

**STATE OF NEW HAMPSHIRE
BANKING DEPARTMENT**

In The Matter of: Poloniex, LLC (n/k/a Poloniex, Inc.)
Case No. 16-033

CONSENT ORDER

WHEREAS, pursuant to RSA 399-G, the New Hampshire Banking Department (“Department”) is charged with regulating persons that “engage in the business of money transmission” in New Hampshire or with New Hampshire consumers.

WHEREAS, pursuant to RSA 399-G:13, I, the Department is authorized to examine the business affairs of any licensee or non-licensee money transmitter to determine compliance with RSA 399-G.

WHEREAS, Poloniex, LLC (n/k/a Poloniex, Inc.) (“Poloniex”) was a Whitefish, Montana limited liability company that registered as a money services business (money transmitter) with the Financial Crimes Enforcement Network (“FinCEN”) in October of 2014. Poloniex, Inc. is a registered Delaware corporation. Poloniex is neither registered with the New Hampshire Secretary of State nor licensed by the Department as a New Hampshire Money Transmitter.

WHEREAS, pursuant to its authority under RSA 399-G:5, I and RSA 399-G:13, I, the Department, through the Consumer Credit Division, conducted an investigation of Poloniex.

WHEREAS,

1. Poloniex is a virtual currency exchange. Users on the Poloniex exchange create accounts on the Poloniex exchange to hold their cryptocurrencies and then use those stored amounts to buy, sell, lend or trade cryptocurrency.
2. Poloniex charges its Users for their executed trades, when it transfers the cryptocurrency from one User’s account to another User’s account on the Poloniex

exchange.

3. Poloniex created stored value accounts on its exchange for 102 Users between 2014 and 2015, without a New Hampshire Money Transmitter license.
4. Between 2014 and 2015, Poloniex collected a total of \$891.58 in trade fees from the transfer of cryptocurrencies between Users' accounts, without a New Hampshire Money Transmitter license.
5. Poloniex represents that it was under the belief that it was not subject to New Hampshire money transmitter licensing laws during the above-mentioned time period.
6. Poloniex fully intends to seek licensure as a New Hampshire Money Transmitter.
7. Poloniex fully cooperated with the Department.

WHEREAS, Poloniex makes the following acknowledgements:

1. Poloniex acknowledges that were an administrative hearing to be held in this matter, the Department would introduce evidence demonstrating that Poloniex violated RSA 399-G:2, I, requiring a license to act as a money transmitter.
2. Poloniex voluntarily enters into and signs this Consent Order without reliance upon any discussions between the Department and Poloniex, without the promise of a benefit of any kind (other than the concessions contained in this Consent Order), and without threats, force, intimidation or coercion of any kind.
3. The conduct described above, if proven, would constitute violations of state law, which could result in penalties pursuant to RSA 399-G:23, II and III.
4. Poloniex acknowledges, understands, and agrees that it has the right to notice and an adjudicatory hearing to contest the matters set forth herein, including any appeal, and

hereby waives those rights. Poloniex further acknowledges that it waives the filing of any civil actions related to this Consent Order.

5. Poloniex understands that its action in entering this Consent Order is a final act and not subject to reconsideration or judicial review or appeal.
6. Poloniex understands the nature of the allegations set forth herein and that they constitute grounds for potential sanctions, as provided by law.
7. Poloniex represents and warrants that it has all the necessary rights, powers and abilities to carry out the terms of this Consent Order.
8. Poloniex acknowledges that the Department is relying upon Poloniex's representations and warranties stated herein in making its determinations in this matter.
9. Poloniex acknowledges that this Consent Order may be revoked and the Department may pursue any and all remedies available under the law against Poloniex if the Department later learns that Poloniex knowingly or willfully withheld information from the Department.
10. Poloniex understands that, pursuant to RSA 399-G:13, V and RSA 383:9, III, it is responsible for paying the cost of the examination in addition to any penalty that may be imposed by this Consent Order.
11. This Consent Order is binding on all heirs, assigns and successors in interest.

WHEREAS, Poloniex consents to the Department imposing the following sanctions:

1. Poloniex shall cease and desist from money transmitter activity with New Hampshire consumers until such time as it becomes a licensed New Hampshire Money

Transmitter.

2. Poloniex a) suspended the accounts of existing New Hampshire residents until such time as Poloniex is licensed to resume operations in New Hampshire, b) prevented New Hampshire residents from opening new accounts on the platform, and c) will wind down any open margin positions in a manner designed to cause the least harm to New Hampshire residents.
3. Poloniex shall remit a total penalty in the amount of \$891 by bank check to the “State of New Hampshire.” Such payment shall be made contemporaneously with Poloniex’s execution of this Consent Order.
4. Failure by Poloniex to comply with any portion of this Consent Order shall constitute a separate and sufficient basis for administrative action, up to and including monetary penalties.

NOW THEREFORE, the Commissioner of the New Hampshire Banking Department enters the following ORDER:

1. The sanctions set forth above are hereby entered;
2. Pursuant to RSA 399-G:24,VI, the Commissioner finds this action necessary or appropriate to the public interest or the protection of consumers and consistent with the purposes fairly intended by the policy and provisions of this title;
3. This Order fully resolves this matter and the Commissioner will not take further action against Poloniex for the allegations presented herein, provided that the Department may take enforcement action against Poloniex for any violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms of this Order are not being observed or if any

representation made by Poloniex and reflected herein is subsequently discovered to be untrue;

4. Nothing herein is intended to alter any future statutory or regulatory requirements of licensure and the allegations set forth above may be fully taken into account by the Department in connection with future examinations and enforcement actions; and
5. This Consent Order shall become final when issued.

Recommended by:

_____/s/
Maryam Torben Desfosses
Hearings Examiner
New Hampshire Banking Department

10/03/16
Date

_____/s/
Mary Beth Buchanan, Counsel
Poloniex, LLC (n/k/a Poloniex, Inc.)

10/11/16
Date

SO ORDERED.

_____/s/
Gerald H. Little
Bank Commissioner
New Hampshire Banking Department

10/13/16
Date