

4. As a result of the Investigation, the violations alleged by the Commissioner forms the basis to issue an order to cease and desist against Respondent pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes.

5. As a result of the Investigation, the violations alleged by the Commissioner forms the basis to order restitution against Respondent pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes.

6. As a result of the Investigation, the violations alleged by the Commissioner forms the basis to order disgorgement of any sums obtained in violation of Section 36a-597(a) against Respondent pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes.

7. As a result of the Investigation, the violations alleged by the Commissioner forms the basis to impose a civil penalty against Respondent pursuant to Sections 36a-608(c) and 36a-50(b) of the Connecticut General Statutes.

II. MATTERS ASSERTED

8. Respondent is an Illinois limited liability company with a main address of 1904 Ogden Avenue, Lisle, Illinois.

9. Respondent has operated virtual currency kiosks (“VC Kiosks”) in various locations within this state since at least 2021.

10. VC Kiosks are stationary kiosks that provide consumers the ability to convert fiat currency to virtual currency and vice versa. VC Kiosks that are solely engaged in this activity or sell virtual currency to consumers from the Kiosk operator’s own store of virtual currency generally are not required to obtain a money transmitter’s license in this state, as these transactions only involve two parties, namely the originating consumer/VC Kiosk user and the VC Kiosk operator.

11. In April 2022, the Department issued a written advisory to all known VC Kiosk operators, suspected VC Kiosk operators and to the Department’s website indicating that money transmitters’ licenses are required for operators of VC Kiosks that transmit virtual currency and/or fiat currency

between parties, that hold virtual currency in a VC Kiosk-supported digital wallet or offer other transactions other than a one-to-one exchange transaction between the VC Kiosk operator and the VC Kiosk user.

12. On or about May 5, 2022, the Government Relations and Consumer Affairs Division (“GRCA”) received a complaint from a Connecticut consumer (“Complainant 1”), who claimed that on October 27, 2021, Complainant 1 was scammed into sending \$20,000 in virtual currency to a third party using a VC Kiosk owned and operated by Respondent.

13. On or about June 14, 2022, the Division received a complaint regarding a Connecticut consumer (“Complainant 2”), who was scammed into sending virtual currency to a third party using a VC Kiosk owned and operated by Respondent.

14. During the course of the investigation, the Division received information concerning two additional Connecticut consumers who patronized VC Kiosks owned and operated by Respondent in this state since 2021, and who were victimized by similar scams. The transactions resulted in virtual currency being purchased with the consumers’ funds and transmitted to third parties, thereby triggering Connecticut’s money transmission licensure requirement.

15. The details of the scams are not identical, but are similar in nature in that the same process was used to exchange cash for virtual currency and then deposit it into a third party’s wallet.

16. Since at least 2021, Respondent failed to have proper Anti-Money Laundering (“AML”) or Know Your Customer (“KYC”) policies and procedures and/or controls in place at the VC Kiosks used by Connecticut consumers to sufficiently verify ownership of the wallet in which virtual currency is deposited.

17. On or about March 4, 2023, a Cuyahoga County, Ohio, grand jury entered an indictment of Respondent’s founder, Reza Meraban, Chief Executive Officer Sonny Meraban and its general counsel, William Suriano, charging each with one count of engaging in a pattern of corrupt activity, one count of conspiracy, eight counts of money laundering, eight counts of receiving stolen property, 33 counts of

license requirement violation, five counts of tampering with records, one count of possessing criminal tools, et al.

18. Respondent is not currently, nor has it ever been, licensed with the Commissioner on the Nationwide Multistate Licensing System and Registry (“NMLS”) to engage in the business of money transmission in Connecticut, and has never been exempt from licensure pursuant to Section 36a-609 of the Connecticut General Statutes in effect at such time.

19. On March 23, 2023, Respondent notified the Department that it turned off all of its VC Kiosks located in the state as of March 2, 2023, that it has no plans to re-open any of the VC Kiosks and is winding down all operations.

20. As a result of such investigation, the Commissioner alleges that Respondent engaged in the business of money transmission in this state without the required license since at least 2021, in violation of Section 36a-597(a) of the Connecticut General Statutes.

III. STATUTORY AND REGULATORY BASIS FOR ORDER TO MAKE RESTITUTION, ORDER TO PROVIDE DISGORGEMENT, ORDER TO CEASE AND DESIST AND IMPOSITION OF CIVIL PENALTY

21. Respondent’s engaging in the business of money transmission in this state without obtaining the required license, as more fully described in paragraphs 8 through 19, inclusive, constitutes at least one violation of Section 36a-597(a) of the Connecticut General Statutes. Such violations form the basis to issue an order to make restitution against Respondent pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, issue an order to provide disgorgement pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, issue an order to cease and desist pursuant to Sections 36a-608(c) and 36a-52(a) 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. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Respondent in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation.

