

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In the matter of

PAYWARD VENTURES, INC.,

Docket No. 2024-12-02

AGREEMENT AND ORDER

The Department of Finance, acting through its Securities Bureau (“Department”), pursuant to authority under the Idaho Money Transmitter Act, Idaho Code § 26-2901, *et seq.*, has reasonable grounds to believe that violations of the Idaho Money Transmitter Act (“Act”) have occurred. Payward Ventures, Inc. (“Respondent”) and the Department have agreed to resolve this matter without a public hearing or adjudication of this matter. Therefore, the Director of the Department (“Director”) deems it appropriate and in the public interest that this Agreement and Order be entered into, and Respondent consents to the entry of this Agreement and Order.

BACKGROUND

1. Respondent is a Delaware company incorporated on July 1, 2013. Respondent’s principal office and mailing address is 100 Pine St., Suite 1250 A188, San Francisco, CA 94111. Respondent utilizes the trade name “Kraken” and until May 31, 2024, offered services to United States consumers through its website <https://www.kraken.com>.

2. Kraken is a digital asset company whose primary business is the operation of an online digital asset exchange. The exchange enables customers to engage in the purchase and sale of digital assets, including Bitcoin. Kraken also provides margin extensions to some of its customers, which they can use to buy or sell digital assets on the exchange on a leveraged basis.

3. On March 29, 2023, Respondent applied for a money transmitter license pursuant to Idaho Code § 26-2907.

4. As part of the Department's review of the Respondent's Idaho money transmitter license application, the Department requested confirmation that the Respondent did not conduct money transmitter activity in Idaho without licensure. In 2024, Respondent described its prior and current business activity in Idaho, which the Department has determined requires a money transmitter license, occurring from at least 2015 through 2024.

5. On June 1, 2024, Respondent transferred the operation of its United States digital asset exchange business to Payward Interactive, Inc ("PWI"). The services previously provided by Respondent are now provided by PWI under the trade name "Kraken" with respect to all Idaho residents. PWI maintains an Idaho Money Transmitters License in good standing with the Department.

6. On June 4, 2024, Respondent withdrew its Idaho Money transmitter application which was approved by the Department on June 18, 2024.

7. The Department acknowledges that (i) Respondent demonstrated good faith in voluntarily applying to become licensed as a money transmitter; (ii) Respondent has cooperated with additional information requests by the Department; and (iii) the Department has never received a complaint regarding the Respondent's business activities.

FINDINGS OF VIOLATIONS

8. Idaho Code § 26-2903(1) provides that "no person except a person exempt pursuant to the provisions of section 26-2904, Idaho Code, shall engage in the business of money transmission without a license as provided in accordance with the provisions of this chapter."

9. Respondent is not an exempt entity as identified under Idaho Code § 26-2904, or any other applicable law or rule.

10. Respondent's business activities were conducted in violation of the Act from at least 2015 through June 1, 2024.

11. Idaho Code § 26-2923(1) provides that the Director may order a civil penalty of up to one thousand dollars (\$1,000) for each violation, or in the case of continued violation, one thousand dollars (\$1,000) for each day the violation continues, not to exceed twenty-five thousand dollars (\$25,000) in the aggregate.

ACKNOWLEDGMENT AND REMEDIES

12. Respondent neither admits nor denies the foregoing facts and Finding of Violation.

13. Respondent waives its right to notice and opportunity for hearing on this matter provided by Idaho Code § 26-2923 and the contested case provisions of the Idaho Administrative Procedures Act at Title 67, Chapter 52, Idaho Code. Respondent further waives its right to seek judicial review of this Agreement and Order. The terms contained in this Order herein constitute the entire agreement between the Department and Respondent.

14. Respondent represents that the information provided to the Department in its investigation of this matter and in the course of the licensing application review process is complete and accurate.

15. In the event that the Respondent fails to adhere to the terms of this Agreement and Order, Respondent acknowledges that the Department can incorporate the facts and findings that give rise to this Order in any future proceedings.

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16. Without admitting or denying the allegations contained herein, Respondent agrees to pay a civil penalty of twenty-five thousand dollars (\$25,000) to the Department, pursuant to Idaho Code § 26-2923. Said civil penalty is to be paid no later than thirty (30) days from the date the Director executes this Order. Payment shall be made payable to the "Idaho Department of Finance."

AGREED TO and ACKNOWLEDGED this 19th day of December, 2024.

DocuSigned by:
John Trohan
PAYWARD VENTURES, INC.
BY: John Trohan
ITS (TITLE) Director

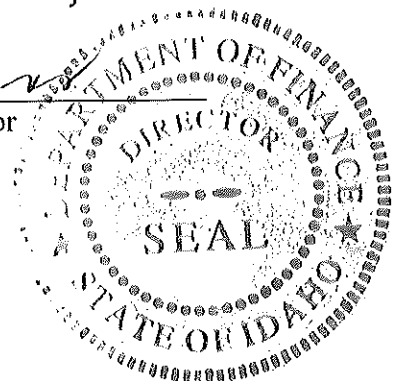
DATED: 12/30/2024

John Yaros
JOHN YAROS, Securities Bureau Chief
Idaho Department of Finance

IT IS SO ORDERED.

DATED this 30th day of December, 2024.

Patricia R. Perkins
PATRICIA R. PERKINS, Director
Idaho Department of Finance

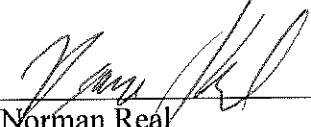


CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of December 2024, I served a true and correct copy of the foregoing AGREEMENT AND ORDER upon the following by the designated means:

Payward Ventures, Inc.
100 Pine St Suite 1250 A188
San Francisco, CA 94111

- U.S. mail, postage prepaid
- Certified mail
- Email: compliance@kraken.com



Norman Real
Financial Examiner / Investigator III