

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

IN RE:)	
)	
POLONIEX, LLC)	DOCKET NO. 19-006-B
NMLS # 1486722)	

STIPULATION AND CONSENT ORDER

The Vermont Department of Financial Regulation (the “Department”) and Poloniex, LLC (“Respondent”) hereby stipulate and agree as follows:

1. Pursuant to 8 V.S.A. Chapters 1 and 79, the Commissioner of the Vermont Department of Financial Regulation is charged with administering and enforcing Vermont law as it pertains to money transmitters in the State of Vermont.

2. Respondent, a Delaware Limited Liability Company, was formed March 1, 2018 in a conversion of Poloniex Inc., a Delaware corporation, to a Delaware Limited Liability Company. Poloniex, Inc. was formed March 1, 2016 in a conversion of Poloniex LLC, a Montana Limited Liability Company.

3. Respondent’s principal place of business is located at 99 High Street, Suite 1701, Boston, MA 02110.

4. Respondent is a wholly owned subsidiary of Pluto Holdings, Inc., a Delaware corporation, which is itself, a wholly owned subsidiary of Circle Internet Financial Limited, an Irish Limited Company (“CIFL”)

5. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order set forth herein.

6. Respondent operates the Poloniex Exchange, an online trading and settlement platform for virtual currency transactions. Respondent offers registered users of the Poloniex

Exchange the option of creating an Exchange Account where Respondent will hold virtual currency for the registered user.

7. Respondent has operated Poloniex Exchange in Vermont since 2014. CIFL acquired Respondent in February 2018.

8. After CIFL's acquisition, Respondent began the work of determining where licensing may be required by reaching out to the states. CIFL's subsidiary Circle Internet Financial, Inc. has been a Vermont licensed money transmitter since April 12, 2015.

9. On October 2, 2018, Respondent submitted an application through the Nationwide Multistate Licensing System ("NMLS") to obtain a Vermont money transmitter license. Prior to that time, Respondent did not apply for a money transmitter license in Vermont.

10. Vermont's Money Services Act, 8 V.S.A. Chapter 79 defines "money transmission" to include "selling or issuing stored value" and "receiving money or monetary value for transmission to a location within or outside the United States." 8 V.S.A. § 2500(11).

11. While Vermont has always taken the position that virtual currency is a form of monetary value subject to the requirements of the Vermont Money Services Act, on May 4, 2017, Vermont amended its money transmission statute to add a definition of "virtual currency" (the "Virtual Currency Amendment") thereby putting virtual currency exchange operators on notice that storing or transmitting virtual currencies on behalf of customers in Vermont would require licensure as a money transmitter under 8 V.S.A. Chapter 79.

12. The Department asserts that prior to obtaining a Vermont money transmitter license, Respondent engaged in the business of money transmission in Vermont without the license or the authorization required by 8 V.S.A. Chapter 79 by storing monetary value in Exchange Accounts.

13. The Department asserts that prior to obtaining a Vermont money transmitter license, Respondent engaged in the business of money transmission in Vermont without the license or the authorization required by 8 V.S.A. Chapter 79 by accepting virtual currency, a form of monetary value, and transmitting the virtual currency to another location or person.

14. Respondent certifies that from the date of the Virtual Currency Amendment to March 31, 2019, prior to obtaining a license in Vermont, in aggregate, Respondent effected 162,827 transactions, receiving \$242,932 in fees.

15. At all times, Respondent has cooperated with the Department.

16. The Department has not received any complaints stemming from Respondent's Vermont activity.

17. The parties wish to resolve this matter without administrative or judicial proceedings.

18. Respondent and the Department expressly agree to enter into this Stipulation and Consent Order in full and complete resolution of the alleged violations described herein.

19. Respondent agrees to pay an administrative penalty of \$57,000 to the Department of Financial Regulation and to contribute \$7,500 to the "VT DFR – Financial Services Education & Training Special Fund." The penalty was calculated based on licensing fees and assessments Respondent would have paid if properly licensed during the period of time Respondent conducted business in Vermont and a partial disgorgement of fees earned during the period of unlicensed activity. This shall be paid within ten (10) days of the execution of this Stipulation and Consent Order.

20. Respondent shall not, either directly or through its affiliates, engage in the business of money transmission in Vermont without a Vermont money transmitter license.

21. This Stipulation and Consent Order shall not prevent any person from pursuing any claim he or she may have against Respondent, nor shall it be understood as determining whether any such claim may or may not exist in law or equity. Nothing contained herein shall be deemed an admission by Respondent, except as set forth in paragraph 5 above.

22. Nothing contained in this Stipulation and Consent Order shall restrain or limit the Department in responding to and addressing any complaint filed with the Department involving Respondent and the Department reserves the right to pursue restitution in connection with any complaint filed with the Department.

23. The Department and Respondent are entering into this Stipulation and Consent Order to settle a dispute between them and all agree that this Stipulation and Consent Order does not constitute an adjudication of a violation of statute or regulation.

24. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner of the Department, or his designated appointee.

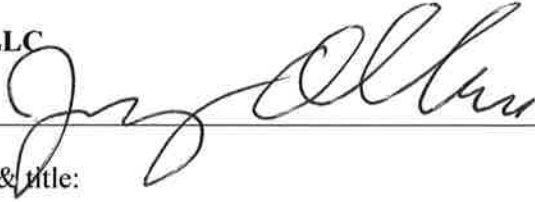
25. Respondent acknowledges and agrees that this stipulation is entered into freely and voluntarily and that except as set forth herein, no promise was made to induce the Respondent to enter into it. Respondent acknowledges its understanding of and agrees to all terms, conditions, and obligations contained in this Stipulation and Consent Order.

26. The terms set forth in this Stipulation and Consent Order represent the complete agreement between the parties as to its subject matter.

27. The undersigned representative of Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

Poloniex, LLC

By: _____

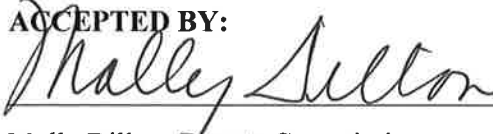


Date: May 21, 2019

Print name & title:

Jeremy Allaire, Chief Executive Officer & President

ACCEPTED BY:



5/22/2019

Molly Dillon, Deputy Commissioner
Banking Division, Vermont Department of Financial Regulation

Date

CONSENT ORDER

1. The stipulated facts, terms, and provisions of the Stipulation are incorporated by reference herein.
2. Jurisdiction in this matter is established pursuant to Chapters 1 and 79 of Title 8.
3. Pursuant to the Stipulation, Poloniex, LLC consents to the entry of this Consent Order.
4. Poloniex, LLC shall comply with all agreements, stipulations, and undertakings as recited above.

Dated at Montpelier, Vermont this 22nd day of May 2019.

A handwritten signature in black ink, appearing to read 'M. Pieciak', written over a horizontal line.

Michael S. Pieciak, Commissioner
Vermont Department of Financial Regulation