

STATE OF NORTH CAROLINA

WAKE COUNTY

IN A MATTER  
BEFORE THE COMMISSIONER OF BANKS  
DOCKET NO. 24-MT-030

IN RE:	)	
	)	
CONOTOXIA, INC.	)	<b>NOTICE OF HEARING</b>
	)	<b>AND MANDATORY PRE-</b>
NMLS ID No. 1504617	)	<b>HEARING CONFERENCE</b>
_____	)	

TO: Conotoxia, Inc.  
401 N. Michigan Avenue  
Suite 1810  
Chicago, IL 60611

**I. NOTICE OF THE HEARING**

You are hereby notified that the Commissioner of Banks (Commissioner) or her designee will hear this matter on a date and time to be determined, or as soon after that hour as the same may be heard. For the purposes of this Notice of Hearing, Conotoxia, Inc., is called Respondent.

**II. LOCATION OF THE HEARING**

The hearing will take place in the North Carolina Office of the Commissioner of Banks (NCCOB) 316 West Edenton Street, 2<sup>nd</sup> Floor Hearing Room, Raleigh, North Carolina, on the date specified above and will continue periodically until

concluded. If Respondent is not present, it will be deemed to have waived the right to a hearing, and a decision will be made in its absence.

### **III. THE HEARING PROCESS**


#### **1. The Hearing Procedure.**

This is a formal hearing before the Commissioner or her designee.

Respondent is entitled to be represented by counsel and to present evidence.

Respondent is referred to Article 3A of Chapter 150B and Article 16B of Chapter 53 of the North Carolina General Statutes, the Money Transmitters Act, and Title 4, Subchapter 3B, of the North Carolina Administrative Code for a more complete statement of rights.

#### **2. Mandatory Pre-Hearing Conference.**

Pursuant to 4 NCAC 03B .0226, the Commissioner hereby orders that a Pre-Hearing Conference take place in this matter at such time as may be agreed upon by the parties. The Pre-Hearing Conference may be conducted by telephone or video conference; contact Angela B. Maynard at 919.733.4242 or email  to make the necessary arrangements.

Respondent and Counsel to the NCCOB are required to participate in this conference to explore a stipulation of facts, resolve issues of evidence, and any other matters which will reduce costs, save time or otherwise expedite the disposition of this action.

#### **IV. NOTICE OF INTENT TO REQUEST OFFICIAL NOTICE OF DOCUMENTARY EVIDENCE**

Pursuant to G.S. § 150B-41(d), the undersigned requests that official notice be taken of the documents attached hereto as Exhibits 1 through 4 from Respondent's file with the NCCOB and related information, some of which are maintained electronically in the Nationwide Multistate Licensing System and Registry (NMLS) and the NCCOB's internal Money Transmitter System (MTS). The undersigned reserves the right to submit additional evidence which will be provided to Respondent prior to the hearing.

Exhibit No. 4 is confidential pursuant to N.C. Gen. Stat. §§ 53C-2-7(b) and 53-208.59. Therefore, the undersigned respectfully requests that this exhibit be entered under seal.

#### **V. FACTUAL ALLEGATIONS**

1. On 23 December 2016, Respondent (NCCOB License No. 172824) submitted its application for licensure as a money transmitter under Article 16B of Chapter 53 of the North Carolina General Statutes. On 8 July 2017, the Commissioner issued an order granting the application under certain terms and conditions, including maintaining the required surety bond and commencing operations within twelve months of the order (Docket No. 17:045:MT). [Exhibit 1]

2. On 14 July 2023, Respondent submitted a request to surrender its money transmitter license through NMLS.

3. On 11 September 2023, Respondent's surety bond was canceled, and a new surety bond has not been issued. [Exhibit 2]

4. On 10 October 2023, the State of Oregon, Department of Consumer and Business Services, Division of Financial Regulation (Oregon), entered a Final Order to Cease and Desist and Final Order Revoking License, Entered by Default. Oregon found that Respondent's surety bond had been cancelled, and a new or replacement bond had not been received, and Respondent failed to respond to Oregon's communications. As a result, Oregon ordered Respondent to cease and desist and revoked Respondent's money transmitter license. [Exhibit 3]

5. Respondent has not completed the process to surrender its money transmitter license and has been unresponsive to NCCOB's correspondence.

