

1 **Nature of the Conduct**

2 3. From April 2018 to July 2019, Strix Fund raised approximately \$5.46 million from 51
3 investors, 37 of whom are Washington residents. Strix Leviathan originally charged a fee of 3% of assets
4 under management and 30% of profits for its services. Those fees decreased to 2% of assets under
5 management and 20% of profits for services as of April 1, 2019. From April 2018 through June 2019, Strix
6 Leviathan charged a total of \$71,041.79 in management fees, although it has treated the fees as accrued and
7 has not yet withdrawn any fees from the fund account.

8 4. Strix Leviathan structured Strix Fund to utilize a proprietary algorithmic tool for the trading of
9 cryptocurrencies and other digital assets. From April 2018 to February 2019, Strix Fund traded approximately
10 85 different cryptocurrencies and digital assets, with Strix Leviathan providing advice on such trades, largely
11 through algorithms designed by Strix Leviathan staff.

12 **Registration Status**

13 5. Strix Leviathan is not and has never been registered as an investment adviser in the State of
14 Washington.

15 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:
16

17 **CONCLUSIONS OF LAW**

18 1. At least one of the digital assets on which Strix Leviathan I, LLC provided advice to Strix
19 Leviathan Nest Fund I LLC constitutes a “security” as defined in RCW 21.20.005(17).

20 2. Strix Leviathan I LLC engaged in the business of advising others, for compensation, as to the
21 value of securities or as to the advisability of investing in, purchasing, or selling securities.

22 3. Strix Leviathan I LLC has violated RCW 21.20.040 by transacting business in Washington as
23 an investment adviser without being appropriately registered.

1 Based upon the foregoing and finding it in the public interest:

2 **CONSENT ORDER**

3 IT IS AGREED AND ORDERED that Respondent Strix Leviathan I LLC, and its agents and
4 employees, shall cease and desist from violating RCW 21.20.040, the investment adviser registration section
5 of the Securities Act of Washington.

6 IT IS FURTHER AGREED AND ORDERED that Respondent Strix Leviathan I LLC shall be liable
7 for and shall pay a fine of \$10,000 on or before the entry of this Consent Order.

8 IT IS FURTHER AGREED AND ORDERED that Respondent Strix Leviathan I LLC shall be liable
9 for and shall pay investigative costs of \$8,000 on or before entry of this Consent Order.

10 IT IS FURTHER AGREED AND ORDERED that Respondent Strix Leviathan I LLC, and its
11 principals, agents, and employees, has not previously withdrawn and shall not withdraw any management fees
12 earned while operating as an unregistered and non-exempt investment adviser, and to the extent that it has
13 treated any management fees as accrued but has not withdrawn them, shall reallocate them to investors'
14 accounts in proportion with the amount of their investment and the time period during which the fee was
15 accrued.

16 IT IS FURTHER AGREED that, in the event that Strix Leviathan I LLC applies for registration with
17 the Securities Division as an investment adviser in the State of Washington, this Consent Order alone shall
18 not constitute a bar to such application or registration.

19 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

20 IT IS FURTHER AGREED that Respondent Strix Leviathan I LLC enters into this Consent Order
21 freely and voluntarily and with a full understanding of its terms and significance.

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Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



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Reviewed by:



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