



**STATE OF NEW MEXICO
REGULATION AND LICENSING DEPARTMENT
SECURITIES DIVISION**

IN THE MATTER OF:	)	
	)	
PLUTUS FINANCIAL HOLDINGS INC.,	)	Case No. MS-23-05-31
PLUTUS FINANCIAL INC.,	)	
PLUTUS LENDING LLC,	)	CONSENT ORDER
ABRA BOOST LLC,	)	
and WILLIAM "BILL" BARHYDT,	)	
	)	
RESPONDENTS.	)	

INTRODUCTION

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, and

WHEREAS state securities regulators, as part of a North American Securities Administrators Association ("NASAA") Working Group led by the Texas State Securities Board, investigated 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, and

WHEREAS Abra and Mr. Barhydt cooperated with inquiries and information requests from state securities regulators, including the Texas State Securities Board; and

WHEREAS Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and Mr. Barhydt ("Respondents") have reached an agreement with the Texas State Securities Board to resolve its investigation and return assets owned by Texans as set forth herein, and

WHEREAS Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and Mr. 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, and

WHEREAS without admitting or denying the Findings of Fact or Conclusions of Law in this Order (the "Consent Order"), Plutus Financial Inc., Plutus Lending LLC, Abra Boost LLC and Mr. Barhydt have consented to the jurisdiction of the New Mexico Regulation and Licensing Department, Securities Division (the "Division") and the entry of this Consent Order.

FINDINGS OF FACT

1. 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.
2. 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.
3. 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.
4. 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.
5. Abra was founded and are 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.

BACKGROUND

6. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost are part of a family of companies collectively known as "Abra."
7. Clients purchased products and services from Abra through a smartphone application available from the Apple App Store or the Google Play Store.
8. The products and services included cryptocurrency exchange services ("Abra Trade") and interest-bearing digital asset depository accounts ("Abra Earn" and "Abra Boost").

ABRA EARN

9. 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 New Mexico.

10. Investors purchased investments in Abra Earn by opening and funding Abra Trade accounts through a third-party trust company.
11. Investors authorized Abra to lend client assets or cause client assets to be lent to institutional borrowers, either through direct lending or DeFi lending.
12. 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.
13. 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.

ABRA BOOST

14. 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 New Mexico.
15. Investors purchased investments in Abra Boost by opening and funding Abra Trade accounts through a third-party trust company.
16. Abra Boost lent its assets to institutional borrowers, either through direct lending or DeFi lending.
17. 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.

THE ENFORCEMENT ACTION FILED BY STATE SECURITIES REGULATORS

18. On or about June 15, 2023, state securities regulators investigating Abra began filing coordinated enforcement actions against the parties.
19. As of June 15, 2023, 179 investors residing in New Mexico owned unwithdrawn assets in Abra Earn, Abra Boost and Abra Trade valued at approximately \$309,327.36.

WINDING DOWN 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 remains at all times with clients and does 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, and they continue to provide, in part, that title to assets held in Abra Trade accounts remains at all times with clients and does 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. As of the date of this Consent Order, 41 investors residing in New Mexico own unwithdrawn assets in Abra Trade accounts valued at approximately \$9,829.98.

THE RETURN OF CLIENT ASSETS AND ONGOING REQUIREMENTS

28. On April 1, 2024, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost agreed to return all outstanding assets owned by clients residing in New Mexico by or before April 28, 2024, through the following procedure:
 - A. By or before April 5, 2024, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost provided clients in New Mexico 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. Beginning April 12, 2024, clients in New Mexico were afforded the opportunity to withdraw their assets through Abra's smartphone application.

- C. Beginning on May 1, 2024, Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost complied with the process for returning assets to clients residing in New Mexico by executing a Term Sheet on April 1, 2024 with the following information of note regarding the distribution of investor assets:

At the time it executes this Term Sheet, Abra shall:

- a. Convert the outstanding assets owned by clients identified in paragraph 1 to fiat (to the extent the outstanding assets have value and can be sold). If the aggregate assets of the client have a value of \$10 or more, Abra will send a check or other secure bank instrument to the last known mailing address of the client. Checks will be sent by or before a date certain, specified in the election, but no later than 30 days after the date the Division executed the Term Sheet. In no event shall Abra be responsible for nondelivered checks or responsible for any claims resulting from loss of value due to the conversion.
- b. If there are undeliverable checks, and if any of the checks are returned to Abra undeliverable and/or uncashed, then Abra shall provide this information to the Division. In addition, if any such undeliverable checks, or any checks returned to Abra undeliverable and/or uncashed, will remain with Abra pursuant to the New Mexico Uniform Unclaimed Property Act NMSA 1978, §§ 7-8A-1 to 31.

