

**ORDER NO. 2022-034**

<b>IN THE MATTER OF:</b>	§	<b>BEFORE THE BANKING</b>
	§	
<b>WEST REALM SHIRES SERVICES INC.</b>	§	<b>COMMISSIONER OF TEXAS</b>
<b>D/B/A FTX US</b>	§	
	§	
<b>BERKELEY, CALIFORNIA</b>	§	<b>AUSTIN, TRAVIS COUNTY, TEXAS</b>

**CONSENT ORDER**

On this day, the matter of West Realm Shires Services Inc., Chicago, Illinois dba FTX US, Berkeley, California (Respondent) was submitted to me, Charles G. Cooper, Banking Commissioner of the State of Texas (Commissioner), for consideration and action.

1. Respondent is a corporation formed under the laws of Delaware and based in Berkeley, California. Respondent owns and operates a virtual currency exchange and provides and solicits custodial and transmission services for both United States dollars and virtual currency that is redeemable for U.S. dollars or other sovereign currency, known as “stablecoin.” These custodial and transmission services consist of Respondent receiving transfers of U.S. currency and stablecoin from customers located in Texas and promising to make that money or value available to those customers or their designees at a later time or different location.

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 are 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. Specifically, 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 2020, Respondent commenced providing money transmission services to its customers, including persons located in Texas, which consist of Respondent receiving money or monetary value from its customers and promising to remit that money or monetary value to those customers or their designees at a later time or different location.

- 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 Respondent has been conducting money transmission by engaging in Non-Securities-Related 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. 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 for its Non-Securities-Related Transmission.
- e. Consequently, the Commissioner finds that Respondent has been in violation of Finance Code § 151.302.
- f. Respondent has filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware.

10. 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 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.

11. This Order does not liquidate, fix, or otherwise affect any potential monetary claims against Respondent or liabilities of the Respondent, including without limitation any

claims or liabilities for restitution under Finance Code § 151.701(f) and any claims or liabilities for administrative penalties under Finance Code § 151.707.

### **Order**

It is hereby ORDERED, ADJUDGED, and DECREED that Respondent will:

- (a) immediately, as of the effective date of this Order, cease and desist from engaging in the unauthorized business of money transmission in Texas, including advertising to and soliciting persons in Texas, whether conducted through Respondent's activities or through those of others;
- (b) immediately, as of the effective date of this Order, refuse transfers of money, stablecoin, or other monetary value from any customers located in Texas;
- (c) as soon as possible after the effective date of this Order, post a link to this Order on the website for Respondent's bankruptcy case hosted by the claims agent appointed in that case, and, if Respondent's website ceases to re-direct visitors to the claims agent's website for the bankruptcy case, post a link to this Order on Respondent's own website; and
- (d) confirm to the Department in writing, within seven days of the effective date of this Order, that this has been completed.

It is further ORDERED that the *Emergency Order to Cease and Desist Activity*, No. 2022-030, entered and effective against Respondent on November 18, 2022, is superseded by this Order and released as of the effective date of this Order.

**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 1st day of December, 2022.

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

**AGREED AS TO FORM AND SUBSTANCE:**

West Realm Shires Services Inc., Chicago, Illinois dba FTX US

/s/ John J. Ray III  
By: John J Ray III, CEO

Date: December 1, 2022

**APPROVED AS TO FORM:**

/s/ Jesse T. Moore  
Jesse Moore  
Assistant General Counsel  
Texas Department of Banking

Date: November 30, 2022