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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

Order No. S-22-3459-23-CO01

CONSENT ORDER

Hodlnaut Pte. Ltd.,
Respondent.

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INTRODUCTION

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Hodlnaut Pte. Ltd. do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Hodlnaut Pte. Ltd. neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Hodlnaut Pte. Ltd. (“Hodlnaut”) is a Singapore domiciled and registered entity formed on April 4, 2019, with its principal place of business in Singapore. On or about August 29, 2022, Hodlnaut was placed into interim judicial management by the High Court of Singapore, which appointed interim judicial managers to oversee Hodlnaut’s affairs. Prior to this, Hodlnaut was an online platform providing financial services for individual investors to hold, use, and manage cryptocurrencies.

Nature of the Conduct

Overview

2. From at least December 2021 to August 2022, Hodlnaut offered and sold securities in the form of yield-generating digital asset accounts and marketed, offered, and sold those securities to Washington residents.

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
150 Israel Rd SW
Tumwater, WA 98501
360-902-8760

1 3. Hodlnaut marketed its interest accounts, entitled Hodlnaut Crypto Interest Accounts (“interest
2 accounts”), to eligible Hodlnaut wallet holders. Investors were eligible after they verified their identities
3 through a “Know-Your-Customer” verification process, which required users to confirm their residency
4 and upload a valid government-issued photo ID.

5 4. Hodlnaut advertised its interest accounts as a way for investors to “passively earn up to 9.41%
6 APY (annual percentage yield).” In order to realize that interest, investors were only required to deposit
7 funds into their interest accounts. From there, Hodlnaut aggregated wallet funds into common receiving
8 wallets operated by Hodlnaut (“the Receiving Wallet”). Hodlnaut then lent out Receiving Wallet funds to
9 “established and vetted financial institutions and reliable decentralized protocols that [paid] an interest
10 rate.” Hodlnaut’s primary income came from the profits of this lending process. After retaining a portion
11 of the interest earned, Hodlnaut paid investors a discretionary APY of 1% - 9.41% from the profits of this
12 lending process.

13 5. The first Washington resident interest account deposit was in January 2021.

14 6. Hodlnaut sold interest accounts to 319 Washington investors since the product launch.

15 7. The total amount of currency, including virtual currency, held in Hodlnaut accounts by
16 Washington investors between launch date and the end of August 2022 varied monthly from \$132,552.55
17 to \$7,899,436.65.

18 8. Hodlnaut suspended withdrawals from and deposits into the interest account products for all
19 U.S. customers, including Washington investors, on August 8, 2022.

20 9. On or about August 29, 2022, Hodlnaut was placed into interim judicial management by the
21 High Court of Singapore. Hodlnaut has largely ceased commercial operations, apart from steps being
22 undertaken by its interim judicial managers to discharge their duties. Hodlnaut is no longer offering or
23 selling yield-generating interest accounts and is no longer a going concern.

1 **Registration Status**

2 10. Hodlnaut is not currently registered to sell its securities in the state of Washington and has not
3 previously been so registered.

4 Based upon the above Findings of Fact, the following Conclusions of Law are made:

5 **CONCLUSIONS OF LAW**

6 1. The offer and sale of the Hodlnaut Crypto Interest Accounts described above constitutes the
7 offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

8 2. Hodlnaut violated RCW 21.20.140, the securities registration section of the Securities Act of
9 Washington, by offering and/or selling securities for which no registration is on file with the Securities
10 Administrator.

11 Based upon the foregoing and finding it in the public interest:

12 **CONSENT ORDER**

13 IT IS AGREED AND ORDERED that Respondent Hodlnaut Pte. Ltd., and their agents and
14 employees, shall each cease and desist from offering and/or selling securities in any manner in violation of
15 RCW 21.20.140, the securities registration section of the Securities Act of Washington.

16 IT IS FURTHER AGREED AND ORDERED that Respondent Hodlnaut Pte. Ltd. shall be liable for
17 a fine of \$50,000.00. In light of Respondent’s interim judicial management status, the Securities Division
18 has determined to waive this fine.

19 IT IS FURTHER AGREED AND ORDERED that Respondent Hodlnaut Pte. Ltd. shall be liable for
20 the costs, fees, and other expenses incurred in the administrative investigation in the amount of \$4,000.00.
21 In light of Respondent’s interim judicial management status, the Securities Division has determined to
22 waive this collection of costs.

1 IT IS FURTHER AGREED that Respondent Hodlnaut Pte. Ltd. enters into this Consent Order freely
2 and voluntarily and with a full understanding of its terms and significance.

3 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this order.

4 IT IS FURTHER AGREED that in consideration of the foregoing, the Respondent waives their right
5 to a hearing and to judicial review of this matter pursuant to Chapter 34.05 RCW.

6 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

7
8 Signed this 31 day of October 2023.

9 Signed by:

10 Hodlnaut Pte Ltd.

Approved as to form by:

11 /s/ Aaron Loh Cheng Lee

/s/ Brian C. Rabbitt

12 Name of signer: Aaron Loh Cheng Lee
13 Title of signer: Interim Judicial Manager
Pte. Ltd.

Attorney Name: Brian C. Rabbitt
Attorney for: Interim Judicial Managers of Hodlnaut

14 SIGNED and ENTERED this 7th day of November 2023.



22 /s/
23 **William M. Beatty**
Securities Administrator

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Approved by:

/s/ _____
Brian J. Guerard
Chief of Enforcement

Reviewed by:

/s/ _____
Holly Mack-Kretzler
Financial Legal Examiner Supervisor

Presented by:

/s/ _____
Kassidy Smith
Financial Legal Examiner