IV. ORDER TO MAKE RESTITUTION, ORDER TO PROVIDE DISGORGEMENT, NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE CIVIL PENALTY AND NOTICE OF RIGHT TO HEARING

WHEREAS, the Commissioner has reason to believe that Respondent has engaged in acts or conduct which forms the basis to issue an order to make restitution pursuant to Sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, an order to provide disgorgement pursuant to sections 36a-608(c) and 36a-50(c) of the Connecticut General Statutes, an order to cease and desist against Respondent pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty pursuant to Sections 36a-608(c) and 36a-50(b) of the Connecticut General Statutes;

AND WHEREAS, the Commissioner has made the finding required under Section 36a-52(b) of the Connecticut General Statutes.

THE COMMISSIONER THEREFORE ORDERS, pursuant to Section 36a-50(c) of the Connecticut General Statutes that SandP Solutions, LLC d/b/a Bitcoin of America **MAKE RESTITUTION** of any sums obtained as a result of SandP Solutions, LLC d/b/a Bitcoin of America violating Section 36a-597(a) of the Connecticut General Statutes, plus interest at the legal rate set forth in Section 37-1 of the Connecticut General Statutes since engaging in operating VC Kiosks in this state. Specifically, the Commissioner **ORDERS** that: Not later than thirty (30) days from the date this Order to Make Restitution becomes permanent, SandP Solutions, LLC d/b/a Bitcoin of America shall:

Promptly refund all sums obtained from Connecticut, including all such sums transferred to third parties via VC Kiosks owned and operated by SandP Solutions, LLC d/b/a Bitcoin of America since that activity began, including, but not limited, to the amounts listed and incorporated by reference in Exhibit "A" attached hereto, and provide to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov, evidence of such refunds.

THE COMMISSIONER FURTHER ORDERS, pursuant to Section 36a-50(c) of the Connecticut General Statutes, that SandP Solutions, LLC d/b/a Bitcoin of America **PROVIDE DISGORGEMENT** of any fees collected as a result of SandP Solutions, LLC d/b/a Bitcoin of America violating Section 36a-597(a) of the Connecticut General Statutes. Specifically, the Commissioner

ORDERS that: Not later than thirty (30) days from the date this Order to Provide Disgorgement becomes permanent, SandP Solutions, LLC d/b/a Bitcoin of America shall:

Disgorge to the Department all fees received, including, but not limited to those received in the transactions reflected in Exhibit "A" attached hereto, as a result of engaging in the business of money transmission in violation of Section 36a-597(a) of the Connecticut General Statutes since January 1, 2021.

NOW THEREFORE, notice is hereby given to Respondent that the Commissioner intends to issue an order requiring Respondent to **CEASE AND DESIST** from violating Section 36a-597(a) of the Connecticut General Statutes, and to impose a **CIVIL PENALTY** upon Respondent as set forth herein, subject to Respondent's right to a hearing on the allegation set forth above.

A hearing will be granted to Respondent if a written request for a hearing is received by the Department of Banking, Consumer Credit Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 or submitted by e-mail to DOB.hearingsupport@ct.gov within fourteen (14) days following Respondent's receipt of this Order to Make Restitution, Order to Provide Disgorgement, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing as set forth in Sections 36a-52(a), 36a-50(a) and 36a-50(c) of the Connecticut General Statutes. This Order to Make Restitution, Order to Provide Disgorgement, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing shall be deemed received on the earlier of the date of actual receipt, or seven (7) days after mailing or sending. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to one of the above addresses. If Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as "pro se". Once a written request for a hearing is received, the Commissioner may issue a notification of hearing and designation of hearing officer that acknowledges receipt of a request for a hearing, designates a hearing officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. If a hearing is requested, the hearing will

be held either in person or remotely via videoconference using Microsoft Teams on June 14, 2023, at 10 a.m.

If a hearing is requested, it will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, unless Respondent fails to appear at the hearing. At such hearing, Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner. If the hearing is remote, it will be held in accordance with Section 149 of June Special Session Public Act 21-2, as amended by Section 1 of Public Act 22-3, and the Remote Hearing Guidelines available on the Department's website at <https://portal.ct.gov/dob>.

If Respondent does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegation herein will be deemed admitted. Accordingly, the Order to Make Restitution shall remain in effect and become permanent, the Order to Provide Disgorgement shall remain in effect and become permanent, and the Commissioner will issue an order that Respondent cease and desist from violating Section 36a-597(a) of the Connecticut General Statutes, and may order a civil penalty in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation be imposed upon Respondent.

So ordered at Hartford, Connecticut,
this 20th day of April 2023.

/s/

Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 21st day of April 2023, the foregoing Order to Make Restitution, Order to Provide Disgorgement, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing was sent by certified mail, return receipt requested, to SandP Solutions, LLC d/b/a Bitcoin of America, 1904 Ogden Avenue, Lisle, IL 60532, Certified Mail No. 70221670000209233170; and to SandP Solutions, LLC d/b/a Bitcoin of America, Attention: Sasha Hodder, Esq., Hodder Law Firm, via electronic mail at sasha@hodder.law.

/s/
Swarupa Madhavan
Paralegal