

\*\*\*\*\*

**IN THE MATTER OF:**

**PLUTUS FINANCIAL HOLDINGS INC  
PLUTUS FINANCIAL INC.  
PLUTUS LENDING LLC  
ABRA BOOST LLC  
WILLIAM “BILL” BARHYDT**

**(“Respondents”)**

\*\*\*\*\*

\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*  
\*

**CONSENT ORDER**

**MATTER NO. CO-24-2024-1-S-S**

**I. PRELIMINARY STATEMENT**

**WHEREAS**, the Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies promulgated under the Act (“Regulations”);

**WHEREAS**, Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, and Abra Boost LLC are part of a group of companies (“Abra”) that has been and is controlled by William “Bill” Barhydt;

**WHEREAS**, the Commissioner, through the Securities and Business Investments Division (the “Division”) of the Department of Banking and pursuant to Sections 36b-26(a) and 36b-31(c) of the Act, participated in a coordinated multistate investigation (the “Multistate Group”) lead by the Texas State Securities Board into whether Respondents engaged in acts or practices that violated the Act and the Regulations thereunder. The Multistate Group investigation focused on 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;

**WHEREAS**, having resolved a related matter with the State of Texas, Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and William 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;

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

**WHEREAS**, on July 18, 2023, the Commissioner issued a Temporary Order to Cease and Desist, Order to Provide Disgorgement, Notice of Intent to Issue Order to Cease and Desist and Notice of Intent to Impose Civil Penalty (the “Money Transmission Order”) against respondent Plutus Financial, Inc which Money Transmission Order was resolved by a Multistate Settlement Consent Order entered by the Commissioner on November 21, 2024;

**WHEREAS**, the Money Transmission Order alleged that, since at least January 2023, Respondent violated 36a-597(a) of the Connecticut General Statutes by engaging in money transmission activity without a license and by soliciting Connecticut residents to participate in its Abra Trade program.

**WHEREAS**, Respondents acknowledge that they have had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and that they execute this Consent Order freely.

## **II. JURISDICTION**

1. Section 36b-27(a) of the Act authorizes the Commissioner to order any person who has violated, is violating or is about to violate any provision of the Act or any regulation, rule or order adopted or issued under the Act to cease and desist from such violation; Section 36b-27(d) of the Act authorizes the Commissioner to impose a fine against any person who has violated any provision of the Act or any

regulation, rule or order adopted or issued under the Act; and Section 36b-27(b) of the Act authorizes the Commissioner to order restitution of any sums shown to have been obtained in violation of the Act or any regulation, rule or order thereunder;

### **III. STATEMENT OF FACTS**

#### **A. FINDINGS OF FACT**

2. Plutus Financial Holdings Inc. (Respondent "Plutus Holdings") is being served via electronic mail addressed to its attorney, Christopher Gerold, Partner, Lowenstein Sandler LLP, at [cgerold@lowenstein.com](mailto:cgerold@lowenstein.com).
3. Plutus Financial Inc. ("Respondent Plutus Financial") is being served via electronic mail addressed to its attorney, Christopher Gerold, Partner, Lowenstein Sandler LLP, at [cgerold@lowenstein.com](mailto:cgerold@lowenstein.com).
4. Plutus Lending LLC ("Respondent Plutus Lending") is being served via electronic mail addressed to its attorney, Christopher Gerold, Partner, Lowenstein Sandler LLP, at [cgerold@lowenstein.com](mailto:cgerold@lowenstein.com).
5. Abra Boost LLC ("Respondent Abra Boost") is being served via electronic mail addressed to its attorney, Christopher Gerold, Partner, Lowenstein Sandler LLP, at [cgerold@lowenstein.com](mailto:cgerold@lowenstein.com).
6. Abra was founded and is controlled by William "Bill" Barhydt ("Respondent Barhydt"). Respondent Barhydt is being served by electronic mail addressed to Ronak V. Patel, Principal, Bressler, Amery & Ross, PC, at [rpatel@bressler.com](mailto:rpatel@bressler.com).

#### **B. BACKGROUND**

7. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost are part of a family of companies collectively known as "Abra."
8. Clients purchased products and services from Abra through a smartphone application available from the Apple App Store or the Google Play Store.

9. The products and services included cryptocurrency exchange services (“Abra Trade”) and interest-bearing digital asset depository accounts (“Abra Earn” and “Abra Boost”).

### **C. ABRA EARN**

10. 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 Connecticut.

11. Investors purchased investments in Abra Earn by opening and funding Abra Trade accounts through a third-party trust company.

12. Investors authorized Abra to lend client assets or cause client assets to be lent to institutional borrowers, either through direct lending or DeFi lending.

13. 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.

14. 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.

