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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:

WEST REALM SHIRES SERVICES, INC.,
d/b/a FTX US, NMLS No. 1957771,

Respondent.

NO. C-22-3487-22-TD01

TEMPORARY ORDER TO
CEASE AND DESIST

9 THE STATE OF WASHINGTON TO:

West Realm Shires Services, Inc.,
d/b/a FTX US

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

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18 **I. FACTUAL ALLEGATIONS**

19 **1.1 Respondent.** West Realm Shires Services, Inc. (Respondent) is a money
20 transmitter located in Chicago, Illinois. Respondent is a corporation organized under the
21 laws of the State of Delaware and is registered with the Washington Secretary of State as
22 a foreign corporation. Respondent was licensed by the Department of Financial
23 Institutions, Division of Consumer Services (Department), to conduct business as a
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1 money transmitter on or about November 6, 2020, and continues to be licensed as of the
2 date of this Temporary Order to Cease and Desist (Order).

3 **1.2 Unsafe and Unsound Practices.**

4 **A. Suspended Payment of Obligations.** As of November 10, 2022,
5 Respondent suspended payments of its obligations to its customers. Respondent limited
6 their platform activity, preventing customers from transferring or withdrawing their
7 digital assets (virtual currency) stored on the platform.

8 **B. Bankruptcy Filing.** On November 11, 2022, Respondent filed a
9 voluntary petition for relief under chapter 11 of title 11 of the United States Code in the
10 Unites States Bankruptcy Court for the District of Delaware, which prevents customer
11 withdrawals without court order. On November 17, 2022, Declaration of John J. Ray III
12 (Ray) in Support of Chapter 11 Petitions and First Day Pleadings was filed in the
13 bankruptcy case (Declaration). Ray has been the Chief Executive Officer of Respondent
14 since November 11, 2022. In the Declaration Ray provided facts based on his personal
15 knowledge and his personal review of the relevant materials in Respondents files,
16 operations, and financial affairs.

17 **1.3 Failure to Maintain Accurate Records.** Respondent admitted in the
18 Declaration it does not have confidence in the accuracy and information contained in
19 Respondent's balance sheets showing Respondent's assets. Respondent also admitted
20 that significant liabilities were not reflected on Respondent's balance sheets.
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1 **II. GROUNDS FOR ENTRY OF ORDER**

2 **2.1** Based upon the facts set forth in Section I above, Respondent is in
3 violation of RCW 19.230.340(2) by engaging in an unfair or deceptive practice, including
4 engaging in conduct that creates the likelihood of material loss, insolvency, or dissipation
5 of the licensee’s assets, or otherwise materially prejudices the financial condition of the
6 licensee or the interests of its customers. *See* RCW 19.230.010(29).

7 **2.2** Based upon the facts set forth in Section I above, Respondent is in
8 violation of RCW 19.230.340(2) by engaging in an unfair or deceptive practice for failing
9 to maintain accurate records; in violation of RCW 19.230.340(6) for making any false
10 entry, or omitting or concurring in omitting any material entry, in the books or accounts
11 of the business; and in violation of RCW 19.230.170(1)(a) for failing to maintain a
12 general ledger containing all assets, liabilities, capital, income, and expense accounts.
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14 **III. AUTHORITY TO ISSUE TEMPORARY ORDER TO CEASE AND DESIST**

15 **3.1 Authority to Issue Temporary Order to Cease and Desist.** Pursuant to
16 RCW 19.230.260, the Director is authorized to issue a temporary order to cease and
17 desist whenever the Director determines that a violation of the Act or of a rule adopted
18 under the Act by a licensee, authorized delegate, or other person subject to the Act is
19 likely to cause immediate and irreparable harm to the licensee, its customers, or the
20 public as a result of the violation, or cause insolvency or significant dissipation of the
21 assets of the licensee. The Director may issue a temporary order to cease and desist
22 requiring the licensee, authorized delegate, or other person subject to the Act to cease and
23 desist from conducting business in this state, or to cease and desist from the violation, or
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1 undertake affirmative actions as are necessary to comply with the Act, any rule adopted
2 under the Act, or order issued by the Director under the Act. The order is effective upon
3 service upon the licensee, authorized delegate, or other person subject to the Act.

