

Order No. 2023-010

IN THE MATTER OF:

BITTREX, INC.

**MONEY TRANSMISSION
LICENSE NO. 3171**

SEATTLE, WA

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BEFORE THE BANKING

COMMISSIONER OF TEXAS

AUSTIN, TRAVIS COUNTY, TEXAS

CONSENT ORDER

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

1. Respondent holds money transmission license number 3171 issued by the Texas Department of Banking (Department) pursuant to Texas Finance Code (Finance Code) Chapter 151 (Chapter 151) and operates a money transmission business headquartered in Seattle, Washington.

2. The Department has jurisdiction over Respondent and the subject matter of this proceeding pursuant to Chapter 151. The Commissioner has the authority to issue this Consent Order (Order) pursuant to Finance Code § 151.706.

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 §§ 151.207, 151.208, 151.703, and 151.706.

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.

7. 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.

8. This Order does not restrict the Department, the Commissioner, or the Finance Commission of Texas with respect to any enforcement action or other recourse regarding any past, current, or future violations by Respondent that come to the attention of the Department to the extent those violations have not been identified by the Department as of the effective date of this Order. However, nothing herein shall be construed to limit Respondent's right to contest any future finding or determination of non-compliance.

9. For purposes of this Order and the proceedings related to it, 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.

10. Respondent and the Commissioner agree to this Order solely for the purpose of this proceeding and without Respondent admitting or denying any of the factual findings of the Commissioner or violations of law or regulations.

11. Respondent has agreed to comply with the terms that are set out in the Order below.

I. Findings

12. Finance Code § 151.307 requires that money transmission licenseholders such as Respondent maintain a certain minimum net worth at all times.

13. The net worth of Respondent is less than the minimum net worth required by Chapter 151.

14. The Commissioner has considered the matter and finds that, based on credible evidence, Respondent's actions satisfy the requirements for the issuance of an order revoking Respondent's money transmission license pursuant to Finance Code § 151.703. In particular, the Commissioner has determined that the Respondent does not maintain the minimum net worth required by Chapter 151.

15. Respondent has agreed to surrender its money transmission license pursuant to the terms and conditions of this Order, and based on that the Commissioner has agreed to accept surrender in lieu of revocation.

16. This Order does not include or constitute a finding by the Commissioner that Respondent has acted in bad faith or engaged in fraudulent, manipulative, deceptive, or willful misconduct.

17. Respondent has represented to the Department that on March 31, 2023 Respondent sent electronic communications to all Texas customers announcing Bittrex's decision to wind down operations in the United States and explaining their withdrawal options and potential abandonment of unclaimed assets in reasonably clear, plain language.

18. Respondent has represented to the Department that as of April 1, 2023, Respondent has ceased from engaging in any money transmission transaction with a Texas customer, whether

new or pre-existing, other than processing withdrawals of the customer's money or monetary value and processing transactions involving receipt of customer money or monetary value in exchange for an asset that was custodied by Respondent as of April 1, 2023 or the proceeds of such an asset, and that Texas customers have not been allowed to add new cash, stablecoin, or other virtual currency or additional assets or value to their accounts at Respondent since April 1, 2023.

II. Order

It is hereby ORDERED, ADJUDGED, and DECREED that:

1. On and after the effective date of this Order, Respondent will cease and desist from engaging in any money transmission transaction with a Texas customer, whether new or pre-existing, other than to process a withdrawal of the customer's money or monetary value or process a transaction involving receipt of customer money or monetary value in exchange for an asset that is custodied by Respondent or the proceeds of such an asset. Texas customers will not be allowed to add new cash, stablecoin, or other virtual currency or additional assets or value to their accounts at Respondent on or after the effective date of this Order. This includes but is not limited to business conducted directly or through the activity of others and advertising and soliciting persons in Texas.

2. Respondent will process all withdrawal orders received on or after April 30, 2023 in accordance with law and turnover any Texas customer assets deemed abandoned to the Texas comptroller as may be required pursuant to chapters 72 and 74 of the Texas Property Code.

3. Respondent shall comply with all laws and applicable regulations relating to unclaimed virtual assets, including without limitation chapters 72 and 74 of the Texas Property Code.

4. On or before April 7, 2023, Respondent will disseminate a communication to Texas customers, in a communications channel approved by the Department, that includes or links to an

electronic copy of the Order.

5. Respondent shall cease all money transmission in Texas after April 30, 2023, including without limitation setting all accounts with money or monetary value as “withdrawal only” and ceasing accepting money or money value from or on behalf of customers in Texas that are the proceeds of other assets being sold or exchanged by such customers.

6. Within seven (7) days of complying with the above five paragraphs, Respondent will confirm such compliance in writing to the Department.

7. Respondent shall surrender money transmission license number 3171 on or before April 7, 2023 in accordance with Finance Code § 151.208, except that Respondent may confirm in writing that the original license has been destroyed in lieu of returning the original license to the Commissioner. If Respondent does not do so, such license is revoked effective April 7, 2023 automatically without further action or order.

III. 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 5th day of April, 2023.

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

AGREED AS TO FORM AND SUBSTANCE:

Bittrex, Inc.

/s/ Richie Lai

By: Richie Lai

Date: April 4, 2023

APPROVED AS TO FORM:

/s/ Jesse T. Moore

Jesse Moore

Assistant General Counsel

Texas Department of Banking

Date: April 5, 2023