

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In the Matter of:

PLUTUS FINANCIAL HOLDINGS INC.,
PLUTUS FINANCIAL INC., PLUTUS
LENDING LLC, ABRA BOOST LLC, AND
WILLIAM “BILL” BARHYDT

Docket No. 2024-7-04

ADMINISTRATIVE 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, 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 Mr. Barhydt cooperated with inquiries and information requests from state securities regulators, including the Texas State Securities Board; and

WHEREAS Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and Mr. Barhydt (“Respondents”) have reached an agreement with the Idaho Department of Finance to resolve its investigation and return assets owned by Idaho residents as set forth herein, and

WHEREAS Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and Mr. Barhydt 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, and

WHEREAS without admitting or denying the Findings of Fact or Conclusions of Law in this Administrative Consent Order (the “Consent Order”), Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and Mr. Barhydt have consented to the jurisdiction of the Idaho Department of Finance 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 are controlled by William "Bill" Barhydt ("Respondent Barhydt"). Respondent 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."
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 Idaho.
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 Idaho.
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.

THE ENFORCEMENT ACTION FILED BY STATE SECURITIES REGULATORS

18. On or about June 15, 2023, state securities regulators investigating Abra began filing coordinated enforcement actions against the parties.
19. As of June 15, 2023, there were 232 investors residing in Idaho who collectively owned unwithdrawn assets in Abra Earn and/or Abra Boost valued at approximately \$1,048,912.96.

WINDING DOWN U.S. OPERATIONS

20. On or about June 14, 2023, 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 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.
22. Client assets became subject to 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 third-party provider, 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.

THE RETURN OF CLIENT ASSETS AND ONGOING REQUIREMENTS

27. On April 2, 2024, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost agreed to return all outstanding assets owned by clients residing in Idaho in a timely manner, through the following procedure:
 - A. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost provided clients in Idaho 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. Clients in Idaho were afforded the opportunity to withdraw their assets through Abra's smartphone application for at least seven calendar days after Respondents sent the notification about the procedures for returning assets,
 - C. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost affirm that prior to the date of this Consent Order they complied with the process for returning all assets to clients residing in Idaho by converting the outstanding assets owned by clients based on Abra's most recent records to fiat¹ (to the extent the outstanding assets have value and can be sold). For aggregate assets of the client

¹ Any conversion amount from digital assets into fiat will vary according to several factors including market price, order book depth and cost of trade execution at the time of the conversion.

that had a value of \$10 or more, Abra sent a check or other secure bank instrument to the last known mailing address of the client.

- D. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost agree to continue to provide customer support to clients in Idaho following the entry of this Consent Order by, among other things, responding to inquiries and questions submitted by customers residing in Idaho and providing said clients with the identity of the Idaho Department of Finance Securities Bureau and its contact information. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost also agree to provide copies of all such inquiries to the Idaho Department of Finance 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 entity's business, in Idaho.
- 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.
- E. These requirements shall expire October 1, 2025.
29. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost undertake and agree to notify the Idaho Department of Finance of any government subpoenas received by the Respondents Plutus Holdings, Plutus Financial, Plutus Lending or Abra Boost on or before December 1, 2024.

DISQUALIFICATION

30. This Consent Order is not intended to subject any Respondents or related covered persons 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 “related covered persons” means any parent companies or affiliates thereof, as well as any of Respondents 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 Idaho Code § 30-14-102(28).
32. The investments in Abra Earn were not registered with the Idaho Department of Finance for sale in Idaho.
33. Respondents violated Idaho Code § 30-14-301 by offering and selling investments in Abra Earn in Idaho.
34. The forgoing violation constitutes a basis for the entry of this Consent Order pursuant to Idaho Code § 31-14-604.
35. The entry of this Consent Order concludes the investigation by the Idaho Department of Finance with respect to Abra Earn and Abra Boost provided, however, that nothing in this Consent Order shall limit the Idaho Department of Finance from investigating any conduct not specifically addressed in the Enforcement Action, 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 Idaho until said security is registered with the Idaho Department of Finance or offered for sale pursuant to an exemption from registration set forth in title 30, chapter 14, part 2, Idaho Code.
37. It is further ORDERED that Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost jointly and severally pay an ADMINISTRATIVE FINE in the amount of \$1,048,912.96 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 Idaho Department of Finance, 11341 W Chinden Blvd, Suite A300, Boise, Idaho 83714-1021; and

- B. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost shall send a letter identifying the payor, along with relevant tax identification numbers, contemporaneously with the payment to the Idaho Department of Finance and a copy of the letter and documentation of the payment to Kurt Merritt by e-mail to kurt.merritt@finance.idaho.gov.
38. It is further ORDERED that the fine assessed herein will be suspended and extinguished, so long as Abra complied with the process for returning assets identified in paragraph 27.c. above. If it is determined that Abra failed to comply with paragraph 27.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 27.c. above, the fine 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 Idaho Department of Finance from seeking to enforce the terms of this Consent Order and any other available remedies in the event of a violation.

BY ORDER OF THE DIRECTOR

SIGNED AND ENTERED this 7th day of October, 2024.





PATRICIA R. PERKINS, Director
Idaho Department of Finance

CONSENTED TO on this 17th day of September, 2024.

PLUTUS FINANCIAL HOLDINGS INC.

By: W Barhydt

Name: William Barhydt

Title: CEO

PLUTUS FINANCIAL INC.

By: W Barhydt

Name: William Barhydt

Title: CEO

PLUTUS LENDING LLC

By: W Barhydt

Name: William Barhydt

Title: CEO

ABRA BOOST LLC

By: W Barhydt

Name: William Barhydt

Title: CEO

WILLIAM BARHYDT

By: W Barhydt

Approved as to Form:

COUNSEL FOR RESPONDENTS PLUTUS
FINANCIAL HOLDINGS INC., PLUTUS
FINANCIAL INC., PLUTUS LENDING LLC,
AND ABRA BOOST LLC

By: Christopher W. Gerold
Christopher Gerold
Partner
Lowenstein Sandler LLP

COUNSEL FOR RESPONDENT WILLIAM
BARHYDT

By: Ronak Patel
Ronak Patel
Principal
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FOR THE IDAHO DEPARTMENT OF
FINANCE

By: Amber Kauffman
Amber K. Kauffman
Deputy Attorney General
Idaho Office of the Attorney General