- D. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost agreed to continue to provide customer support to clients in New Mexico following the entry of this Consent Order by, among other things, responding to inquiries and questions submitted by customers residing in New Mexico and providing said clients with the identity of the Division and its contact information. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost also agreed to provide copies of all such inquiries to the Division within 14 calendar days of receipt for 90 days following the entry of this Consent Order.

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 New Mexico.
- 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 shall expire on October 1, 2025.
30. Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost undertake and agree to notify the Division of any government subpoenas received by the Respondents Plutus Holdings, Plutus Financial, Plutus Lending or Abra Boost on or before December 1, 2024.

DISQUALIFICATION

31. This Consent Order is not intended to subject any Respondents or related covered persons to any disqualifications under the 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 "related covered persons" means any parent companies or affiliates thereof, as well as any of Respondents current or former officers, directors, employees, contractors, or other persons that could otherwise be disqualified as a result of the Consent Order.

CONCLUSIONS OF LAW

32. The investments in Abra Earn are securities as that term is defined by NMSA 1978, §58-13C-102.
33. The investments in Abra Earn were not registered with the Division for sale in New Mexico.
34. Respondents violated NMSA 1978, §58-13C-301 by offering and selling investments in Abra Earn in New Mexico that were not registered or permitted for sale in New Mexico.

35. The foregoing violations constitute a basis for the entry of this Consent Order pursuant to §§58-13C-101 through 58-13C-701 of the New Mexico Uniform Securities Act (the "Act").
36. The entry of this Consent Order concludes the investigation by the Division with respect to Abra Earn and Abra Boost provided, however, that nothing in this Consent Order shall limit the Division from investigating any conduct not specifically addressed in the Enforcement Action, Consent Order, or specifically disclosed by Abra during the course of the investigation.

ORDER

37. It is hereby ORDERED that Respondents immediately CEASE AND DESIST from offering for sale any security in New Mexico until said security is registered with the Division or offered for sale pursuant to an exemption from registration set forth in NMSA 1978, §58-13C-301.
38. It is further ORDERED that Respondents Plutus Holdings, Plutus Financial, Plutus Lending and Abra Boost jointly and severally pay an ADMINISTRATIVE FINE in the amount of \$309,327.36 as follows:
- A. Respondents shall pay \$309,327.36 to the Division. Payment shall be: (1) made by United States postal money order, certified check, bank cashier's check, bank money order, or wire; (2) made payable to the New Mexico Regulation and Licensing Department, Securities Division, 2550 Cerrillos Road, Santa Fe, NM 87505; (3) either hand-delivered, mailed to the Division; or wired per the Division's instructions; and (4) submitted under cover letter or other documentation that identifies payment by Respondents and the docket number of the proceeding. *A copy of the cover letter must be sent to Benjamin R. Schrope, Acting Director, Securities Division, 2550 Cerrillos Road, Santa Fe, NM 87505 or by email to benjamin.schrope@rld.nm.gov.*
39. It is further ORDERED that the fine assessed herein will be suspended and extinguished, so long as Abra complied, prior to the execution of this order, with the process for returning assets identified in paragraph 32 above. If it is determined that Abra failed to comply with paragraph 32 above or if one or more Respondents file for bankruptcy in the United States or abroad (or the equivalent abroad) or are the subject of a successful involuntary bankruptcy in the United States or abroad (or the equivalent abroad) prior to complying with paragraph 32 above, the fine shall become immediately due and owing.
40. It is further ORDERED that Respondents Plutus Holdings, Plutus Financial, Plutus Lending, Abra Boost, and Barhydt comply with the terms of this Consent Order. Nothing in this Consent Order shall limit the Division from seeking to enforce the terms of this Consent Order and any other available remedies in the event of a violation.

SIGNED AND ENTERED BY THE [TITLE] ON THIS 21st DAY OF November 2024.



Benjamin R. Schroppe

BENJAMIN R. SCHROPE
ACTING DIRECTOR
NEW MEXICO REGULATION
AND LICENSING DEPARTMENT
SECURITIES DIVISION

Respondents:

PLUTUS FINANCIAL HOLDINGS INC.

By: W Barhydt

Name: William Barhydt

Title: CEO

PLUTUS FINANCIAL INC.

By: W Barhydt

Name: William Barhydt

Title: CEO

PLUTUS LENDING LLC

By: W Barhydt

Name: William Barhydt

Title: CEO

ABRA BOOST LLC

By: W Barhydt

Name: William Barhydt

Title: CEO

WILLIAM BARHYDT

By: W Barhydt

Approved as to Form:

COUNSEL FOR RESPONDENTS PLUTUS
FINANCIAL HOLDINGS INC., PLUTUS
FINANCIAL INC., PLUTUS LENDING LLC,
AND ABRA BOOST LLC

By: Christopher W. Gerold

Christopher Gerold

Partner

Lowenstein Sandler LLP

COUNSEL FOR RESPONDENT WILLIAM
BARHYDT

By: Ronak Patel

Ronak Patel

Principal

Bressler Amery & Ross PC

