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WHEREAS, without admitting or denying any findings of fact or conclusions of law, TCI has reached an agreement with the NASAA Working Group to resolve the investigation with respect to the 47 states, the District of Columbia, Puerto Rico, Guam, and the U.S. Virgin Islands (collectively, the “51 Jurisdictions”) as follows:

1 Respondent has advised the NASAA Working Group of its agreement to resolve the securities
2 investigation pursuant to the terms specified in this Consent Order (the "Order") and pursuant to the
3 multistate resolution recommended by the NASAA Working Group;

4 Respondent shall cease and desist offering, selling, or renewing the Interest Feature or any
5 security that is not registered, qualified, or exempt to new clients in the 51 Jurisdictions, unless and
6 until the Interest Feature or other securities are registered, qualified, or otherwise exempt;

7 Respondent amended and updated the terms of service, and any other terms or conditions of
8 Respondent's relationship with residents of the 51 Jurisdictions, to reflect that such residents are the
9 title, beneficial, and legal owners of all assets held in their digital asset trading accounts with
10 Respondent;

11 Respondent shall pay up to a total of one million five hundred thousand dollars (\$1,500,000)
12 in settlement payments divided equally among the 51 Jurisdictions and paid to each of the 51
13 Jurisdictions that enter into a consent order pursuant to the terms of Respondent's agreement with the
14 NASAA Working Group;

15 Respondent admits to the jurisdiction of the Nevada Securities Division, Secretary of State,
16 (the "Division") in this matter. The Division has jurisdiction over this matter pursuant to the Nevada
17 Uniform Securities Act, codified in Chapter 90 of the NRS (the "Act"), and the regulations
18 promulgated thereunder at Nevada Administrative Code Chapter 90 (the "Regulations");

19 Respondent elects to permanently waive any right to a hearing and appeal under the Act and/or
20 to seek judicial review under the Nevada Administrative Procedures Act, codified in NRS Chapter
21 233B, with respect to the entry of this Order; and

22 Solely for the purpose of terminating the NASAA Working Group's securities investigation
23 and in settlement of the issues contained in this Order, Respondent, without admitting or denying the
24 findings of fact or conclusions of law contained herein, consents to the entry of this Order.
25 Notwithstanding the foregoing, Respondent will admit to the findings of fact and conclusions of law
26 solely for the purposes of exceptions to discharge in bankruptcy proceedings under any jurisdiction,

1 including the proceedings set forth in Sections 523 and 1192 of the Bankruptcy Code, 11 U.S.C. §§
2 523; 1192 (1978).

3 **NOW THEREFORE**, the Administrator of the Division pursuant to the Act, hereby enters
4 this Order:

5 **II.**
6 **JURISDICTION**

7 1. The Division has jurisdiction over this matter pursuant Nevada Uniform Securities
8 Act, codified in Chapter 90 of the NRS, and the regulations promulgated thereunder at Nevada
9 Administrative Code Chapter 90.

10 **III.**
11 **FINDINGS OF FACT**

12 2. TCI is a Florida corporation that was formed in June 2018 and is in the business of
13 providing online digital asset trading accounts to self-directed retail and institutional investors and
14 traders.

15 3. During the Relevant Period, TCI was a subsidiary of TradeStation Group, Inc., which
16 is headquartered in Plantation, Florida. Since 2011, TradeStation Group, Inc. has been a wholly-
17 owned subsidiary of Monex Group, Inc. ("Monex"), a publicly traded Japanese corporation listed on
18 the Tokyo Stock Exchange. TradeStation Group, Inc. is also the parent company of TradeStation
19 Securities, Inc., and TradeStation Technologies, Inc. which also have their principal place of business
20 in Plantation, Florida. On April 15, 2024, TradeStation Group, Inc. sold TCI to Payward Guardian,
21 LLC, which is a subsidiary of Payward, Inc. The Payward companies do business under the trade
22 name "Kraken."

23 4. During the Relevant Period, TCI, TradeStation Securities, Inc., and TradeStation
24 Technologies, Inc., all used brand messaging under the "TradeStation" trademark to advertise their
25 respective platforms and services.

26 **The Offer and Sale of Securities in Nevada and Nationwide**

27 5. TCI began offering its digital asset trading accounts in or around April 6, 2022 to
28 Nevada residents. From April 6, 2022 to June 30, 2022 (the "Offering Period"), TCI offered the

1 Interest Feature to at least 13 Nevada investors. Through the Interest Feature, TCI paid interest to
2 customers who held digital asset balances in their TCI digital asset trading accounts. To pay the
3 interest, TCI generated revenue through lending both firm-owned and customer-owned digital assets
4 to institutional borrowers, from commissions earned by TCI customer trading activity in their digital
5 asset trading accounts, and from capital that was contributed to TCI in connection with the start-up
6 of its business operations. On June 30, 2022, at the end of the Offering Period, there were 19 active
7 Nevada digital asset trading accounts with TCI, collectively valued at over \$540,975.11 USD.
8 Nationally, at the end of the Offering Period, there were a total of 11,958 active digital asset trading
9 accounts with TCI, with assets under custody totaling \$98,214,155.40 USD.

