

ORDER SUMMARY – Case Number: C-22-3487

Name(s): West Realm Shires Services, Inc.

C-22-3487-22-FO01

Order Number: _____

Effective Date: 12/16/2022

License Number: NMLS 1957771
Or NMLS Identifier [U/L] _____

License Effect: _____

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: _____

Investigation Costs	\$		Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Financial Literacy and Education	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Cost of Prosecution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	No. of Victims:			

Comments: Final Order to Cease and Desist and take affirmative actions.

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

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

NO. C-22-3487-22-FO01

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

FINAL ORDER TO CEASE AND DESIST

Respondent.

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Lucinda Fazio, pursuant to RCW 34.05.440(1). On November 22, 2022, the Director, through Consumer Services Division Director Lucinda Fazio, entered a Temporary Order to Cease and Desist against West Realm Shires Services Inc., d/b/a FTX US (FTX US). A true copy of the Temporary Order to Cease and Desist is attached and incorporated into this order by this reference. The Temporary Order to Cease and Desist was accompanied by a cover letter dated November 22, 2022, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing. The Department served the Temporary Order to Cease and Desist, cover letter dated November 22, 2022, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing on Respondent on November 22, 2022, by First-Class mail and Federal Express overnight delivery. The documents sent via First-Class mail were not returned to the Department by the United States Postal Service as undeliverable. The documents sent by Federal Express were delivered on November 23, 2022.

1 Respondent's Application for Adjudicative Hearing was due no later than December 13, 2022.
2 The Department did not receive Respondent's Application for Adjudicative Hearing within 20 calendar
3 days after the Department served it with the Notice of Opportunity to Defend and Opportunity for
4 Hearing, as provided for in WAC 208-08-050(2). The Department received confirmation from
5 Respondent's attorney via email on December 9, 2022, that Respondent received the documents served
6 and that Respondent understood that the Department would make the Temporary Cease and Desist
7 Order final if a hearing was not requested by December 13, 2022.

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9 B. Record Presented. The record presented to the Director's designee for her review and
10 for entry of a final decision included the following: Temporary Order to Cease and Desist, cover letter dated
11 November 22, 2022, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application
12 for Adjudicative Hearing, with documentation of service.

13 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
14 Director's designee hereby adopts the Temporary Order to Cease and Desist, which is attached hereto.

15 II. FINAL ORDER

16 Based upon the foregoing, and the Director's designee having considered the record and
17 being otherwise fully advised, NOW, THEREFORE:

18 A. IT IS HEREBY ORDERED, that:

- 19 1. Respondent West Realm Shires Services, Inc., d/b/a FTX US shall immediately cease
20 and desist accepting any new business or new assets from Washington residents.
21 Respondent West Realm Shires Services, Inc., d/b/a FTX US shall not resume its
22 money transmitter business in Washington without the Department's approval. This
23 does not prohibit Respondent West Realm Shires Services, Inc., d/b/a FTX US from
24 allowing Washington residents to withdraw their digital assets.
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1 2. Respondent West Realm Shires Services, Inc., d/b/a FTX US shall undertake the
2 following affirmative actions:

3 a. Cooperate with the Department and provide full access to information and
4 records at the request of the Department.

5 b. Obtain and maintain an adequate surety bond, or renew its current bond.

6 3. This order shall take effect immediately and shall remain in effect unless set aside,
7 limited, or suspended in writing by an authorized court.

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9 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
10 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
11 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150
12 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
13 Washington 98504-1200, within ten days of service of the Final Order upon Respondent. The Petition for
14 Reconsideration shall not stay the effectiveness of this order nor is a Petition for Reconsideration a
15 prerequisite for seeking judicial review in this matter.

16 A timely Petition for Reconsideration is deemed denied if, within 20 days from the date the
17 petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written
18 notice specifying the date by which it will act on a petition.

19 C. Stay of Order. The Director's designee has determined not to consider a Petition
20 to Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
21 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

22 D. Judicial Review. Respondent has the right to petition the superior court for judicial
23 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing
24 a Petition for Judicial Review, see RCW 34.05.510 and sections following.
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1 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for
2 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
3 attached hereto.

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5 DATED this 16th day of December, 2022.



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS

/s/

Lucinda Fazio, Director
Division of Consumer Services

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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
24

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.

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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