



Arkansas Securities
Department



HUGH McDONALD
SECRETARY OF COMMERCE

SUSANNAH MARSHALL
COMMISSIONER
ARKANSAS SECURITIES DEPARTMENT

B.2

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 281 of 2023.

Date: March 31, 2024

During the 3rd quarter of Fiscal Year 2024, the Arkansas Securities Department collected a total of \$29,911.76 assessed from orders. Of the total, \$29,911.76 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 Fiscal Year 2024, the Department spent \$1,848.62 on operating expenses and \$10,430.00 on Grants from the Investor Education Fund. The Investor Education Program made 17 presentations to approximately 478 persons during this quarter. These presentations focused on financial literacy, saving for retirement, Your New Job, Elder Abuse, 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 the Stock Market Game. This program is designed to instruct the students and teachers on matters of financial literacy.

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
1/3/2024	TradeStation Crypto, Inc.	S-23-0044-23OR01	\$ 29,411.76		\$ 29,411.76		General Revenue	TradeStation Crypto, Inc. ("TCI" or "Respondent") is part of a group of companies that engage in financial services. From approximately August 2020 until June 30, 2022, TCI's digital asset trading accounts had a feature that accrued and paid interest to customers on certain digital asset balances in their accounts (the "Interest Feature"). From August 1, 2020, to June 30, 2022 (the "Offering Period"), TCI offered the Interest Feature to at least forty-six (46) Arkansas investors. Through the Interest Feature, TCI paid interest to customers who held digital asset balances in their TCI digital asset trading accounts. To pay the interest, TCI generated revenue through lending both firm-owned and customer-owned digital assets to institutional borrowers, from commissions earned by TCI customer trading activity in their digital asset trading accounts, and from capital that was contributed to TCI in connection with the start-up of its business operations. On June 30, 2022, at the end of the Offering Period, there were eighty-five (85) active Arkansas investor digital asset trading accounts with TCI, collectively valued at over \$92,544.76 USD. Nationally, at the end of the Offering Period, there were a total of 11,958 active digital asset trading accounts with TCI with assets under custody totaling \$98,214,155.40 USD. TCI is hereby ORDERED to cease and desist from offering, selling, or renewing the Interest Feature or any security that is not registered, qualified, or exempt to investors in Arkansas. TCI is hereby ORDERED to pay a penalty in the amount of \$29,411.76 to the Department, pursuant to Ark. Code Ann. § 23-42-209.
2/6/2024	Clarified, Inc. D/B/A Tumble	S-24-0002-24-OR01	\$ 500.00		\$ 500.00		General Revenue	Clarified is a corporation organized and operating under the laws of the State of Delaware with its principal place of business in San Francisco, California. Clarified is not registered with the Arkansas Securities Department ("Department") in any capacity. On November 15, 2023, Clarified made an exemption filing pursuant to Ark. Code Ann. § 23-42-504(a)(9) with the Department. On December 15, 2023, Clarified informed the Staff that 5,767 shares of its Series Seed-4 Preferred Stock were sold to an Arkansas investor ("ARI") on November 15, 2023. Clarified violated Ark. Code Ann. § 23-42-504(6)(1) by failing to file a proof of exemption under Ark. Code Ann. § 23-42-504(a)(9) and Rule 504(a)(9)(A) prior to executing its transaction with ARI. Clarified violated Ark. Code Ann. § 23-42-501 by selling 5,767 shares of its Series Seed-4 Preferred Stock to ARI before it was exempted under Ark. Code Ann. § 23-42-504(a)(9). Clarified filed all necessary items for the exemption as set forth in Ark. Code Ann. § 23-42-504(6)(2)-(4) and Rule 504(a)(9)(A) on November 15, 2023. In settlement of this matter Clarified agrees to pay a fine in the amount of \$500.00.
	Totals		\$29,911.76	\$0.00	\$29,911.76			