10 *TCI's Interest Feature*

11 6. During the Offering Period, TCI advertised that customers could "actively trade and
12 earn interest on eligible crypto assets simultaneously." TCI described the Interest Feature as "passive
13 income." TCI advertised that customers could earn up to 6 percent interest on eligible digital assets
14 that customers held in digital asset trading accounts with TCI. TCI paid interest on several types of
15 digital assets, including Bitcoin, Ether, Litecoin, Bitcoin Cash, and USDC Stablecoin.

16 7. During the Relevant Period, TCI offered its digital asset trading accounts to the general
17 public through the TradeStation website (www.TradeStation.com). The website supported
18 TradeStation Securities, Inc., TradeStation Technologies, Inc. and TCI. TCI also offered a mobile
19 version of its web application for trading digital assets.

20 8. TCI promoted the Interest Feature in internet ads that would appear in search engine
21 results based on certain terms searched by customers. TCI promoted the Interest Feature by
22 advertising, for example: "Automatically Earn Interest on Eligible Crypto Balances with No Limits
23 or Lockups," "Easily Customize the Trading Interface, Analyze Prices & Keep Track of Interest
24 Income," "We Put the Power in Your Hands to Buy, Sell, Invest, and Earn Cryptocurrencies," and
25 "Join the New Digital Economy with TradeStation Crypto to Learn, Invest, and Earn Crypto."

26 9. TCI allowed eligible customers to apply for a digital asset trading account by utilizing
27 a unified TradeStation online account opening process (the "AOP") that allowed prospective
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1 customers to select and apply for the desired account type. As part of the AOP, prospective customers
2 provided personal information for the purpose of Know Your Customer (KYC) and Anti Money
3 Laundering (AML) checks. Socure, a third-party identity verification provider, then verified
4 customer-provided information against Socure-sourced information, including public records.

5 10. TCI set interest rates and credited TCI customer accounts with earned interest on a
6 monthly basis. According to TCI, the interest “accumulates daily and is paid and compounds monthly
7 directly in your TradeStation Crypto account.” TCI based interest rates on a number of factors,
8 including, but not limited to, the rates TCI earned from borrowers, economic, and competitive factors.

9 11. TCI commingled customers’ like-kind digital assets together and rehypothecated, or
10 used, the customers’ digital assets to lend to “trusted institutional or corporate borrowers,” such as
11 BlockFi Lending LLC and Genesis Global Capital, LLC—both of which have since filed for
12 bankruptcy protection. TCI represented that notwithstanding, no borrower failed to return all digital
13 assets lent by TCI to them, and none of TCI’s customers lost money from the Interest Feature.

14 12. TCI represented that it implemented various risk mitigation strategies towards its
15 lending activities and that all loans made by it were fully secured. TCI set the amount of crypto assets
16 that it was willing to lend to individual borrowers depending on the borrower’s credit profile. TCI
17 further represented that it utilized its “automated risk management system” to “monitor positions
18 24/7” and maintained a reserve balance to fulfill TCI customer withdrawal demands. Further, TCI
19 claimed to maintain an internal risk committee to evaluate, among other things, credit and market
20 risks that may affect its business. Customer account balances with TCI were not SIPC or FDIC
21 insured.

22 13. During the account opening process, TCI required customers to agree to the
23 rehypothecation of their digital assets when the customer accepted the TCI Terms, including the
24 Customer Account Agreement, during account set-up. Specifically, TCI required that customers
25 agree that TCI may hold the digital assets in TCI’s name, that their digital assets could be commingled
26 with other customers’ digital assets, and that TCI could “pledge, repledge, hypothecate,
27 rehypothecate, loan or invest” the digital assets. Further, the agreements provided that TCI was under
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1 no obligation to share with its customers any of the interest revenue generated by TCI's lending
2 arrangements.

3 14. Customer deposits into TCI's digital asset trading accounts during the period when the
4 Interest Feature was offered were passive investments. TCI alone determined how customer assets
5 were deployed; TCI customers had no control over how their assets were invested. TCI required that
6 customers give up certain rights to their assets—specifically, that customers agreed to allow TCI to
7 “pledge, repledge, hypothecate, rehypothecate, loan or invest” digital assets.

8 15. On or about June 30, 2022, TCI discontinued the Interest Feature and ceased all
9 lending activities of customer assets.

10 **Failure to Comply with Registration Requirements**

11 16. During the Offering Period, TCI's offer and sale of securities in the form of the Interest
12 Feature was not offered or sold pursuant to an exemption or exception from registration.

13 17. During the Offering Period, TCI offered and sold securities in Nevada that were
14 unregistered or did not meet an exemption for registration as required by NRS § 90.460.

15
16 **IV.**

17 **CONCLUSIONS OF LAW**

18 18. The offer and/or sale of the Interest Feature within digital assets trading accounts
19 maintained by customers as described above constitutes the offer and/or sale of a security as defined
20 in NRS § 90.280.

