

## **CONSENT ORDER**

### **PIONEX INC.**

#### **Recitals**

1. Pionex Inc. (“Pionex”) is a Delaware corporation with headquarters in Princeton, New Jersey, and an assigned identifier number of 2284360, by the Nationwide Multistate Licensing System (“NMLS”).

2. The States of Nebraska, North Carolina, Ohio, and South Dakota (individually, a “Participating State,” and collectively, the “Participating States”) have each agreed, through their respective state money transmission regulatory agencies, to negotiate and enter into this Consent Order (hereinafter referred to as the “Order”).

3. The Participating States are respective members of the Conference of State Bank Supervisors (“CSBS”) and the Money Transmitter Regulators Association (“MTRA”) and have agreed to address enforcement concerns with Pionex in a collective and coordinated manner. The Participating States and Pionex are collectively referred to as the “Parties.”

4. Pionex is licensed as a money transmitter under the respective laws of each Participating State.

5. From on or about November 18, 2024 through December 4, 2024, the Participating States commenced a multi-state examination of Pionex covering the period of August 1, 2022 to September 30, 2024, and extended the financial scope of the examination through October 31, 2024 (the “Multi-State Examination”).

6. The Multi-State Examination was conducted to determine Pionex’s compliance with applicable state and federal laws and regulations, financial condition, the adequacy of its policies and procedures, and its control and supervision of licensed money transmittal operations.

7. The Participating States conducted the Multi-State Examination pursuant to their respective statutory authorities, in accordance with the Protocol for Performing Multi-State Examinations and the Nationwide Cooperative Agreement for MSB Supervision maintained by the CSBS.

8. A report of the Multi-State Examination was issued by the Participating

States to Pionex on March 10, 2025, which detailed the Participating States' findings (the "Report of Examination").

9. The Report of Examination described and cited a violation of the Funds Transfer Rule under 31 C.F.R. § 1010.410(f). Specifically, Pionex failed to collect sender and beneficiary information for transactions exceeding \$3,000.00.

10. The Report of Examination described and cited state-specific compliance violations and deficiencies including, but not limited to:

- a. Failure to implement an effective and comprehensive information security program as required by applicable state law.
- b. Failure to maintain permissible investments as required by applicable state law.
- c. Failure to maintain adequate surety bond coverage in accordance with applicable state law.
- d. Failure to make, keep, and preserve books and records, and make available for inspection in accordance with applicable state law.
- e. Failure to timely submit annual and quarterly reporting in accordance with applicable state law.

11. Prior to obtaining licensure in two of the Participating States, Pionex actively conducted money transmission activities in violation of the applicable laws for North Carolina and Ohio.

12. Based on the findings in the Report of Examination, the Participating States engaged in direct discussions with Pionex's senior management to identify steps Pionex should take to improve compliance, manage risk, and otherwise to ensure safe and sound operations as part of the Multi-State Examination resolution process.

13. Pionex does not admit any wrongdoing, allegations or implications of fact and does not admit any violations of applicable laws, regulations or rules governing the conduct and operation of its money transmittal business. Pionex acknowledges that the Participating States have and maintain jurisdiction over the underlying dispute.

14. Pionex represents that it has implemented, and will continue to maintain, procedures designed to ensure that Pionex has complied with all regulatory requirements imposed by the Participating States.

15. The Participating States have legal authority to initiate administrative actions based on the conduct described in the Report of Examination, and reserve all rights, duties, and authority to enforce all statutes, rules and regulations under their respective jurisdictions against Pionex regarding any money transmission activities or other activities.

16. Pionex hereby knowingly, willingly, voluntarily, and irrevocably consents to the execution of this Order pursuant to the authority vested in each Participating State and agrees that it understands all of the terms and conditions contained herein. Pionex acknowledges that it has full knowledge of its rights to notice and a hearing pursuant to the laws of the respective Participating States. By voluntarily entering into this Order, Pionex waives any right to notice and a hearing, and review of such hearing, and also herein waives all rights to any other judicial appeal concerning the terms, conditions, and related obligations set forth in this Order. Pionex further acknowledges that it has had an opportunity to consult with independent legal counsel in connection with its waiver of rights and with the negotiation and execution of this Order, and that Pionex has either consulted with independent legal counsel or has knowingly elected not to do so.

