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## *Texas State Securities Board*

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### **Texas Securities Board Settles with Abra Over National Sales of Interest-Bearing Accounts** THE AGENCY'S SETTLEMENT REQUIRES ABRA TO RETURN ASSETS TO TEXANS AND OTHER U.S. INVESTORS

January 22, 2024. Securities Commissioner Travis J. Iles entered a [settlement in principle](#) with a group of affiliated companies commonly known as Abra. The settlement addresses their alleged offer and sale of interest-bearing cryptocurrency depository products referred to as Abra Boost and Abra Earn. As part of the settlement, investors will be able to withdraw assets from their accounts, and Abra will convert unclaimed assets to fiat currency before sending checks to Texas investors. The settlement requires Abra to afford other state securities regulators the opportunity to participate under the same terms.

The respondents include Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC and Abra Boost LLC. The companies are commonly controlled by William "Bill" Barhydt, and he is also a party to the settlement. Together, they offered Abra Earn to all U.S. clients and Abra Boost to accredited U.S. clients. Investors in both programs earned interest by depositing digital assets with Abra and authorizing Abra to lend client assets to institutional borrowers.

"This settlement results from months of tireless work to bring the best possible resolution for Texas investors and investors across the United States. Our team, led by Joe Rotunda, Enforcement Director, is to be commended. Counsel for respondents, Christopher Gerold, Lowenstein, and Ronak V. Patel, Bressler, through thoughtful and at times uncomfortable engagement, were integral to the result.

"Existing securities laws are well equipped to protect investors purchasing traditional products such as stocks or bonds as well as new and innovative securities tied to digital assets and evolving technologies. I am pleased to see those tools effectively utilized in Texas," said Commissioner Travis J. Iles.

A working group of state securities regulators, led by the Texas State Securities Board, have been investigating offers and sales of Abra Boost and Abra Earn. Beginning on June 15, 2023, various members of the working group, including the Texas State Securities Board, began filing ex parte enforcement actions against Abra and Mr. Barhydt. These enforcement actions collectively and generally alleged the respondents engaged in misconduct in connection with the offer and/or sale of Abra Earn and Abra Boost and that the firms were insolvent or nearly insolvent by March 31, 2023.

Around the time Texas and other state agencies filed actions, Abra held cryptocurrencies valued at approximately \$13.6 million on behalf of more than 12,000 U.S. investors. These assets included cryptocurrencies valued at approximately \$1.8 million owned by approximately 1,600 Texas residents.

Following the entry of these ex parte enforcement actions, Abra began winding down U.S. retail operations. The settlement in principle accelerates the process. It requires Abra to notify clients with balances of more than \$10 and afford them the opportunity to withdraw their assets for seven days. Assets that are unclaimed during this window will be converted to fiat currency and directed to remaining Texas investors.

“Our agency recognizes that financial losses can have a devastating impact on retirement planning, college savings, and even the ability to pay routine bills and expenses,” said Joe Rotunda. “When settling this matter, we prioritized returning money to retail investors. Our division stands ready to assist Texans throughout the process.” He also encouraged clients to check their email – including their spam folders – for correspondence from the agency and instructions from Abra.

As part of the settlement in principle, Abra and Mr. Barhydt will consent to the entry of a Consent Order by the Securities Commissioner, and the agency will dismiss actions filed on or after June 15, 2023. The entry of the new order and dismissal of prior actions is contingent upon Abra successfully fulfilling the terms of the settlement. Abra has 30 days from the date of the settlement in principle to complete its obligations.

Commissioner Iles also recognized the exceptional work of Ethan McLaughlin from the Vermont Department of Financial Regulation, the invaluable coordination with the Texas Department of Banking and the strong assistance from members of the Money Transmitters Regulators Association.

Abra and Mr. Barhydt cooperated with the investigation.

CONTACT: Abra investors residing in Texas should contact Joe Rotunda (Director, Enforcement Division), Seth Oufnac (Financial Examiner, Enforcement Division) and Jane Lee (Attorney, Enforcement Division) at [enforceinfo@ssb.texas.gov](mailto:enforceinfo@ssb.texas.gov).