4 **IV. FINDINGS AND ORDER**

5 Based on the above facts, Grounds for Entry of Order, and Authority to Issue
6 Temporary Order to Cease and Desist, and pursuant to RCW 19.230.260, the Director
7 determines Respondent's conduct set forth in Section I above is likely to cause immediate
8 and irreparable harm to the licensee, its customers, or the public as a result of the
9 violations. Therefore, the Director ORDERS that:
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11 **4.1** Respondent West Realm Shires Services, Inc., d/b/a FTX US shall
12 immediately cease and desist accepting any new business or new assets from Washington
13 residents. Respondent West Realm Shires Services, Inc., d/b/a FTX US shall not resume
14 its money transmitter business in Washington without the Department's approval. This
15 does not prohibit Respondent West Realm Shires Services, Inc., d/b/a FTX US from
16 allowing Washington residents to withdraw their digital assets.

17 **4.2** Respondent West Realm Shires Services, Inc., d/b/a FTX US shall
18 undertake the following affirmative actions:

- 19 A. Cooperate with the Department and provide full access to
20 information and records at the request of the Department.
21 B. Obtain and maintain an adequate surety bond, or renew its current
22 bond.

23 **4.3** This order shall take effect immediately and shall remain in effect unless
24 set aside, limited, or suspended in writing by an authorized court.

1 **NOTICE**

2 PURSUANT TO CHAPTER 19.230 RCW, YOU ARE ENTITLED TO A
3 HEARING TO DETERMINE WHETHER THIS ORDER SHALL BECOME
4 PERMANENT. IF YOU DESIRE A HEARING, THEN YOU MUST RETURN THE
5 ATTACHED APPLICATION FOR ADJUDICATIVE HEARING INCORPORATED
6 HEREIN BY THIS REFERENCE. FAILURE TO COMPLETE AND RETURN THE
7 APPLICATION FOR ADJUDICATIVE HEARING FORM SO THAT IT IS RECEIVED
8 BY THE DEPARTMENT OF FINANCIAL INSTITUTIONS WITHIN TWENTY (20)
9 DAYS OF THE DATE THAT THIS ORDER WAS SERVED ON YOU WILL
10 CONSTITUTE A DEFAULT AND WILL RESULT IN THE LOSS OF YOUR RIGHT TO
11 A HEARING. SERVICE ON YOU IS DEFINED AS POSTING IN THE U.S. MAIL,
12 POSTAGE PREPAID, TO YOUR LAST KNOWN ADDRESS. BE ADVISED THAT
13 DEFAULT WILL RESULT IN THIS ORDER TO CEASE AND DESIST BECOMING
14 PERMANENT ON THE TWENTY-FIRST (21ST) DAY FOLLOWING SERVICE OF
15 THIS ORDER UPON YOU.

17 WITHIN TEN DAYS AFTER YOU HAVE BEEN SERVED WITH THIS
18 TEMPORARY ORDER TO CEASE AND DESIST, YOU MAY APPLY TO THE
19 SUPERIOR COURT OF WASHINGTON IN THE COUNTY OF YOUR PRINCIPAL
20 PLACE OF BUSINESS OR IN THE COUNTY OF THURSTON FOR AN
21 INJUNCTION SETTING ASIDE, LIMITING, OR SUSPENDING THIS ORDER
22 PENDING THE COMPLETION OF THE ADMINISTRATIVE PROCEEDINGS
23 PURSUANT TO THIS NOTICE.
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DATED this 22nd day of November, 2022.



/s/
LUCINDA FAZIO, Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

Approved by:

/s/
KENDALL FREED
Financial Legal Examiner

/s/
JACK McCLELLAN
Enforcement Chief