IN THE MATTER OF THE DEALER REGISTRATION OF STARTENGINE CROWDFUNDING, INC. §

TO: Howard Marks, CEO
StartEngine Crowdfunding, Inc.
3900 West Alameda Ave, Suite 1200
Burbank, CA 91505

CONSENT ORDER

Be it remembered that StartEngine Crowdfunding, Inc. (“Respondent”) appeared before the Securities Commissioner of the State of Texas (“Securities Commissioner”) and consented to the entry of this order (“Order”) and the Findings of Fact and Conclusions of Law contained herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent’s rights to notice and hearing in this matter; (b) Respondent’s rights to appear and present evidence in this matter; (c) Respondent’s right to appeal this Order; and (d) all other procedural rights granted to the Respondent by The Securities Act, Tex. Gov’t Code §§ 4001.001-4008.105 (“Texas Securities Act”), and the Administrative Procedure Act, Tex. Gov’t Code Ann. §§ 2001.001-2001.903.

2. On March 24, 2022, Respondent applied for registration with the Securities Commissioner as a dealer, as required by Section 4004.051 of the Texas Securities Act, which requires an issuer to register as a dealer with the Securities Commissioner in connection with sales of its securities in Texas. This application is currently pending.

3. Respondent was previously registered as a dealer with the Securities Commissioner between October 13, 2017 and December 31, 2019.

4. Respondent is the parent company of an equity crowdfunding platform that connects startups, private companies, and investors, which allows startups and
private businesses to raise capital from the crowd through the sales of securities pursuant to the federal Regulation A Tier 2 offering exemption.

5. Respondent also issues its own securities pursuant to Regulation A Tier 2.

**Unregistered Activity**

6. Respondent failed to renew its dealer registration to sell its own securities with the Securities Commissioner for 2020 and 2021.

7. During this period when Respondent was not registered to sell its own securities, Respondent offered its own equity securities for sale in Texas. Specifically, from September 2021 through December 2021, Respondent sold shares of its stock to Texas residents.

8. Section 4001.056 of the Texas Securities Act, which defines a “dealer” in Texas, provides that any issuer of securities, other than a registered dealer, who directly offers for sale or sells its own securities in Texas shall be deemed a dealer and shall be required to comply with applicable dealer registration provisions.

**Mitigating Factors**

9. Respondent did not receive any selling commissions in connection with its sales of its own securities in Texas.

10. Respondent's securities, issued pursuant to Regulation A Tier 2, were properly notice-filed with the Securities Commissioner as required by Board Rule 114.4(b)(5).

11. Respondent has examined its internal processes and created new protocols to avoid a future lapse in its registration as a dealer.

**CONCLUSIONS OF LAW**

1. Respondent was required by Section 4004.051 of the Texas Securities Act to register as a dealer with the Securities Commissioner in connection with its sales of its securities in Texas.

2. Accordingly, Respondent violated Section 4004.051 of the Texas Securities Act by selling securities in Texas during a time when Respondent was not registered as a dealer with the Securities Commissioner.

3. Pursuant to Section 4007.105(a)(13)(A) of the Texas Securities Act, the aforementioned violation of Section 4004.051 of the Texas Securities Act constitutes a basis for the issuance of an Order reprimanding Respondent.

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4. Pursuant to Section 4007.106(a)(3) of the Texas Securities Act, Respondent's aforementioned violation of Section 4004.051 of the Texas Securities Act constitutes a basis for the assessment of an administrative fine against Respondent.

ORDER

1. It is therefore ORDERED that the application for registration as a dealer with the Securities Commissioner is hereby APPROVED.

2. It is further ORDERED that StartEngine Crowdfunding, Inc. is hereby REPRIMANDED.

3. It is further ORDERED that StartEngine Crowdfunding, Inc. shall pay an ADMINISTRATIVE FINE in the amount of seven thousand five hundred dollars ($7,500.00). Payment shall be made by delivery of a cashier's check to the Securities Commissioner in the amount of seven thousand five hundred dollars ($7,500.00), payable to the State of Texas, contemporaneously with the delivery of this Order.

SIGNED AND ENTERED BY THE SECURITIES COMMISSIONER this 12th day of July, 2022.

[Signature]
Travis J. Iles
Respondent:

StartEngine Crowdfunding, Inc.
By: Howard Marks,
CEO

Approved as to Form:

Clinton Edgar,
Deputy Securities Commissioner

Nadda Runruangphol,
Attorney
Registration Division