6. Respondent owes NCCOB for its 2022 assessment in the amount of \$5,000.00. [Exhibit 4]

## **CLAIMS FOR RELIEF**

### **COUNT ONE**

#### **Respondent's License Should be Revoked**

7. Paragraphs 1 through 6 are realleged and incorporated herein by reference.

8. Pursuant to N.C. Gen. Stat. §§ 53-208.56(2)c, e, and l, the Commissioner may revoke a license if a licensee (i) fails to maintain a surety bond; (ii) violates or fails to comply with any provision of the MTA or order of the

Commissioner, (iii) or is the subject of an order entered within the past five years by the authority of any state with jurisdiction over money transmitters.

9. Pursuant to N.C. Gen. Stat. § 53-208.47(a), licensed money transmitters shall, at all times, maintain a surety bond in the amount of no less than one hundred and fifty thousand dollars (\$150,000.00).

10. On 11 September 2023, Respondent's surety bond was cancelled, and a replacement bond has not been provided.

11. On 10 October 2023, Oregon revoked Respondent's money transmitter license for its failure to maintain a surety bond.

12. Consequently, Respondent no longer meets the statutory requirements for licensure under the MTA.

**COUNT TWO**  
**Respondent's 2022 Assessment**

13. Paragraphs 1 through 12 are realleged and incorporated herein by reference.

14. Pursuant to N.C. Gen. Stat. § 53-208.49, for the purpose of meeting the cost of regulation under the MTA, licensed money transmitters shall pay an annual assessment.

15. On 24 July 2023, NCCOB invoiced Respondent for its 2022 assessment in the amount of \$5,000.00, which has not been paid.

**COUNT THREE**  
**Lack of Financial Responsibility, Business Experience,  
Character, and Fitness**

16. Paragraphs 1 through 15 are realleged and incorporated herein by reference.

17. Pursuant to N.C. Gen. Stat. § 53-208.50(a), the Commissioner is required to investigate the financial condition and responsibility, financial and business experience, and the character and general fitness of an applicant.

18. Respondent has demonstrated a lack of financial responsibility, business experience, and character and fitness, insofar as its surety bond was cancelled, it failed to complete the requirements for surrender, its license was revoked in another state, and it stopped communicating with NCCOB.

WHEREFORE, the NCCOB prays that:

1. Pursuant to N.C. Gen. Stat. § 53-208.56, Respondent's license be revoked.

2. In the alternative, that Respondent be prohibited from applying for licensure or exemption under the MTA for a period of ten years or such other time period as the Commissioner deems appropriate. In addition, Respondent should be prohibited from indirectly or directly owning, operating, or controlling, as defined in N.C. Gen. Stat. § 53-208.42(5), any business licensed under the MTA.

3. Respondent be ordered to store its records for a period of three years as required by N.C. Gen. Stat. § 53-208.52, at Respondent's expense and that

Respondent provide NCCOB with the following information: (i) where the records will be stored, and (ii) a contact person, including a telephone number and email address. Should this information change at any time during the three-year period, Respondent shall notify the NCCOB in writing within ten (10) days.

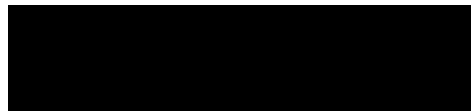
4. Pursuant to N.C. Gen. Stat. § 53-208.49, that Respondent be ordered to pay the 2022 assessment in the amount of \$5,000.00.


5. Pursuant to N.C. Gen. Stat. § 53-208.57, that civil penalties not to exceed \$5,000.00 per violation be assessed, or in the case of a continuing violation, \$1,000.00 for each day that the violation continues.

6. For such other and further relief as the Commissioner deems appropriate.

This the 30<sup>th</sup> day of April, 2024.

Office of the Commissioner of Banks



James D. Crowder  
Attorney  
Division of Legal Affairs  
Office of the Commissioner of Banks  
4309 Mail Service Center  
Raleigh, North Carolina 27699-4309  
Phone: (919) 733-3016  
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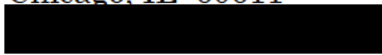
**CERTIFICATE OF SERVICE**

THE UNDERSIGNED hereby certifies that he has this day served a copy of the foregoing Notice of Hearing and Mandatory Pre-Hearing Conference by email and by placing a copy of the same in the United States Post Office at Raleigh, North Carolina, certified mail, postage prepaid and addressed to:

Win Truong  
Chief Executive Officer/ Chief Compliance Officer  
Conotoxia, Inc.  
111 North Wabash #712  
Chicago, Il 60602



Conotoxia, Inc.  
401 N. Michigan Avenue  
Suite 1810  
Chicago, IL 60611



Conotoxia, Inc.  
c/o North Carolina Dept. of Secretary of State  
PO Box 29622  
Raleigh, NC 27626

This the 30<sup>th</sup> day of April, 2024.



James D. Crowder, Attorney