

ORDER NO. 2022-002

IN THE MATTER OF:

PRIME TRUST, LLC

LAS VEGAS, NEVADA

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BEFORE:

**THE BANKING
COMMISSIONER OF TEXAS**

AUSTIN, TRAVIS COUNTY, TEXAS

CONSENT ORDER

On this day, the matter of Prime Trust, LLC (Respondent) was submitted to me, Charles G. Cooper, Banking Commissioner (Commissioner) of the State of Texas, for consideration and action.

1. Respondent is a for-profit trust company chartered under the laws of Nevada and based in Las Vegas, Nevada. Respondent provides various services, including escrow services relating to equity raises and crowdfunding.

2. The Texas Department of Banking (Department) has jurisdiction over the subject matter of this proceeding pursuant to *Texas Finance Code* (Finance Code) Chapter 151 (Chapter 151). The Commissioner has the authority to issue this Consent Order (Order) and to assess administrative penalties pursuant to Finance Code §§ 151.706 and 151.707.

3. Respondent has been properly notified of its right to an administrative hearing under Chapter 151.

4. The undersigned representative of Respondent has full authority to enter into and bind Respondent to the terms and conditions of this Consent Order.

5. The statutory provisions at issue in this matter include, but are not limited to, Finance Code §§ 151.301, 151.302, 151.702, 151.706, and 151.707.

6. Any violation of this Order could subject Respondent to additional regulatory or enforcement actions authorized by Chapter 151 and other provisions of Texas law. Nothing in this

Order diminishes the regulatory or enforcement powers of the Department, the Commissioner, or the Finance Commission of Texas under Chapter 151 or other applicable law.

7. For purposes of this proceeding, Respondent knowingly and voluntarily waives:
 - a. service upon Respondent of this Order;
 - b. the right to present defenses to the allegations in this proceeding;
 - c. notice and hearing prior to imposition of this Order;
 - d. the filing of proposed findings of fact and conclusions of law;
 - e. the issuance of a proposal for decision by an administrative law judge;
 - f. the filing of exceptions and briefs with respect to such proposal for decision;
 - g. any review of this Order by the Texas Finance Commission; and
 - h. judicial review of this Order as provided by *Texas Government Code* § 2001.171 et seq., and any other challenge to the validity of this Order.

8. Respondent and the Commissioner agree to this Order solely for the purpose of this proceeding, and without Respondent admitting or denying the factual findings of the Commissioner stated herein or any violations of law or regulations. This Order does not constitute an admission by Respondent that Chapter 151 or a rule adopted or order issued under Chapter 151 has been violated.

9. The Commissioner has considered this matter and finds as follows:
 - a. In 2019, Respondent commenced providing escrow services in connection with crowdfunding and other investment activities. In connection with these activities, Respondent receives investment payments from investors in Texas and elsewhere and promises to disburse those funds to issuers or sellers of the investment products or opportunities in question after the appropriate conditions have been met.
 - b. Under Finance Code § 151.301(b)(4), money transmission means “the receipt of money or monetary value by any means in exchange for a promise to make the money or monetary value available at a later time or different location.” The Finance Code defines engaging in the business of money transmission as receiving compensation or expecting to receive compensation, directly or indirectly, for conducting money transmission. Finance Code § 151.302(b). The Department has concluded that by

receiving funds in exchange for a promise to distribute those funds at a later time or different location, Respondent has been conducting money transmission.

- c. Finance Code § 151.302(a) provides that “a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as a person that engages in the business of money transmission” without a license unless it is an authorized delegate of a license holder, is excluded from licensure under Chapter 151, or has been granted an exemption under Chapter 151.
- d. As described above, the Department has concluded that: (i) Respondent has been conducting money transmission in Texas; (ii) the Department has not licensed Respondent; (iii) Respondent is not an authorized delegate of a license holder; (iv) Respondent is not excluded from licensure under Chapter 151; and (v) Respondent is not subject to an exemption under Chapter 151 or applicable rules. Consequently, the Commissioner finds that Respondent has been in violation of Finance Code § 151.302.
- e. As required by Finance Code § 151.707(d), the Commissioner has considered the seriousness of the violations, Respondent’s compliance history, and Respondent’s good faith in attempting to comply with Chapter 151.
- f. Respondent applied to the Department for a license to conduct money transmission on December 9, 2021. On December 17, 2021, Respondent obtained a temporary money transmission license from the Department.
- g. Based on these findings and based on the representations made by Respondent as to the volume of transactions and length of time it has been conducting an unlicensed money transmission business in Texas, the Commissioner finds that an administrative penalty of \$29,850 is appropriate.

10. Respondent has agreed to pay the administrative penalty set out in the Order below.

11. This Order does not restrict the Department with respect to any enforcement action or other recourse regarding any violations by Respondent not arising under Chapter 151. This Order does not restrict does not restrict the Department with respect to any enforcement action or other recourse regarding any other violations by Respondent arising under Chapter 151 not now known to the Department that come to the attention of the Department. Nothing herein shall be construed to limit Respondent’s right to contest any future finding or determination of non-compliance.

Order

It is hereby ORDERED, ADJUDGED, and DECREED that:

12. Respondent will pay \$29,850 to the Department as an administrative penalty under Finance Code § 151.707 on or before February 15, 2022.

13. Respondent will make a good faith effort to fulfill all of the requirements to obtain a license to conduct money transmission in Texas as detailed in Chapter 151 of the Finance Code. In the event that Respondent elects to withdraw its license application, or Respondent's license application is suspended pursuant to Finance Code § 151.204, determined abandoned pursuant to 7 Texas Administrative Code § 33.13(g)(1), or denied pursuant to Finance Code § 151.205, Respondent will do the following:

- a. within 15 days of said withdrawal, suspension, abandonment, or denial, notify Respondent's existing Texas customers that it will cease providing money transmission to them. This notification must be made in writing, and a copy of the notice must be sent contemporaneously to the Department;
- b. within 30 days of said withdrawal, suspension, abandonment, or denial, cease and desist from engaging in the unauthorized business of money transmission in Texas and return Texas customer funds held by Respondent to its Texas customers; and
- c. within seven days of achieving full compliance with this paragraph, confirm to the Department in writing that Respondent has ceased all unlicensed activities in Texas.

Effective Date

This Order against Respondent is effective on the date signed by the Commissioner and is final and non-appealable as of that date.

Signed on this 20th day of January, 2022.

/s/ Charles G. Cooper
Charles G. Cooper
Commissioner, Department of Banking

AGREED AS TO FORM AND SUBSTANCE:

Prime Trust, LLC

/s/ M.A. Parrella

By: Matthew A. Parrella

Date: January 14, 2022

APPROVED AS TO FORM

/s/ Jesse T. Moore

Jesse Moore

Assistant General Counsel

Texas Department of Banking

Date: January 20, 2022