

STATE OF NORTH CAROLINA

WAKE COUNTY

IN A MATTER
BEFORE THE COMMISSIONER OF BANKS
DOCKET NO. 22:093:MT

IN RE:)
)
WEST REALM SHIRES SERVICES)
INC. dba FTX)
)
)
NMLS ID No. 1957771)

CONSENT ORDER

NOW COME the Non-Depository Entities Division of the North Carolina Office of the Commissioner of Banks (NCCOB) and West Realm Shires Services Inc. doing business as FTX (FTX), collectively referred to as “the Parties,” and agree to the entry of this Consent Order.

FINDINGS OF FACT

1. The NCCOB is responsible for the regulation, licensing, and supervision of money transmitters doing business in North Carolina in accordance with Article 16B of Chapter 53 of the North Carolina General Statutes as periodically amended (MTA).

A. Licensure History

2. On 18 April 2022, FTX was licensed as a money transmitter under the MTA per an Approval Order bearing Docket No. 22:MT:027. FTX has been so licensed since that date.

3. On 22 November 2022, the Commissioner of Banks (Commissioner) issued a Summary Suspension and Cease and Desist Order (Summary Suspension Order), with an effective date of 23 November 2022. FTX’s MTA license was summarily suspended because its surety bond was cancelled and it suspended payments of its obligations to consumers, among other things.

B. Bankruptcy

4. On 11 November 2022, FTX filed a Chapter 11 bankruptcy petition in the United States Bankruptcy Court for the District of Delaware, Case No. 22-11071.

5. The preceding bankruptcy case is still pending.

6. More than 35,000 consumers have filed proofs of claims in the consolidated bankruptcy case, which includes other FTX affiliated companies.

7. In addition, the FTX debtors have filed a motion to estimate digital assets for the purpose of consumer restitution.

8. Given the number of claims that are filed, FTX may not have sufficient resources to make consumers whole.

C. Disciplinary Actions

9. Between 23 November 2022 and 20 December 2023, at least eleven state regulators entered enforcement actions against FTX:

State	Date	Document Title	Action
Pennsylvania	11/23/2022	Consent Agreement and Order	License suspended
Alaska	11/28/2022	Cease and Desist and Suspension Order	License suspended; no new money transmission activities
Kentucky	12/2/2022	Order Revoking Money Transmitter License	License revoked
Washington State	12/16/2022	Final Order to Cease and Desist	Cease and desist from new money transmission activity
South Dakota	12/21/2022	Consent Agreement and Order	License suspended
Oregon	12/26/2022	Final Order to Cease and Desist, Final Order Suspending License, and Consent to Entry of Order	License suspended; cease and desist from engaging in money transmission activities
Ohio	12/29/2022	Consent Order and Agreement	License suspended
Michigan	1/10/2023	Order Accepting Stipulation	License suspended
North Dakota	2/28/2023	Consent Order and Agreement	License suspended
Rhode Island	3/14/2023	Consent Agreement and Order	License suspended

Connecticut	12/20/2023	Order Revoking Money Transmission License Order to Cease and Desist Order Imposing Civil Penalty	Licensed revoked; cease and desist from engaging in unsafe or unsound practices, and a civil penalty of \$1,000,000 was imposed
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D. Former Chief Executive Officer’s Criminal Charges and Conviction

10. On 9 December 2022, FTX’s former Chief Executive Officer, Samuel Bankman-Fried (Bankman), was indicted on charges of conspiracy to commit wire fraud on customers, wire fraud on customers, conspiracy to commit wire fraud on lenders, wire fraud on lenders, conspiracy to commit commodities fraud, conspiracy to commit securities fraud, conspiracy to commit money laundering, and conspiracy to defraud the United States and violate the campaign finance laws. United States District Court for the Southern District of New York, Case No. 1:22-CR-00673-LAK.

