

ALABAMA SECURITIES COMMISSION

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Investor Alert:

ASC Issues Show Cause Order to Another Crypto Asset Company

Montgomery, Alabama (June 16, 2023) –The Alabama Securities Commission has issued a Show Cause Order to various companies collectively known as “Abra” and its founder and CEO Bill Barhydt. The Order gives the respondents 28 days to show cause why they should not be directed to cease and desist from offering and selling securities to Alabama investors which have not been registered as required by securities laws.

The Show Cause Order alleges that the respondents have offered and sold investments in digital asset depository accounts known as “Abra Earn” to accredited and unaccredited investors and “Abra Boost” to accredited investors. Abra has marketed its financial products across social media platforms and their website, promoting itself as a “crypto bank” that provides “crypto banking service.” Abra accounts are not protected by deposit insurance through the Federal Deposit Insurance Corporation (FDIC). Abra investors allegedly used digital assets to fund accounts tied to Abra Earn and Abra Boost in exchange for interest, including interest as high as 10% for investors in Abra Boost.

According to the Order, Abra was cautioned in May 2021 that its offerings appeared to be investment contracts requiring compliance with securities laws. While Abra ceased accepting deposits from non-accredited investors in October 2022, Abra continued selling investments in Abra Boost. As of May 17, 2023, Abra purports to manage assets valued at approximately \$66.8 million on behalf of 9087 Earn investors nationwide. These assets include \$775,976 from 116 Alabama investors.

“Digital assets are constantly evolving as investment products. In this case, Abra offered several products that promised suspiciously high interest rates, while information received by our office indicated liquidity and insolvency issues,” said ASC Director Amanda Senn. “Securities registration provides an important review process to ensure that firms have met certain capital requirements and are making full disclosure to investors regarding the financial stability of the firm,” said Senn.

This action does not prohibit or otherwise prevent Respondents from returning assets to Earn or Boost investors. The ASC has taken similar action against other issuers of digital asset depository accounts, including BlockFi, Celsius Network, Voyager Digital, and Nexo. The ASC has also advocated for investors who are creditors of bankruptcy proceedings filed by Celsius Network and Voyager Digital. As in the prior actions, the ASC’s Order is part of a coordinated filing by multiple state regulators dedicated to investor protection.

The ASC cautions investors to research any investment opportunity thoroughly. 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 .

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

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