### **D. ABRA BOOST**

15. 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 Connecticut.

16. Investors purchased investments in Abra Boost by opening and funding Abra Trade accounts through a third-party trust company.

17. Abra Boost lent its assets to institutional borrowers, either through direct lending or DeFi lending.

18. 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.

19. On or about June 15, 2023, state securities regulators investigating Abra began filing coordinated enforcement actions against the parties. As of June 15, 2023, 407 investors residing in Connecticut owned unwithdrawn assets in Abra Earn, Abra Trade, and Abra Boost valued at approximately \$2,405,586. Following Connecticut investor withdrawals subsequent to June 15, 2023, the dollar amount of unwithdrawn Connecticut assets totaled \$50,973.55 for 94 investors.

#### **E. WINDING DOWN OF U.S. OPERATIONS**

20. On or about June 14, 2023, Abra began winding down U.S. retail operations. In furtherance thereof, 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.

21. 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.

22. 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 remained at all times with clients and did not transfer to Abra.

23. Since June 14, 2023, Abra has repeatedly sent notifications via email and in some instances 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 App.

24. Abra most recently amended its Terms of Service on October 27, 2023. The Terms of Service continued to provide, in part, that title to assets held in Abra Trade accounts remained at all times with clients and did not transfer to Abra.

25. Abra has been custodializing client assets with a third-party provider and, on or about August 15, 2023, Abra segregated assets held in Abra Trade accounts from assets owned by Abra.

26. 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.

27. Respondents have represented to the Commissioner that, as of October 17, 2024, approximately ninety three (93) investors residing in Connecticut whose accounts totaled approximately \$98,609 were eligible for the return described herein, and that approximately \$92,838 was paid out to those investors who Respondents were successful in contacting;

#### **F. RESPONDENT'S UNDERTAKINGS**

28. In accordance with that Term Sheet executed by the Commissioner under the Act on May 24, 2024, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost agreed with the Commissioner, as securities regulator, to return all outstanding assets in customer accounts having a value of ten dollars (\$10) or more and owned by clients residing in Connecticut no later than the date this Consent Order is entered by the Commissioner. To fulfill this requirement, Respondents represented and continue to represent to the Commissioner as follows:

A. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost have provided clients in Connecticut 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. Affected Connecticut clients were afforded the opportunity to withdraw their assets through Abra's smartphone application,

C. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost complied with the process for returning assets to clients residing in Connecticut whose customer accounts had a value of ten dollars (\$10) or more by converting the outstanding assets owned by such clients (to the extent the outstanding assets had value and could be sold). For assets having an aggregate value of \$10 or more, Abra represented and continues to represent that it sent a check or other secure bank instrument to the

client's last known mailing address, but acknowledges that it could not be responsible for nondelivered checks or any claims resulting from loss of value due to the conversion.

D. Respondents have continued to provide customer support to clients in Connecticut by, among other things, responding to inquiries and questions submitted by customers residing in Connecticut and providing said clients with the identity of the State of Connecticut Department of Banking and its contact information. For a period of ninety days following the entry of this Consent Order, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost undertake to provide copies of all such inquiries to the State of Connecticut Department of Banking within 14 calendar days of receipt.

29. 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 Connecticut.

B. Respondent shall provide the name of and contact information for the Chief Compliance Officer and, in the event a new Chief Compliance Officer is hired or retained to replace the prior Chief Compliance Officer, provide the name of and contact information for any new Chief Compliance Officer.

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, Respondent Barhydt shall instruct the Chief Compliance Officer to cooperate, answer any questions from any state securities regulator and produce records to the state securities regulator, without the need for a subpoena, unless otherwise prohibited by applicable federal or state laws and regulations.

E. These requirements relating to Respondent Barhydt shall expire two years following the entry of this Consent Order by the Commissioner or October 1, 2025, whichever date is earlier.

30. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost undertake and agree to notify the State of Connecticut Department of Banking of any government subpoenas received by the

Respondents Plutus Holdings, Plutus Financial, Plutus Lending or Abra Boost on or before December 1, 2024.

#### **IV. CONCLUSIONS OF LAW**

31. The investments in Abra Earn are securities as that term is defined Section 36b-3(9) of the Act.
32. The investments in Abra Earn were not registered under Section 36b-16 of the Act.
33. Respondents violated Section 36b-16 of the Act by offering and selling unregistered investments in Abra Earn in Connecticut.
34. An administrative proceeding initiated under Sections 36b-27 of the Act would constitute a “contested case” within the meaning of Section 4-166(4) of the General Statutes of Connecticut.
35. Section 4-177(c) of the General Statutes of Connecticut 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.

