

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

IN RE:)	
PLUTUS FINANCIAL INC., D/B/A)	
ABRA; PLUTUS LENDING LLC;)	
ABRA BOOST LLC; PLUTUS)	DOCKET NO. 23-002-S
FINANCIAL HOLDINGS INC;)	
AND WILLIAM BARHYDT)	

STIPULATION AND CONSENT ORDER

INTRODUCTION

WHEREAS, Plutus Financial Inc., dba Abra, Plutus Lending LLC, Abra Boost LLC, and Plutus Financial Holdings Inc. are part of a group of companies known as Abra that have been and are 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, Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC, and Plutus Financial Holdings Inc. (collectively, “Abra” or the “Abra Respondents”) and Barhydt cooperated with inquiries and information requests from state securities regulators, including the Vermont Department of Financial Regulation (“the Department”); and

WHEREAS, Abra and Barhydt have reached an agreement with the Department to resolve its investigation and return assets owned by Vermonters as set forth herein; and

WHEREAS, Abra and 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, Abra and Barhydt admit the jurisdiction of the Vermont Commissioner of Financial Regulation (“Commissioner”) and of the Vermont Department of Financial Regulation (“the Department”), and

WHEREAS, Abra and Barhydt elect to permanently waive any right to a hearing and appeal under the Vermont Uniform Securities Act, 9 V.S.A. Ch 150 (the “Securities Act”), the Vermont Administrative Procedures Act, 3 V.S.A. Ch 25, the rules, regulations and orders of the Commissioner or of the Department, or otherwise, with respect to the entry of this Order, and

WHEREAS, without admitting or denying the Findings of Fact or Conclusions of Law in this Order (the “Consent Order”), Abra and Barhydt have consented to the jurisdiction of the Department and the entry of this Consent Order.

FACTS

1. The Abra Respondents are being served via electronic mail addressed to Christopher Gerold, Partner, Lowenstein Sandler LLP at cgerold@lowenstein.com.
2. Abra was founded and controlled by William Barhydt. Respondent Barhydt is being served via electronic mail addressed to Ronak V. Patel, Principal, Bressler, Amery & Ross, PC at rpatel@bressler.com.

Background

3. Clients purchased products and services from Abra through a smartphone application available from the Apple App store or from the Google Play Store.
4. The products and services included cryptocurrency exchange services through a product known as “Abra Trade” and interest-bearing digital asset depository accounts through products known as “Abra Earn” and “Abra Boost.”

Abra Earn

5. 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 Vermont.
6. Investors purchased investments in Abra Earn by opening and funding Abra Trade accounts through a third-party trust company.
7. Investors authorized Abra to lend client assets or cause client assets to be loaned to institutional borrowers either through direct lending or DeFi lending.
8. 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.
9. 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

10. 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 Vermont.
11. Investors purchased investments in Abra Boost by opening and funding Abra Trade accounts through a third-party trust company.
12. Abra Boost lent its assets to institutional borrowers, either through direct lending or DeFi lending.
13. 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 Vermont Enforcement Action

14. On or about June 15, 2023, state securities regulators investigating Abra began filing coordinated enforcement actions against Respondents. These actions included a Cease-and-Desist Order entered by the Department against Respondents which required Abra and Barhydt to cease and desist from the offer and sale of its Earn and Boost Accounts to Vermont residents and to cease and desist from violations of 9 V.S.A. § 5501(2) with respect to the representations made to Vermont customers regarding the Earn and Boost accounts.
15. As of June 15, 2023, 49 Vermont residents owned unwithdrawn assets in Abra Earn valued at approximately \$182,936.43.
16. As set forth herein, the Department will withdraw the Cease and Desist Order contemporaneously with the entry of this Consent Order.

Winding Down U.S. Operations

17. On or about June 14, 2023, Abra began winding down U.S. retail operations. In furtherance of this wind-down, 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.
18. 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.
19. 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.
20. Since June 14, 2023, Abra has repeatedly sent notifications via email and in some instances via 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 smartphone application.
21. 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.
22. Assets of Abra clients have been held in custody by a third-party provider and, on or about August 15, 2023, Abra segregated assets held in Abra Trade accounts from assets owned by Abra.

23. 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.
24. As of the date of this Consent Order, three Vermont residents own unwithdrawn assets in Abra Trade accounts valued at approximately \$97.

The Return of Client Assets and Ongoing Requirements

25. On June 6, 2024, Abra agreed to return all outstanding assets owned by Vermont residents on or before June 6, 2024, through the following procedure:
 - A. On or before June 13, 2024, Abra provided clients in Vermont 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. After receiving the notifications from Abra, clients in Vermont were afforded the opportunity to withdraw their assets through Abra's smartphone application.
 - C. Beginning on or around June 20, 2024, Abra complied with the process for returning assets to clients in Vermont by converting the outstanding assets owned by clients to fiat, to the extent the outstanding assets had value and could be sold. If the aggregate assets of a customer had a value of \$10 or more, Abra sent a check or other secure bank instrument to the last mailing address of the client. In no event shall Abra be responsible for nondelivered checks or for any claims resulting from the loss of value due to the conversion to fiat.