21 19. During the Offering Period, TCI's offer and sale of securities in Nevada that were
22 unregistered, or did not meet an exemption for registration, violated NRS § 90.460.

23 **V.**

24 **ORDER**

25 Based on the Findings of Facts, Conclusions of Law, and TCI's consent to the entry of this
26 Order, **IT IS HEREBY ORDERED:**

1 20. This Order concludes the securities investigation by the Division with respect to
2 Respondent's Interest Feature and resolves any other securities action the Division could commence
3 against Respondent and its affiliates concerning the Findings of Fact and Conclusions of Law,
4 including as it relates to the offer and sale of the Interest Feature without registration, qualification,
5 or otherwise complying with an exemption.

6 21. This Order is entered into solely for the purpose of resolving the referenced multi-state
7 securities investigation with respect to the Interest Feature and is not intended to be used for any other
8 purpose. Other than the obligations and provisions set forth herein, this Order does not limit or create
9 liability for Respondent nor limit or create defenses for Respondent to any claims.

10 22. This Order is not intended to subject any Covered Person to any disqualifications
11 under the laws of the United States, any state, the District of Columbia, Puerto Rico, Guam, or the
12 U.S. Virgin Islands, or under the rules or regulations of any securities or commodities regulator or
13 self-regulatory organization, including, without limitation, any disqualification from relying upon the
14 state or federal registration exemptions or safe harbor provisions. "Covered Persons" means
15 Respondent, all of its parent companies, and all of its affiliates and their current or former officers,
16 directors, employees, contractors, or other persons that could otherwise be disqualified as a result of
17 the Order.

18 23. Respondent is hereby ORDERED to cease and desist from offering, selling or
19 renewing the Interest Feature or any security that is not registered, qualified, or exempt to investors
20 in Nevada.

21 24. Respondent is hereby ORDERED to pay a penalty in the amount of \$29,411.76 to
22 Nevada, pursuant to NRS § 90.630.

23 25. Full payment in the amount of \$29,411.76 (in United States dollars) shall be tendered
24 on or before entry of this Order.

25 26. Respondent shall pay the full penalty using whatever method agreed upon with
26 Nevada, which may include:

1 a. Respondent may transmit payment electronically to the Division, which will
2 provide detailed Wire transfer instructions upon execution of the Agreement; or

3 b. Amounts submitted under this Order shall be remitted by certified check to:

4 Nevada Secretary of State
5 c/o Stacey Roter
6 1 State of Nevada Way,
Las Vegas, Nevada 89119

7 27. Payments must be accompanied by a cover letter identifying Respondent (with
8 relevant tax identification numbers) and the file number of these proceedings. A copy of the cover
9 letter must be sent to:

10 Nevada Secretary of State
11 c/o Stacey Roter
12 1 State of Nevada Way,
Las Vegas, Nevada 89119

13 28. This Order shall be binding upon Respondent, its parent and affiliates, and their
14 respective successors and assigns with respect to the provisions above and all future obligations,
15 responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

16
17 DATED this 9th day of October, 2024.

18
19 BY ORDER OF THE ADMINISTRATOR
20 Office of the Nevada Secretary of State, Securities Division

21 
22 ERIN M. HOUSTON

23 Deputy Secretary for Securities
24 Securities Administrator
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1 **CONSENT TO ENTRY OF ADMINISTRATIVE ORDER**

2 Respondent Payward Interactive, Inc. (formerly known as TradeStation Crypto, Inc.) hereby
3 acknowledges being served with a copy of this Order, have read the foregoing Order, are aware of
4 their rights to a hearing and appeal in this matter, and have waived the same.

5 Respondent specifically acknowledges that a violation of this Order may constitute a felony
6 pursuant to NRS 90 650.

7 Respondent admits the jurisdiction of the Securities Division of the Nevada Office of the
8 Secretary of State, neither admits nor denies the Findings of Fact and Conclusions of Law contained
9 in this Order, and consents to entry of this Order by the Administrator of the Division as settlement
10 of the issues contained within this Order.

11 Respondent agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with
12 regard to any state, federal or local tax for any administrative monetary penalty that Respondent shall
13 pay pursuant to this Order. Respondent understands and acknowledges that these provisions are not
14 intended to imply that would agree that any other amounts Respondent shall pay pursuant to this
15 Order may be reimbursed or indemnified (whether pursuant to an insurance policy or otherwise) under
16 applicable law or may be the basis for any tax deduction or tax credit with regard to any state, federal
17 or local tax.

18 Respondent states that no promise of any kind or nature, other than the consideration set forth
19 in the Order, was made to them to induce them to enter into this Order and that they have entered into
20 this Order voluntarily.

21 JEREMY WILLIAMS represents that [he/she] is CHIEF EXECUTIVE OFFICER of
22 Payward Interactive, Inc. and that, as such, has been authorized by Payward Interactive, Inc. to enter
23 into this Order for and on behalf of Payward Interactive, Inc.

24 Dated this 12 day of SEPTEMBER, 2024.

25 Payward Interactive, Inc.

26 By: 

27 Title: CHIEF EXECUTIVE OFFICER