11. On 2 November 2023, a jury found Bankman guilty on all of the preceding charges. As a result, Bankman is not eligible to own, operate, or control a company licensed under the MTA.

E. Miscellaneous

12. FTX has represented to NCCOB that the remaining employees lack the knowledge to attest to certain information in the Nationwide Multistate Licensing System & Registry (NMLS).

13. On or about 22 December 2023, FTX submitted correspondence to NCCOB requesting to surrender its license.

14. FTX neither admits nor denies the allegations herein but desires to resolve this matter without further cost or expense through this Consent Order.

15. The Parties have voluntarily, willingly, and of their own accord agreed to the terms of this Consent Order.

16. The Parties further agree and acknowledge that this Consent Order sets forth all terms and conditions between them concerning this matter and supersedes all prior oral and written statements and representations. There are no terms or conditions between the parties except as specifically set forth in this Consent Order.

17. FTX waives its right to a contested hearing before the North Carolina

Commissioner of Banks (Commissioner) and to appeal this Consent Order to the North Carolina State Banking Commission or any court.

18. FTX agrees to entry of this Consent Order.

19. Upon entry of this Consent Order, the NCCOB will consider this matter fully resolved as to FTX and agrees to take no further enforcement action regarding the matters alleged in this proceeding as against FTX.

20. FTX has had the opportunity to consult with legal counsel concerning the terms of this Consent Order.

21. The undersigned represent and warrant that they are authorized to enter into this Consent Order.

CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over FTX and to enforce the MTA.

2. Chief Deputy Commissioner Stephanie R. White has the authority to enter into this Consent Order for and on behalf of the NCCOB.

3. The entry of this Consent Order is in the public interest.

4. This Consent Order is a matter of public record and may be disseminated as such.

5. Nothing in this Consent Order shall be construed to prohibit the NCCOB from investigating compliance with this Consent Order, or to prohibit the NCCOB from investigating or pursuing enforcement proceedings against other persons for their involvement in the matters alleged in this proceeding. Nothing in this Consent Order shall be construed as a waiver of any claim or defense that an individual consumer may have against FTX.

6. This Consent Order shall be binding upon and inure to the benefit of the Parties hereto and their respective legal representatives, successors, and assigns.

Based upon the foregoing findings of fact and conclusions of law, the Commissioner enters the following:

ORDER

1. The Commissioner accepts the surrender of FTX's license under N.C. Gen. Stat. § 53-208.57(e), with the effects set forth therein.
2. FTX shall not apply for or seek licensure or exemption under the MTA with the NCCOB in the future.
3. FTX shall not indirectly or directly own, operate, or control, as defined in N.C. Gen. Stat. § 53-208.42(5), or otherwise be engaged in any money transmission business in North Carolina, as defined by the MTA.
4. FTX's consent to this order shall not deprive the NCCOB of jurisdiction over its money transmission activities under the MTA occurring prior to the effective date of this Consent Order. NCCOB may initiate an enforcement action against FTX seeking any of the remedies available under the MTA and other applicable laws including consumer restitution, civil money penalties, and injunctive relief. This provision does not apply to the issues resolved by this Consent Order.
5. FTX shall cooperate fully and to the best of its ability with any future NCCOB complaints, investigations, and examinations.
6. This Consent Order shall be deemed a regulatory action and shall be posted to NMLS as required by the MTA.

(Signatures on next page.)

IT IS SO ORDERED.

NORTH CAROLINA COMMISSIONER OF BANKS	
Katherine M.R. Bosken Commissioner of Banks	[REDACTED]
Effective Date	03/14/2024
WE CONSENT	[REDACTED]
For the Office of the Commissioner of Banks	
Stephanie R. White Chief Deputy Commissioner of Banks	[REDACTED]
Date	03/14/2024
James D. Crowder Attorney	[REDACTED]
Date	03/14/2024
For FTX	
John J. Ray III Chief Executive Officer and Chief Restructuring Officer	[REDACTED]
Date	03/14/2024