- D. If a check sent to a client pursuant to paragraph (C) was returned as non-deliverable or remains uncashed, Abra agreed remit the funds to Vermont's unclaimed property fund, in accordance with Vermont's unclaimed property law and procedures.
 - E. Abra has agreed to continue to provide customer support to clients in Vermont following the entry of this Consent Order by, among other things, responding to inquiries and questions submitted by Vermont customers and providing said customers with contact information for the Department. Abra has also agreed to provide copies of all such inquiries to the Department within 14 calendar days of receipt for 90 days following the entry of this Consent Order.
26. Respondent 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 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 Vermont.
 - B. Barhydt shall provide the name and contact information for the Chief Compliance Officer, and in the event a new Chief Compliance Officer is hired or retained, shall provide the name and contact information for the new Chief Compliance Officer to the Department.
 - 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, Barhydt shall instruct the Chief Compliance Officer to cooperate, answer any questions from any state securities regulator and produce records to said regulators without the need for a subpoena, unless otherwise prohibited by applicable federal or state laws and regulations.

E. These requirements shall expire on October 1, 2025.

Disqualification

27. 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 on the state or federal registration exemptions or safe harbor provisions. For purposes of this Consent Order, the term “related covered persons” means any of the Abra Respondents’ parent companies or affiliates thereof, as well as any of the Abra Respondents’ current or former officers, directors, employees, contractors, or other persons that could otherwise be disqualified as a result of this Consent Order.

CONCLUSIONS OF LAW

28. The investments in Abra Earn are securities within the meaning of the Vermont Uniform Securities Act, 9 V.S.A. §§ 5101-5617 (the “Securities Act”) and specifically, 9 V.S.A. § 5102(28).

29. The investments in Abra Earn were not registered or exempt from registration with the Department for sale in Vermont.

30. Respondents violated 9 V.S.A. § 5301 by offering and selling investments in Abra Earn to Vermont residents.
31. The foregoing violation constitutes a basis for the entry of this Consent Order pursuant to 9 V.S.A. § 5604.
32. The entry of this Consent Order concludes the investigation by the Department with respect to Abra Earn and Abra Boost provided, however, that nothing in this Consent Order shall limit the Department from investigating any conduct not specifically addressed in the Cease-and-Desist Order, this Consent Order, or specifically disclosed by Abra during the course of the investigation.

ORDER

33. It is hereby **ORDERED** that Respondents immediately cease and desist from offering for sale any security in Vermont unless and until said security is registered with the Department or offered for sale pursuant to an exemption from registration under 9 V.S.A. §§ 5201 through 5203.
34. It is further **ORDERED** that the Abra Respondents, jointly and severally, pay an administrative fine in the amount of \$182,936.43 as follows:
 - A. The Abra Respondents shall transmit payment electronically pursuant to ACH transfer instructions provided by the Department.
 - B. The Abra Respondents shall send a letter identifying the payor, along with relevant tax identification numbers, contemporaneously with the payment to the Department, and a copy of the letter and documentation of the payment by electronic mail to Amanda Smith at Amanda.Smith@vermont.gov and Sarah Heim at Sarah.Heim@vermont.gov.

35. It is further **ORDERED** that the fine assessed herein will be suspended and extinguished so long as Abra complies with the process for returning assets identified in Paragraph 25 above. If it is determined that Abra failed to comply with Paragraph 25 above or if one or more Respondents file a bankruptcy proceeding in the United States or abroad, or the equivalent if abroad, or are the subject of a successful involuntary bankruptcy proceeding in the United States or abroad, or the equivalent if abroad, prior to complying with Paragraph 25 above, the fine shall be immediately due and payable.
36. It is further **ORDERED** that Respondents Abra and Barhydt comply with the terms of this Consent Order. Nothing in this Consent Order shall limit the Department from seeking to enforce the terms of this Consent Order and any other available remedies in the event of a violation.
37. It is further **ORDERED** that the Cease and Desist Order dated June 15, 2023 is hereby **WITHDRAWN**.

SIGNED AND ENTERED BY ORDER OF THE COMMISSIONER at Montpelier, Vermont,
this 27th day of February 2025

DocuSigned by:



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Sandy Bigglestone, Acting Commissioner
Vermont Department of Financial Regulation

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Respondents:

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

Plutus Financial Holdings Inc

By: W Barhydt

Name: William Barhydt

Title: CEO

William Barhydt

By: W Barhydt