

ORDER SUMMARY
Consumer Services Division Case Number C-24-3746

Temporary Orders to Cease and Desist require individuals or companies to temporarily stop doing things, usually things that could harm or have harmed consumers. The individual or company has the right to contest the Order at an administrative hearing. If the individual or company does not contest the temporary order, it will become permanent.

Name	CoinList Markets, LLC, NMLS #1785267
Order Number	C-24-3746-24-TD01
Date issued	April 3, 2024

What does this Temporary Order to Cease and Desist require?

- Respondent shall immediately cease and desist accepting any new business from customers in Washington State (“Washington Customers”) and shall not resume service to Washington Customers without the prior approval of the Department. This does not prohibit Respondent from returning assets to Washington Customers.
- Respondent shall place and hold all assets deposited by or obligated to Respondent’s Washington Customers in secure and segregated accounts, one account for each individual Washington Customer.
- Respondent shall acknowledge, for all assets deposited or obligated to Respondent’s Washington Customers that Respondent controls, that Respondent controls such assets on behalf of Washington Customers. This shall include any necessary updates to Respondent’s terms of service and other agreements with Washington Customers.
- Notify each of Respondent’s Washington Customers:
 - That Respondent has ceased doing business in Washington other than to return assets to Washington Customers.
 - That any assets that Respondent controls that are obligated to a Washington Customer, Respondent controls on behalf of that Washington Customer.
 - That Respondent is (or has, as applicable) moving assets obligated to each Washington Customer into a segregated account for each Washington Customer.
- Respondent shall cooperate with the Department and provide full access to information and records at the request of the Department.
- Maintain permissible investments and tangible net worth in accordance with chapter 19.230 RCW.
- Update Respondent’s terms of service to disclose insolvency risks.

Need more information?

You can contact the Consumer Services Division, Enforcement unit at (360) 902-9703 or cseforcecomplaints@dfi.wa.gov. Please remember that we cannot provide financial or legal advice to members of the public. We also cannot release confidential information.

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Uniform Money Services Act of Washington by:

COINLIST MARKETS, LLC,
NMLS NO. 1785267,

Respondent.

NO. C-24-3746-24-TD01

TEMPORARY ORDER TO
CEASE AND DESIST

THE STATE OF WASHINGTON TO: CoinList Markets, LLC

COMES NOW the Director of the Washington State Department of Financial Institutions, by and through his designee Ali Higgs, Division of Consumer Services Acting Director, and finding that the public is likely to be substantially injured by delay in issuing a cease and desist order, enters this temporary order to cease and desist pursuant to chapter 19.230 RCW, the Uniform Money Services Act (Act), based on the following:

I. FACTUAL ALLEGATIONS

1.1 Respondent. CoinList Markets, LLC (Respondent) is a money transmitter licensed by the Department of Financial Institutions' Division of Consumer Services (Department) to conduct business as a money transmitter on or about April 5, 2021. Respondent continues to be licensed by the Department as of the date of this Temporary Order to Cease and Desist (Order).

1.2 Unsafe and Unsound Practices. From at least January 2022 to the date of this Order, Respondent engaged in activity causing Respondent to become insolvent or that created the likelihood of material loss, insolvency, or dissipation of Respondent's assets, or otherwise materially

1 prejudiced the financial condition of Respondent or the interests of its customers. This section outlines
2 areas where Respondent engaged in such unsafe and unsound practices.

3 **A. Tangible Net Worth.** From at least 2022 to the date of this Order, Respondent
4 did not at all times maintain a tangible net worth of ten thousand dollars for every million dollars in
5 total company-wide money transmission. In 2023, Respondent had a negative tangible net worth and
6 net losses of over \$3.2 million.

7 **B. Permissible Investments.** From at least January 2022 to March 2023,
8 Respondent did not maintain permissible investments for its virtual currency transmission volume of
9 the same volume and kind as the virtual currency held by Respondent that was obligated to
10 Respondent's consumers. During at least March 2023, Respondent did not maintain permissible
11 investments with a market value of at least the amount of Respondent's average daily transmission
12 liability for fiat currency. Additionally, as of March 31, 2023, Respondent's permissible investments
13 were less than Respondent's actual outstanding fiat currency liability.

14 **C. Commingled Accounts.** From at least August 2023 to the date of this Order,
15 Respondent commingled its customers' assets and its own assets, or at least reserved the ability (in
16 Respondent's Terms of Service) to commingle such assets in certain accounts.

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18 **1.3 Inadequate Disclosures.** From at least August 2023 to the date of this Order,
19 Respondent did not provide its customers with material information regarding its services, including
20 information explaining the circumstances under which a customer might be unable to withdraw their
21 assets. For example, Respondent did not disclose insolvency risks in its Terms of Service. This
22 omission is unfair, false, misleading, or deceptive because the failure to disclose insolvency risks
23 omitted information material to a customer's decision to use Respondent's platform.