17. Pionex represents that the person signing below is authorized to execute this Order and to legally bind Pionex.

Based upon the foregoing, the Participating States listed below hereby **ORDER** as follows:

## **I. JURISDICTION**

1. Pursuant to the licensing and supervision laws of the Participating States, the Participating States have jurisdiction over Pionex as described herein and may enforce the terms of this Order thereon.

## **II. REPORT OF EXAMINATION**

2. Pionex shall immediately begin implementing measures to comply with its obligations under this Order and will hereafter continue to comply with all regulatory requirements commensurate with the financial services provided by Pionex. Pionex shall ensure compliance with all state and federal laws and regulations applicable to a money transmission corporation having the size, complexity and overall risk profile of Pionex.

3. Pionex agrees to address all violations and take all required actions specified

in the Report of Examination within the time frames contained therein.

4. Pionex shall furnish written progress reports to the Participating States on a quarterly basis for a period of two years following the effective date of this Order. Such reports shall be due by the 30<sup>th</sup> day following the end of the quarter, e.g., the report for the quarter ending March 31 is due on April 30. The progress reports shall detail the form, content, and manner of any actions taken to address each section of this Order, and will describe, in detail, any other compliance initiatives instituted during the calendar quarter and the results thereof. Each progress report submitted to the Participating States pursuant to this section of the Order will be reviewed and signed by a duly authorized control person of Pionex.

### **III. UNLICENSED MONEY TRANSMISSION ACTIVITY**

5. The Report of Examination cites a violation for unlicensed money transmission activity in the Participating States of North Carolina and Ohio.

6. For North Carolina, between May 13, 2022, and August 4, 2022, before Pionex's money transmitter license was approved, Pionex onboarded 241 new customers, who made deposits.

7. For Ohio, prior to obtaining an Ohio money transmitter license on October 31, 2022, Pionex engaged in money transmission activities commencing on or before June 23, 2022, which included at least 612 transactions totaling at least \$293,000. At the time of these transactions, Pionex did not have an active money transmitter license in Ohio and did not fall under one of the enumerated exceptions in Ohio Revised Code Section 1315.02 to act as a money transmitter without a license.

### **IV. ADMINISTRATIVE PENALTY**

8. Pionex shall pay an administrative penalty totaling \$20,000.00 to the Participating States that cited unlicensed activity as follows:

- a. For North Carolina, the sum of \$10,000.00.
- b. For Ohio, the sum of \$10,000.00.

Pionex shall pay this administrative penalty by means designated by each Participating State within 30 days of the Effective Date of this Order.

9. In the event that Pionex fails to submit any administrative penalty set forth in this Order, in the amounts specified herein and in accordance with the applicable deadlines, or if any transfer of any monetary amount required under this Order is voided by a court order, including a bankruptcy court order, Pionex shall not object to a Participating State submitting a claim, nor attempt to defend or defeat such authorized claim, for any unpaid amounts against any surety bond that Pionex may maintain in such Participating State as a condition of maintaining a license under the jurisdiction of that Participating State.

## **V. ENFORCEMENT**

10. *No Restriction on Existing Authority.* This Order shall in no way preclude any Participating State from exercising its examination, investigative or enforcement authority under the laws of the corresponding Participating State.

11. *Enforceability of Order.* Notwithstanding any other relief to the contrary, if Pionex fails to comply with the terms and conditions of this Order, the Participating States may pursue any action allowed by law concerning the conduct and compliance violations stated in the Report of Examination, such action including, but not limited to, suspension or revocation of a license issued by the Participating State to Pionex, imposition of a civil money penalty against Pionex, or any other remedy allowed by law. The Parties agree that the failure of Pionex to comply with any term or condition of this Order with respect to a particular State shall be treated as a violation of an Order of the State and may be enforced as such. Moreover, Pionex acknowledges and agrees that this Order is only binding on the Participating States' and not any other Local, State or Federal Agency, Department or Office who is not a signatory on this Order.

