respect to the Respondents' Abra Earn Accounts and Abra Boost Accounts and resolves any other securities action the Division could commence against the Respondents and their affiliates concerning the Findings of Fact and Conclusions of Law, including as it relates to the offer and sale of the Abra Earn Accounts and Abra Boost Accounts without registration, qualification, or otherwise complying with an exemption.

40. This Consent Order resolves the matter commenced by the Division on June 15, 2023, with the entry of the Cease and Desist Order against Plutus Financial, Plutus Lending, and Abra Boost.

41. The Respondents are hereby ORDERED to CEASE AND DESIST from offering or selling any security that is not registered, qualified, or exempt to investors in South Carolina.

42. The Respondents are hereby ORDERED to pay a civil penalty jointly and severally in the amount of thirty-two thousand eight hundred dollars (\$32,800.00) to the Division. Full payment of the civil penalty shall be tendered on or before entry of this Consent Order. Payment must be made in one of the following ways:

- a. The Respondents may transmit payment electronically to the Division, which will provide detailed ACH transfer instructions upon request; or
- b. The Respondents may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities Division of the South Carolina Attorney General's Office and hand delivered or mailed to:

South Carolina Attorney General's Office
Securities Division
1000 Assembly Street, 5th Floor
Columbia, SC 29201

Payments must be accompanied by a cover letter identifying the Respondents (with relevant tax identification numbers) and the file number of these proceedings. A copy of the cover letter must be sent to the address referenced above.

43. The civil penalty assessed herein will be suspended and extinguished, so long as the Respondents complied with the process for returning assets identified in paragraph 29(c) above. If it is determined that the Respondents failed to comply with paragraph 29(c) above or if

one or more of the 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 29(c) above, the fine shall become immediately due and payable.

44. 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 state or federal registration exemptions or safe harbor provisions. “Covered Persons” means the Respondents, all of their parent companies, and all of their affiliates and their current or former officers, directors, employees, contractors, or other persons that could otherwise be disqualified as a result of the Consent Order.

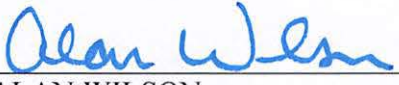
45. This Consent Order shall be binding upon the Respondents, their parent and affiliates, and their respective successors and assigns with respect to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

As part of this Consent Order, the Respondents agree that they: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in this Consent Order or creating the impression that this Consent Order is without factual basis; and (ii) will not make or permit to be made any public statement to the effect that the Respondents do not admit the allegations of this Consent Order, or that this Consent Order contains no admission of the allegations, without also stating that the Respondents do not deny the allegations. If the Respondents breach this agreement, the Securities Commissioner may vacate this Consent


Order. Nothing in this paragraph affects the Respondents': (i) testimonial obligations or (ii) right to take differing legal or factual positions in litigation or other legal proceedings.

This Consent Order should not be interpreted to waive any (i) private cause of action that may have accrued to investors as a result of the activities detailed herein, or (ii) other causes of action that may result from activities of a Respondent not detailed in this Consent Order.

ENTERED, this the 6 day of June, 2024.


ALAN WILSON
Securities Commissioner
State of South Carolina

The Securities Division of the Office of the Attorney General consents to the terms of the above Consent Order:

By: 
Jonathan B. Williams
Assistant Deputy Attorney General

Date: 5/24/2024

William Barhydt represents that s/he is CEO of Plutus Financial Holdings, Inc. and that, as such, has been authorized by Plutus Financial Holdings, Inc. to enter into this Consent Order for and on behalf of Plutus Financial Holdings, Inc.

Dated this 21st day of May, 2024.

Plutus Financial Holdings, Inc.

By: 

Name: William Barhydt

Title: CEO

William Barhydt represents that s/he is CEO of Plutus Financial, Inc. and that, as such, has been authorized by Plutus Financial, Inc. to enter into this Consent Order for and on behalf of Plutus Financial, Inc.

Dated this 21st day of May, 2024.

Plutus Financial, Inc.

By: 


Name: William Barhydt

Title: CEO

William Barhydt represents that s/he is CEO of Plutus Lending, LLC, and that, as such, has been authorized by Plutus Lending, LLC to enter into this Consent Order for and on behalf of Plutus Lending, LLC.

Dated this 21st day of May, 2024.

Plutus Lending, LLC

By: 

Name: William Barhydt

Title: CEO

William Barhydt represents that s/he is CEO of Abra Boost, LLC, and that, as such, has been authorized by Abra Boost, LLC to enter into this Consent Order for and on behalf of Abra Boost, LLC.

Dated this 21st day of May, 2024.


Abra Boost, LLC

By: 

Name: William Barhydt

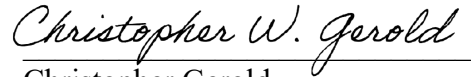
Title: CEO

William “Bill” Barhydt consents to the terms of the above Consent Order:

By: 
William “Bill” Barhydt

Date: May 21, 2024

Approved as to form by:



Christopher Gerold

Partner

Lowenstein Sandler LLP

Counsel for Respondents


Plutus Financial Holdings, Inc.

Plutus Financial, Inc.

Plutus Lending, LLC

Abra Boost, LLC

Approved as to form by:



Ronak Patel

Principal

Bressler Amery & Ross PC

Counsel for Respondent William
Barhydt