
IN THE MATTER OF:

**BITTREX, INC. d/b/a BITTREX
NMLS # 1544336**

(“Bittrex”)

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CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Part V of Chapter 668, Sections 36a-595 to 36a-612, inclusive, of the Connecticut General Statutes, known as the “Money Transmission Act”;

WHEREAS, Bittrex is a Delaware corporation with its main office located at Seafirst Fifth Avenue Plaza, 800 Fifth Avenue, Suite 4100, Seattle, Washington;

WHEREAS, the Commissioner, through the Consumer Credit Division of the Department of Banking, conducted an investigation pursuant to Sections 36a-17 and 36a-600 of the Connecticut General Statutes into the activities of Bittrex to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner;

WHEREAS, as a result of such investigation, the Commissioner alleges that Bittrex has engaged in the business of money transmission in this state without the required license by operating an online platform that stored the digital assets of Bittrex customers and facilitated trades of those digital assets between customers, in violation of Section 36a-597(a) of the Connecticut General Statutes;

WHEREAS, the Commissioner believes that its allegation would support the initiation of enforcement proceedings against Bittrex, including, without limitation, proceedings to issue a cease and

desist order pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, to issue an order to make restitution pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, initiation of such enforcement proceedings would constitute a “contested case” within the meaning of Section 4-166(4) of the Connecticut General Statutes;

WHEREAS, Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, the Commissioner and Bittrex now desire to resolve the matters set forth herein;

WHEREAS, both the Commissioner and Bittrex acknowledge the possible consequences of formal administrative proceedings, and Bittrex voluntarily agrees to consent to the entry of the terms imposed below without admitting or denying the allegation set forth herein, and solely for the purpose of obviating the need for formal administrative enforcement proceedings concerning the allegation set forth herein;

WHEREAS, Bittrex acknowledges that this Consent Order is a public record, and is a reportable event for purposes of the regulatory disclosure questions on NMLS, as applicable;

AND WHEREAS, Bittrex, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including a right to a notice and an opportunity for a hearing as it pertains to the allegation set forth herein, and voluntarily waives its right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Bittrex, through its execution of this Consent Order, pursuant to Sections 36a-50(a), 36a-52(a), 36a-597(a) and 36a-608(c) of the Connecticut General Statutes, consents to the Commissioner's entry of a Consent Order imposing the following:

1. Coterminous with the period of time which Bittrex maintains existing virtual currency accounts of Connecticut residents ("Remaining Customers") without a money transmission license in Connecticut, Bittrex shall: (a) set aside an amount of fiat currency approximately equal to the balance of such virtual currency accounts in a trust account assigned or pledged to the Commissioner for the benefit of Remaining Customers at a federally-insured bank, Connecticut credit union, federal credit union or out-of-state bank that maintains in this state a branch, as defined in Section 36a-410(1) of the Connecticut General Statutes, or (b) maintain a Security Device as provided in paragraph 2 of its Undertaking effective August 14, 2020;
2. Except as necessary to effectuate the winding down of existing virtual currency accounts of Remaining Customers referenced in paragraph 1, Bittrex shall cease and desist from engaging in the business of money transmission in this state without a license, including, but not limited to, allowing Connecticut residents to trade digital assets for other digital assets or fiat currency through its platform or to store digital assets on its platform;
3. No later than the date this Consent Order is executed by Bittrex, it shall remit to the Department of Banking by wire transfer, cashier's check, certified check or money order, made payable to "Treasurer, State of Connecticut", the sum of Ten Thousand Dollars (\$10,000) as a civil penalty; and
4. No later than the date this Consent Order is executed by Bittrex, it shall remit to the Department of Banking by wire transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of Three Thousand Three Hundred Seventy-Five Dollars (\$3,375) as payment for back licensing fees.

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against Bittrex based upon the allegations set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against Bittrex based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by Bittrex and reflected herein is subsequently discovered to be untrue;
2. Bittrex shall not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis;

3. Upon issuance of this Consent Order by the Commissioner, and so long as this Consent Order is promptly disclosed by Bittrex and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of Bittrex to apply for or obtain an initial license or renewal license under Part V of Chapter 668, Sections 36a-595 *et seq.*, of the Connecticut General Statutes, provided that all applicable legal requirements for such licenses are satisfied and the terms of this Consent Order are followed;
4. This Consent Order shall be binding on Bittrex and its successors and assigns; and
5. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 16th day of October 2020.

/s/
Jorge L. Perez
Banking Commissioner

I, James Waschak, state on behalf of Bittrex, Inc. d/b/a Bittrex that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Bittrex, Inc. d/b/a Bittrex; that Bittrex, Inc. d/b/a Bittrex agrees freely and without threat or coercion of any kind to comply with the terms and conditions ordered herein; and that Bittrex, Inc. d/b/a Bittrex voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: _____ /s/
Name: James Waschak
Title: COO
Bittrex, Inc. d/b/a/ Bittrex

State of: Washington

County of: King

On October 9, 2020, before me, Joanna VanValkenberg, the undersigned officer, personally appeared James Waschak, who acknowledged himself to be the COO of Bittrex, Inc. d/b/a Bittrex, a corporation, and that he as such COO, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as COO.

In witness whereof I hereunto set my hand.

_____/s/
Notary Public
Date Commission Expires: 10/25/2022