## **VI. GENERAL PROVISIONS**

12. *Effectiveness.* This Order shall become effective upon execution by all of the named Participating States (the "Effective Date").

13. *Public Record.* This Order shall become public upon the Effective Date.

14. *Disclosure.* Pionex understands, agrees, and acknowledges that this Order is considered a disciplinary action, and that it shall properly disclose this Order on all future applications and renewal requests filed via NMLS.

15. *Binding Nature.* The terms of this Order shall be legally binding upon

Pionex's officers, owners, directors, employees, heirs, successors and assigns. The provisions of this Order shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this Order shall have been modified, terminated, suspended, or set aside, in writing by mutual Order of the Participating States acting collectively or severally.

16. *Standing and Choice of Law.* Each Participating State has standing to enforce this Order in the judicial or administrative process otherwise authorized under the laws and regulations of the corresponding Participating State. Upon entry, this Order shall be deemed a final order of each respective Participating State unless adoption of a subsequent order is necessary under the laws of the corresponding Participating State. In the event of any disagreement between any Participating State and Pionex regarding the enforceability or interpretation of this Order and compliance therewith, the courts or administrative agency authorized under the laws of the corresponding Participating State shall have exclusive jurisdiction over the dispute, and the laws of the Participating State shall govern the interpretation, construction, and enforceability of this Order.

17. *Titles.* The titles used to identify the paragraphs of this Order are for the convenience of reference only and do not control the interpretation of this Order.

18. *Final Order.* This Order is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenants between the Parties solely with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the Parties, their respective representatives, and any other person or entity, with respect to the subject matter covered herein, excepting therefrom any proceeding or action if such proceeding or action is based upon facts not presently known to a Participating State or which were knowingly concealed from a Participating State by Pionex. The Parties further acknowledge and agree that nothing contained in this Order shall operate to limit a Participating State's ability to assist any other local, state or federal agency, department or office with any investigation or prosecution, whether administrative, civil or criminal, initiated by any such Agency, Department or Office against Pionex or any other person based upon any of the activities alleged in these matters or otherwise.

19. *Waiver.* The waiver of any provision of this Order shall not operate to waive any other provision set forth herein, and any waiver, amendment and/or change to the terms of this Order must be in writing signed by the Parties.

20. *Severability.* If any provision of this Order shall be found by any court of law to be void, voidable, invalid, or otherwise unenforceable, the remaining portions shall remain in full force and effect.

21. *No Private Right of Action Created.* This Order does not create any private rights or remedies against Pionex (or any of its affiliates or subsidiaries), create any liability for Pionex (or any of its affiliates or subsidiaries) or limit defenses of Pionex (or any of its affiliates or subsidiaries) for any person or entity not a party to this Order.






22. *Counterparts.* This Order may be executed in separate counterparts, by facsimile, by scanned electronic document, or by electronic signature. A copy of the signed Order will be given the same effect as the originally signed Order.

23. Nothing in this Order shall relieve Pionex of its obligation to comply with applicable state and federal law.

It is so **ORDERED**.

**IN WITNESS WHEREOF**, in consideration of the foregoing, including the recital paragraphs, and with the Parties intending to be legally bound, do hereby execute this Order this 28th of May, 2025.

(Signatures on next page.)

<b>WE CONSENT</b>	
<b>NEBRASKA DEPARTMENT OF BANKING AND FINANCE</b>	
Kelly Lammers Director	
Date	05/29/2025
<b>NORTH CAROLINA COMMISSIONER OF BANKS</b>	
Katherine M.R. Bosken Commissioner of Banks	
Date	05/30/2025
<b>OHIO DIVISION OF FINANCIAL INSTITUTIONS</b>	
Kevin R. Allard Superintendent	
Date	05/29/2025
<b>SOUTH DAKOTA DIVISION OF BANKING</b>	
Bret Afdahl Director	
Date	05/29/2025
<b>PIONEX INC.</b>	
Robert F. Morris Chief Compliance Officer	
Date	05/29/2025