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STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

In the matter of:)
) ORDER NO: 23-085-C
)
CoinX, Inc.) NOTICE OF INTENT TO ISSUE ORDER
) TO CEASE AND DESIST
) AND
NMLS ID 1091184) SUSPENSION
)
Respondent.)

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Division”) has investigated certain activities of CoinX, Inc. (“Respondent”) and has determined that Respondent violated certain provisions of the Alaska Uniform Money Services Act, Alaska Statute (AS) 06.55 et seq (“AUMSA”).

I. FINDINGS OF FACT

The Division and issues this Cease and Desist and Suspension Order (Order) because they have reason to believe that:

1. On February 16th, 2016, Respondent, was initially licensed by the Division as a money transmitter under AS 06.55.102. Respondent has been so licensed since that date.
2. On August 16th, 2019, the Respondent submitted four change of control amendments via the National Multistate Licensing System (NMLS). The first change of control added Christopher Scanlon as Chief Executive Officer for the Respondent. The second change of control added AU Card, LLC as direct owner of the Respondent, with 100% ownership of the Respondent. The third change of control added PMA Media Group, Inc. as an indirect owner

1 of the Respondent, with 100% ownership of AU Card, LLC. The last change of control added
2 Mr. Scanlon as an indirect owner of the Respondent, with 100% ownership of PMA Media
3 Group, Inc.

4 3. On July 30th, 2021, the Respondent submitted two change of control amendments
5 via NMLS. The first change of control added Esntl Group Limited (Jersey) as an indirect
6 owner of the Respondent, with 100% ownership of PMA Media Group, Inc. The second
7 change of control modified Mr. Scanlon's indirect ownership, removing Mr. Scanlon as 100%
8 owner of PMA Media Group, Inc. and designating Mr. Scanlon with 100% ownership of Esntl
9 Group Limited (Jersey).

10 4. On May 31st, 2023, the Division was notified by the Respondent that a director of
11 the Respondent, Mr. Scanlon, was arrested on May 25th, 2023, in connection with a
12 Department of Justice (DOJ) investigation alleging Mr. Scanlon had been operating an
13 unlicensed money transmitting business from 2015 to 2019 (see Attachment A). The
14 Respondent's US Head of Compliance informed the Division that these allegations are not
15 related to the Respondent nor was the Respondent named in the DOJ's press release and
16 criminal complaint (See Attachment B). AU Card, LLC and PMA Media Group, Inc. are both
17 named in the DOJ's press release and criminal complaint.

18 5. On June 8th, 2023, the Respondent submitted change of control amendment via
19 NMLS, removing Mr. Scanlon for his positions as CEO/President/CFO/COO/Director. Mr.
20 Scanlon remains the ultimate beneficiary of the business conducted by the Respondent,
21 whereby he still retains full control over the Respondent through the many tiers of indirect
22 ownership that Mr. Scanlon has put in place since gaining control of the Respondent effective
23 September 10th, 2019.

II. CONCLUSIONS OF LAW

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2 1. Respondent is subject to the requirements for licensure under the AUMSA, as it had
3 been granted licensure by the Division on February 16th, 2016.

4 2. Respondent's continued association with Mr. Scanlon and the cited entities under
5 Mr. Scanlon's control threatens the Respondent's ability to meet the minimum requirements
6 for licensure in accordance with AS 06.55.105.

7 3. Respondent's association with Mr. Scanlon and the cited entities under Mr.
8 Scanlon's control prompted the Division to make a determination under AS 06.55.601(a)(5).

9 4. Pursuant to AS 06.55.603 the Division may issue a cease and desist order, and a
10 suspension order under AS 06.55.601 if there is reason to believe that such a violation or
11 failure to comply with the statutes and regulations presents an imminent threat to the public.

III. ORDER and NOTICE

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14 Pursuant to AS 06.55.603, and on the basis of the Findings of Fact and Conclusions of Law,
15 the Division ORDERS:

16 1. Effective July 26th, 2023, pursuant to AS 06.55.603, Respondent shall cease and
17 desist from engaging in any new money transmission activities within the State of Alaska.

18 3. Effective July 26th, 2023, withdraws all approvals under AS 06.55.403 for the
19 changes of control granted to Mr. Scanlon and the cited entities under Mr. Scanlon's control

20 4. Pursuant to AS 06.55.601(a)(5), the money transmitter license of Respondent,
21 previously issued, is SUSPENDED effective July 26th, 2023

22 5. Until such a time that Mr. Scanlon and the cited entities under Mr. Scanlon's control
23 have been fully divested of the collective control of the Respondent, the Respondent shall not
24 onboard any new Alaska consumers to its platform. Respondent shall not resume any money

1 transmission activities without the approval of the Division. This order does not prohibit
2 Respondent from allowing Alaska consumers to withdraw their assets.

3 6. Within ten (10) day of the effective date of the Order, July 26th, 2023 Respondent
4 shall furnish a list of all its Alaska consumers with outstanding transmission obligations and
5 the dollar amount of those obligations to the Division via a secure electronic transmission
6 method.

7 7. This Order shall remain in full force and effect until such time as it is modified or
8 vacated by the Division.

9
10 **IT IS SO ORDERED.**

11
12 Julie Sande, Commissioner
13 Department of Commerce, Community and
14 Economic Development

15 DATED: July 21st, 2023

16 /s/ Robert H. Schmidt
17 BY: Robert H. Schmidt, Director
18 Division of Banking and Securities
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