



Arkansas Securities
Department



Department of
Commerce

I.5(c)

To: Arkansas Legislative Council

Co-Chairs, Senator Terry Rice and Representative Jeff Wardlaw
c/o Marty Garrity, Bureau of Legislative Research

From: Arkansas Securities Department

Re: Arkansas Securities Department Quarterly Report Pursuant to Act 52 of 2021

Date: April 17, 2023

During the 3rd quarter of Fiscal Year 2023, the Arkansas Securities Department collected a total of \$162,009.44 assessed from orders. The total amount was deposited into the State General Revenue fund. A list of the orders is provided on the attached spreadsheet. No settlements or agreements directed payments to a specific entity. Copies of the orders are available on the Department's website at www.securities.arkansas.gov under the legal section.

Pursuant to the Arkansas Securities Act, fines paid for violations involving the Securities Act are deposited into the Investor Education Fund, until the total amount of fines collected reaches \$150,000.00 for each fiscal year. Securities Act fine money in excess of \$150,000.00 collected in any one year is designated as general revenues. All funds collected for violations of the Fair Mortgage Lending Act are directed to general revenue.

During the 3rd quarter of FY'23, the Department spent \$802.93 from the Investor Education Fund on operating expenses. The Investor Education Program made four presentations to approximately 190 persons during this quarter. These presentations focused on financial literacy, saving for retirement, and functions of the Arkansas Securities Department. Throughout the 3rd quarter, the Investor Education Program continued its partnership with Economics Arkansas to host a program for middle school students at Dunbar Magnet Middle School in Little Rock. This program is designed to instruct the students on matters of financial literacy. There are approximately 22 students participating in the program.

2nd Quarter Report for Legislative Council FY2020

	A	B	C	D	E	F	G	H	I
1	Date	Name of Order	Order Number	Total Amount of Fines Assessed	Funds Received by SIE0000	Funds Received by AGA0000	Rescission Offer or Restitution to Arkansas investors	Activities Funded	Summary
2									
3	3/29/2022	BlockFi Lending LLC	S-22-0012-22-OR01	\$943,396.22	\$188,679.24			Special Revenue	Consent Order regarding the sale of unregistered securities and an untrue statement of material fact made in connection with the sale of securities in Arkansas. The assessed fine will be paid in five installments with the first installment received in the 4th quarter of FY'22.
4		Totals		\$943,396.22	\$188,679.24				

3rd Quarter Report for Legislative Council FY2023

	A	B	C	D	E	F	G	H	I
1	Date	Name of Order	Order Number	Total Amount of Fines Assessed	Funds Received by SIE0000	Funds Received by AGA0000	Rescission Offer or Restitution to Arkansas investors	Activities Funded	Summary
2									
3	2/3/2023	PrimePay, LLC	C-22-0026-22-OR01	\$100,000.00		\$ 20,000.00		General Revenue	PrimePay maintains a principal place of business in West Chester, PA, PrimePay provides money transmission services to businesses for payroll services. PrimePay self-disclosed that it engaged in the business of money transmission in Arkansas without a license from 2019 to present. PrimePay will pay the \$100,000 penalty in five monthly installments. This represents the final payment.
4	2/6/2023	Nexo, Inc	S-23-0001-23-OR01	\$424,528.30		\$ 141,509.44		General Revenue	Nexo, Inc. is a Cayman Islands corporation that provides virtual currency-related financial services to retail and institutional borrower in the United States. They were not registered to do business in Arkansas in any capacity. The North American Securities Administrators Association (NASAA) conducted an investigation into whether the earned interest product (EIP), which allows clients to earn interest on digital assets, involved the offer and sale of unregistered securities by Nexo. Nexo reached an agreement with NASAA and the fifty states to cease and desist offering or selling the EIP or any security that is not registered, qualified, or exempt to new clients in the US. The total settlement amount was \$22,500,000 and is divided equally among the 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands and paid to each of the 53 Jurisdictions that enter into a consent order. The fine will be paid in four installments of \$141,509.44.
5	2/7/2023	Stonehenge Technology Labs, Inc	S-23-0000-23-OR01	\$500.00		\$ 500.00		General Revenue	Stonehenge is a corporation organized and operating under the laws of the State of Delaware with its principal address in Rogers, Arkansas. Stonehenge is not registered with the Arkansas Securities Department and sold securities issued by Stonehenge to Arkansas residents.
6									
7									
8		Totals		\$525,028.30	\$0.00	\$162,009.44			