1 **II. GROUNDS FOR ENTRY OF ORDER**

2 **2.1** Based upon the facts set forth in Section I, Respondent is in violation of RCW
3 19.230.340(2) and (4), for engaging in an unfair or deceptive practice or for knowingly disseminating
4 any false, deceptive, or misleading information in the provision of money services, including omitting
5 material risks from customer disclosures, and engaging in conduct which creates the likelihood of
6 material loss, insolvency, or dissipation of Respondent’s assets, or otherwise materially prejudices the
7 financial condition of Respondent or the interests of its customers. *See* RCW 19.230.010(29).
8

9 **2.2** Based on the Factual Allegations set forth in Section I above, Respondent is in violation
10 of RCW 19.230.060 and WAC 208-690-060 for not maintaining a tangible net worth, calculated at ten
11 thousand dollars for every one million dollars of total company-wide money transmission and payment
12 instrument dollar volume over the previous twelve months.

13 **2.3** Based on the Factual Allegations set forth in Section I above, Respondent is in violation
14 of RCW 19.230.200(1)(a) for not maintaining, at all times, permissible investments – with respect to
15 Respondent’s fiat transactions – that have a market value computed in accordance with generally
16 accepted accounting principles of not less than the amount of Respondent’s average daily transmission
17 liability. Based on the Factual Allegations set forth in Section I above, Respondent is also in violation
18 of RCW 19.230.200(1)(b) for not holding permissible investments – with respect to Respondent’s
19 virtual currency transactions – consisting of like-kind virtual currencies of the same volume as that
20 held by Respondent but which is obligated to consumers.
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22 **III. AUTHORITY TO ISSUE TEMPORARY ORDER TO CEASE AND DESIST**

23 **3.1 Authority to Issue Temporary Order to Cease and Desist.** Pursuant to RCW
24 19.230.260, the Director is authorized to issue a temporary order to cease and desist whenever the

1 Director determines that a violation of the Act or of a rule adopted or an order issued under the Act by
2 a licensee, authorized delegate, or other person subject to the Act is likely to cause immediate and
3 irreparable harm to the licensee, its customers, or the public as a result of the violation, or cause
4 insolvency or significant dissipation of the assets of the licensee. The Director may issue a temporary
5 order to cease and desist requiring the licensee, authorized delegate, or other person subject to the Act
6 to cease and desist from conducting business in Washington State or to cease and desist from the
7 violation or undertake affirmative actions as are necessary to comply with the Act, any rule adopted
8 under the Act, or order issued by the Director under the Act. The order is effective upon service upon
9 the licensee, authorized delegate, or other person subject to the Act.
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11 **IV. FINDINGS AND ORDER**

12 Based upon the above facts, Grounds for Entry of Order, and Authority to Issue Temporary
13 Order to Cease and Desist, and pursuant to RCW 19.230.260, the Director determines Respondent's
14 conduct set forth in Section I above is likely to cause immediate and irreparable harm to the licensee,
15 its customers, or the public as a result of the violations.

16 Therefore, the Director ORDERS that:

17 **4.1** Respondent shall immediately cease and desist accepting any new business from
18 customers in Washington State ("Washington Customers") and shall not resume service to
19 Washington Customers without the prior approval of the Department. This does not prohibit
20 Respondent from returning assets to Washington Customers.
21

22 **4.2** Respondent shall immediately undertake these affirmative actions:

23 **A.** Place and hold all assets deposited by or obligated to Respondent's Washington
24 Customers in secure and segregated accounts, one account for each individual Washington Customer.

1 HEARING, THEN YOU MUST RETURN THE ATTACHED APPLICATION FOR ADJUDICATIVE
2 HEARING INCORPORATED HEREIN BY THIS REFERENCE. FAILURE TO COMPLETE AND
3 RETURN THE APPLICATION FOR ADJUDICATIVE HEARING FORM SO THAT IT IS RECEIVED
4 BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20) DAYS OF THE
5 DATE THAT THIS ORDER WAS SERVED ON YOU WILL CONSTITUTE A DEFAULT AND WILL
6 RESULT IN THE LOSS OF YOUR RIGHT TO A HEARING. SERVICE ON YOU IS DEFINED AS
7 POSTING IN THE U.S. MAIL, POSTAGE PREPAID, TO YOUR LAST KNOWN ADDRESS. BE
8 ADVISED THAT DEFAULT WILL RESULT IN THIS ORDER TO CEASE AND DESIST
9 BECOMING PERMANENT ON THE TWENTY-FIRST (21ST) DAY FOLLOWING SERVICE OF
10 THIS ORDER UPON YOU.

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13 WITHIN TEN DAYS AFTER YOU HAVE BEEN SERVED WITH THIS TEMPORARY
14 ORDER TO CEASE AND DESIST, YOU MAY APPLY TO THE SUPERIOR COURT IN THE
15 COUNTY OF YOUR PRINCIPAL PLACE OF BUSINESS FOR AN INJUNCTION SETTING
16 ASIDE, LIMITING, OR SUSPENDING THIS ORDER PENDING THE COMPLETION OF THE
17 ADMINISTRATIVE PROCEEDINGS PURSUANT TO THIS NOTICE.

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DATED this 3rd day of April, 2024.





ALI HIGGS, Acting Director
Division of Consumer Services
Department of Financial Institutions

Presented by:



DREW STILLMAN
Financial Legal Examiner Supervisor