#### **V. CONSENT TO WAIVER OF PROCEDURAL RIGHTS**

**WHEREAS**, Respondents, through their execution of this Consent Order and without admitting or denying the statements of fact or conclusions of law herein contained, voluntarily waive the following rights:

1. To be afforded notice and an opportunity for a hearing within the meaning of subsections (a), (b), (c) and (d)(2) of Section 36b-27 of the Act and Section 4-177(a) of the General Statutes of Connecticut;
  2. To present evidence and argument and to otherwise avail themselves of subsections (a), (b), (c) and (d)(2) of Section 36b-27 of the Act and Section 4-177c(a) of the General Statutes of Connecticut;
  3. To present their respective positions in a hearing in which each is represented by counsel;
  4. To have a written record of the hearing made and a written decision issued by a hearing officer;
- and



5. To seek judicial review of, or otherwise challenge or contest the matters described herein, including the validity of this Consent Order;

**NOW THEREFORE**, the Commissioner, as administrator of the Act, hereby enters this Consent Order.

## **VI. CONSENT ORDER**

On the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Consent Order,

### **IT IS HEREBY ORDERED THAT:**

1. This Consent Order concludes the investigation by the Commissioner under the Connecticut Uniform Securities Act with respect to the activities of Abra Earn and Abra Boost described herein, provided, however, that nothing in this Consent Order shall limit the Commissioner from investigating conduct not specifically addressed in this Consent Order or conduct underlying the Money Transmission Order.
2. Respondents shall permanently **CEASE AND DESIST** from directly or indirectly violating the provisions of the Act or any regulation or order under the Act, including, without limitation, Section 36b-16 of the Act.
3. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost shall jointly and severally pay an **ADMINISTRATIVE FINE** in the amount of one hundred thousand dollars (\$100,000) based in part on the outstanding obligations as of June 15, 2023. Such payment shall be made via cashier's check, certified check, money order or ACH transfer made payable to "Treasurer, State of Connecticut." Respondents shall include with such payment a letter identifying the payor, along with relevant tax identification numbers, contemporaneously with the payment to the Commissioner.
4. It is further **ORDERED** that the fine assessed herein will be suspended, so long as Abra complies with the process for returning assets identified herein. If it is determined that Abra failed to return

the assets as represented herein or if, prior to complying with the process for returning assets identified herein, one or more Respondents either filed for bankruptcy in the United States or abroad (or the equivalent abroad) or were the subject of a successful involuntary bankruptcy in the United States or abroad (or the equivalent abroad), the fine shall become immediately due and owing. To the extent that Respondents timely return assets in connection with this securities-related matter and as Respondents represented herein, the Commissioner may, as applicable, credit such asset reimbursement, in whole or in part, to amounts owed under any resolution of the Money Transmission Order matter.

5. This Consent Order is not intended to subject any Covered Person to any disqualifications under the securities 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 upon the state or federal registration exemptions or safe harbor provisions. For purposes of this Consent Order, the term "Covered Person" means (A) Respondent Barhydt, (B) Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost and (C) any parent companies or affiliates thereof, as well as their current or former officers, directors, employees, contractors, or other persons that could otherwise be disqualified as a result of the Consent Order.
6. This Consent Order shall be binding upon Respondents and their successors and assigns, as well as upon the successors and assigns of relevant affiliates with respect to all conduct subject to the provisions herein and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

**NOW THEREFORE**, the Commissioner enters the following:

1. The Findings of Fact, Conclusions of Law and Consent Order set forth above, be and are hereby entered;

2. Entry of this Consent Order by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against Respondents pursuant to laws administered by the Commissioner if the Commissioner determines that compliance with such laws or with the terms herein is not being observed or if any representations made by Respondents and reflected herein are subsequently discovered to be untrue; and
3. This Consent Order shall become final when entered.

So ordered at Hartford, Connecticut,  
this 13<sup>th</sup> day of February 2025.

\_\_\_\_\_/s/\_\_\_\_\_  
Jorge L. Perez  
Banking Commissioner









**CONSENT TO ENTRY OF ORDER**

I, William Barhydt, state on behalf of William Barhydt, that I have read the foregoing Consent Order; that I know and fully understand its contents; that I agree freely and without threat or coercion of any kind to comply with the terms and conditions stated herein; and that I voluntarily consents to the entry of this Consent Order, expressly waiving any right to a hearing on the matters described herein.

William Barhydt

By \_\_\_\_\_ /s/\_\_\_\_\_  
Name: William Barhydt

On this 12 day of February 2025, personally appeared William Barhydt, signer of the foregoing Consent Order, who, being duly sworn, did acknowledge to me that he/she was authorized to execute the same and acknowledged the same to be his/her free act and deed, before me.

\_\_\_\_\_/s/\_\_\_\_\_  
Notary Public  
My Commission Expires: 7/14/2028