
*
IN THE MATTER OF: *
*
WEST REALM SHIRES SERVICES *
INC. d/b/a FTX US *
NMLS # 1957771 *
*
(“Respondent”) *
*
*
*
*

NOTICE OF AUTOMATIC SUSPENSION
NOTICE OF INTENT TO REVOKE
MONEY TRANSMISSION LICENSE
NOTICE OF INTENT TO ISSUE
ORDER TO CEASE AND DESIST
NOTICE OF INTENT TO IMPOSE
CIVIL PENALTY
AND
NOTICE OF RIGHT TO HEARING

I. PRELIMINARY STATEMENT

1. 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”.

2. Pursuant to the authority granted by Section 36a-17 of the Connecticut General Statutes, the Commissioner, through the Consumer Credit Division (“Division”) of the Department of Banking, has investigated the activities of Respondent to determine if it has violated, is violating or is about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner (“Investigation”).

3. As a result of the Investigation, the Commissioner has reason to believe that Respondent has engaged in an unsafe or unsound practice, which constitutes a basis for the Commissioner to take action pursuant to Section 36a-608(c) of the Connecticut General Statutes.

4. As a result of the Investigation, the Commissioner has reason to believe that conduct alleged by the Commissioner against Respondent 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, and forms the basis to issue a civil penalty against Respondent pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes.

5. The Commissioner also has reason to believe that as of December 11, 2022, Respondent failed to have a bond in place as required by Section 36a-602(a) of the Connecticut General Statutes. As a result, the Commissioner finds that sufficient grounds exist for the automatic suspension of Respondent's money transmission license in Connecticut effective December 12, 2022, and to revoke Respondent's money transmission license in Connecticut pursuant to Sections 36a-602(c) and 36a-608(b) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes.

II. MATTERS ASSERTED

6. Respondent is a Delaware corporation with an address of 167 N Green Street, Suite 1102, Chicago, Illinois.

7. Respondent has been licensed as a money transmitter in Connecticut since January 28, 2022.

8. At all times relevant hereto, Respondent engaged in the business of money transmission by providing a marketplace platform for consumers that facilitated three types of transactions, namely, trading cryptocurrency for other cryptocurrencies, selling cryptocurrency for United States Dollars ("US dollars") and other fiat currencies and buying cryptocurrency for US dollars and other fiat currencies. Respondent also provided a non-fungible token ("NFT") platform where users could create, buy and sell NFTs using cryptocurrency.

9. On or about November 9, 2022, the Department was informed by Respondent's General Counsel that Respondent was no longer solvent, that Respondent's customer assets actually held were not immediately reconcilable with the customer assets report and that Respondent was to turn off the website and prepare for the winding down of operations.

10. At the time of shutting down the platform, based upon documentation obtained by the Division, FTX had \$2,874,495.30 worth of virtual currency and \$6,519,418.71 worth of fiat currency in connection with Connecticut consumers on its platform.

11. On November 11, 2022 and November 14, 2022, FTX Trading Ltd. and 101 affiliated debtors (collectively, the “Debtors”), including Respondent, each filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, Docket Number 22-11068-JTD.

Bond Cancellation

12. On November 10, 2022, the Commissioner received notice via the Nationwide Multistate Licensing System and Registry from the RLI Insurance Company that surety bond number CMS345241, issued on behalf of Respondent with respect to its money transmission license in Connecticut, would be cancelled effective December 11, 2022.

13. On November 28, 2022, pursuant to Section 4-182(c) of the Connecticut General Statutes, the Division informed Respondent by e-mail of the notice of cancellation and provided Respondent an opportunity to show compliance with all lawful requirements for the retention of its money transmission license in Connecticut.

14. As of December 12, 2022, Respondent failed to file with the Commissioner a letter of reinstatement of the bond, a new bond, evidence that all of the principal sum of such surety bond had been invested or a request to surrender its license in Connecticut.

15. As a result, the Commissioner automatically suspended Respondent’s money transmission license in Connecticut effective December 12, 2022.

III. STATUTORY BASIS FOR ORDER TO REVOKE MONEY TRANSMISSION LICENSE, ORDER TO CEASE AND DESIST AND IMPOSE CIVIL PENALTY

16. Respondent’s failure to transmit monetary value received from Connecticut purchasers, as more fully described in paragraphs 7 through 10, inclusive, is a conduct that is likely to materially prejudice the

interests of purchasers, which constitutes an unsafe or unsound practice within the meaning of Section 36a-608(a) of the Connecticut General Statutes. Such conduct constitutes sufficient grounds to revoke Respondent's license to engage in the business of money transmission in Connecticut pursuant to Section 36a-608(b)(5) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes, and 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, and to impose a civil penalty against Respondent 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.

17. Respondent's failure to maintain a surety bond that runs concurrently with the period of its money transmission license, as required pursuant to Section 36a-602(a), as more fully described in paragraphs 11 through 14, inclusive, constitutes sufficient grounds for the Commissioner to deny an initial license under Section 36a-598 of the Connecticut General Statutes and constitutes sufficient grounds for the Commissioner to revoke Respondent's license to engage in the business of money transmission in Connecticut pursuant to Sections 36a-602(c) and 36a-608(b) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes.

**IV. NOTICE OF AUTOMATIC SUSPENSION, NOTICE OF INTENT TO REVOKE
MONEY TRANSMISSION LICENSE, 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 constitutes sufficient grounds for the Commissioner to revoke Respondent's license to engage in the business of money transmission in Connecticut pursuant to Sections 36a-602(c) and 36a-608(b) and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes, and forms a 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, and to impose a civil penalty upon Respondent pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes.

NOW THEREFORE, pursuant to the authority granted in Section 36a-602(c) of the Connecticut General Statutes, the Commissioner gives **NOTICE** that on December 12, 2022, the license of West Realm Shires Services Inc. d/b/a FTX US to engage in the business of money transmission in Connecticut was **AUTOMATICALLY SUSPENDED** pending proceedings for revocation.

FURTHER, notice is hereby given to Respondent that the Commissioner intends to issue an order to **REVOKE** Respondent's money transmission license in Connecticut, to issue an order requiring Respondent to **CEASE AND DESIST** from engaging in an unsafe or unsound practice within the meaning of Section 36a-608(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 allegations 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 Notice of Automatic Suspension, Notice of Intent to Revoke Money Transmission License, 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 subsections (a) and (b) of Section 36a-51, Sections 36a-52(a) and 36a-50(a) of the Connecticut General Statutes. This Notice of Automatic Suspension, Notice of Intent to Revoke Money Transmission License, 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-referenced 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 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 October 4, 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 requested 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 prescribed or fails to appear at any such hearing, the allegation herein will be deemed admitted. Accordingly, the Commissioner will issue an order revoking Respondent's money transmission license in Connecticut, will issue an order that Respondent cease and desist from engaging in an unsafe or unsound practice within the meaning of Section 36a-608(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 3rd day of August 2023.

/s/

Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 4th day of August 2023, the foregoing Notice of Automatic Suspension, Notice of Intent to Revoke Money Transmission License, 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 West Realm Shires Services Inc. d/b/a FTX US, Attention: Jennifer Sutton, Special Counsel, 167 N Green Street, Suite 1102, Chicago, Illinois 60607, Certified Mail No. 70162710000058970441; and via electronic mail to West Realm Shires Services Inc. d/b/a FTX US, Attention: Jennifer Sutton, Special Counsel, who is designated as the primary contact in the employee fields on the Nationwide Multistate Licensing System and Registry, at the electronic address provided therein.

/s/
Swarupa Madhavan
Paralegal