

ALABAMA SECURITIES COMMISSION

Post Office Box 304700 Montgomery, Alabama 36130-4700
Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240
Email: asc@asc.alabama.gov Website: www.asc.alabama.gov

FTX Signs Consent Order with Alabama Securities Commission to End Money Transmission in Alabama

Montgomery, AL (12/29/2022) – The Alabama Securities Commission (ASC) announced today it suspended the money transmission license previously granted to West Realm Shires Services Inc., also known as “FTX US” for its failure to meet the licensing requirements set forth in Alabama’s Monetary Transmission Act. The suspension of FTX US’s license follows a number of issues with the company including a bankruptcy filing on November 11, 2022, several changes in ‘control persons’, including officers, executives, and other management, and a failure to adhere to the Alabama bond requirement (spelled out in Section 8-7A-7 of the Alabama Monetary Transmission Act). The suspension shall remain in place until such time as FTX US provides evidence satisfactory to ASC that it meets the minimum licensing requirements and passes an examination conducted by ASC.

“Crypto is the wild west of financial markets. It is new territory with very little protection,” said ASC Chief Deputy Director and Co-Chair of the Enforcement Section of the North American Securities Administrators Association (NASAA) Amanda Senn. “Anyone considering investing in crypto should contact the ASC to obtain the latest information on these volatile and risky securities transactions.”

The ASC is working jointly with other NASAA member states and the SEC. Currently, over a dozen companies involved in trading in cryptocurrency are under review.

Don’t be influenced, “finfluenced”, or financially influenced on social media, or ‘sold’ on crypto-related financial products before doing your research. Many products available may be nothing more than public-facing Ponzi schemes or other frauds. Investing in cryptocurrency-related financial products is extremely risky.

Crypto assets are not the same as interest-bearing accounts with a bank or credit union. Banks and credit unions offer protection through regulation. The regulations limit the amount of risk companies can take with deposits. Additionally, the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) insure customers’ deposits in the event the bank or credit union becomes insolvent. This ensures your money is available when you need it.

Crypto assets are not the same as traditional securities accounts. Securities registered with a U.S.-registered broker are insured by the Securities Investor-Protection Corporation (SIPC). The SIPC protects funds in the event the broker goes out of business (SIPC does not protect investors from market losses).

If you are considering a crypto-asset, be on guard for the signs of fraud:

- The company and person offering the investment are not registered with the ASC or SEC
- You are told the investment has guaranteed returns with no risk. All investing involves risk. There are no guarantees.
- The sale pitch uses complex language and the investment is difficult to understand. If you cannot understand the investment and do not receive complete information, you are likely working with a fraudster.
- The opportunity sounds too good to be true.
- The company or salesperson pressures you to act right away.

The ASC cautions investors to thoroughly research any investment opportunity. Call the ASC at 1-800-222-1253 and ask for the registration department to check out persons offering investment opportunities, investment advice for a fee and any products they offer. Contact the ASC to report suspected fraud, inappropriate securities business practices, or to obtain consumer information. Free investor education and fraud prevention materials are available at www.asc.alabama.gov.

###

For further information contact 1-800-222-1253 and ask for Public Affairs.

ALABAMA SECURITIES COMMISSION

Post Office Box 304700 Montgomery, Alabama 36130-4700

Telephone: (334) 242-2984 or 1-800-222-1253 Fax: (334) 242-0240

Email: asc@asc.alabama.gov Website: www.asc.alabama.gov