

STATE OF NORTH DAKOTA

DEPARTMENT OF FINANCIAL INSTITUTIONS

IN THE MATTER OF BAM TRADING
SERVICES INC.:

252 NW 29TH ST FL 9, STE 905 MIAMI, FL
33127-3904

Respondent.

Consent Order

CONSENT ORDER

WHEREAS, the North Dakota Department of Financial Institutions (“the Department”) asserts that BAM Trading Services, Inc. d/b/a Binance.US (“Respondent”) has engaged in acts, practices, or transactions (the “Violations”) that are prohibited under provisions of the North Dakota Century Code (N.D.C.C.) Chapter 13-09.1, as set forth below;

WHEREAS, as a result of the asserted Violations, the Department issued an Order for Revocation and Notice of Right to Request a Hearing (the “Order for Revocation”) upon Respondent on June 4, 2024;

WHEREAS, Respondent and the Department wish to resolve the Order for Revocation without further administrative proceedings or litigation; and

WHEREAS, Respondent and the Department enter into this Consent Order to fully resolve the ongoing administrative proceeding;

NOW, THEREFORE, Respondent and the Department agree to the terms and conditions in this Consent Order.

RECITALS

1. Respondent is registered as a business corporation with the North Dakota Secretary of State, with an address of: 252 NW 29th St., FL 9 Ste 905, Miami, FL 33127-3904.
2. Respondent has “Binance.US” listed as its registered trade name with the North Dakota Secretary of State, with an address of: One Letterman Drive Building C, STE C3-800, San Francisco, CA 94129.
3. Respondent has Corporation Services Company listed as its registered agent with the North Dakota Secretary of State, with an address of: 418 N 2nd St., Bismarck, ND 58501.
4. Respondent is engaged in the business of money transmission services in North Dakota using the trade name Binance.US.
5. Respondent is wholly owned by BAM Management US Holdings Ince, which is majority owned, directly and indirectly, by Changpeng Zhao (“Zhao”), who exercised control over respondent as outlined in N.D.C.C. § 13-09.1-01(7).
6. On or about November 21, 2023, in the case of United States of America v. Changpeng Zhao, No. CR23-17RAJ, in the United States District Court for the Western District of Washington, Zhao plead guilty to: Failure to maintain an effective anti-money laundering program in violation of 31 U.S.C. §§ 5318(h), 5322(b), 5322(c), and 5322(e); 18 U.S.C. section 2; and 31 C.F.R. § 1022.210.

LEGAL STANDARDS AND DESCRIPTION OF VIOLATIONS

7. The Department is authorized to license money transmitters in North Dakota under N.D.C.C. ch. 13-09.1.

8. In accordance with N.D.C.C. ch. 13-09.1, on December 31, 2020, Respondent applied for, and was subsequently issued, a money transmitter license from the Department to conduct money transmission services in the state of North Dakota.
9. Pursuant to N.D.C.C. § 13-09.1-15, the Department is authorized to suspend or revoke a money transmitter's license upon the Commissioner finding a licensee has not continued to meet the qualifications or satisfy the requirements that apply to an applicant for a new money transmission license.
10. Respondent held funds with BitGo Trust Company, an account which does not meet the requirements of a permissible investment as outlined in N.D.C.C. § 13-09.1-35.
11. Respondent suspended payments in fiat currency in July 2023 and ceased allowing customers to withdraw funds in the form of fiat currency, even if the customer funds held by the Respondent were held as fiat currency. Respondent required that fiat-denominated funds must be converted to a digital asset and transferred out of the account held by the Respondent.
12. Based on the foregoing, the Department hereby finds the following violations have occurred:
 - a. Respondent failed to maintain sufficient permissible investments. This conduct is in violation of N.D.C.C. § 13-09.1-34.
 - b. Zhao had control over Respondent within the meaning of N.D.C.C. § 13-09.1-01(7). While exercising control over Respondent, Zhao plead guilty to an anti-money laundering violation: Failure to maintain an effective anti-money laundering program in violation of 31 U.S.C. §§ 5318(h), 5322(b), 5322(c), and 5322(e); 18 U.S.C.

section 2; and 31 C.F.R. § 1022. Therefore, Zhao failed to meet the character and general fitness standards, a violation of N.D.C.C. § 13-09.1-36(e).

- c. Respondent suspended payments of fiat currency to customers who held funds with the Respondent in fiat currency. This suspension is a violation of N.D.C.C. § 13-09.1-36(f) and a violation of N.D.C.C. § 13-09.1-36(g).

13. Based upon the foregoing, the Commissioner has reasonable basis to believe:

- a. Respondent has committed violations of the Money Transmitters Act under N.D.C.C. §§ 13-09.1-15, 13-09.1-16, 13-09.1-34, and 13-09.1-36.
- b. Pursuant to N.D.C.C. § 13-09.1-15(1), the Commissioner finds the Respondent does not continue to meet the qualifications or satisfy requirements that may apply to an applicant for a new money transmitter license. The Commissioner further finds that pursuant to N.D.C.C. § 13-09.1-15(2), Respondent has not met at all times the requirements set forth in Section 13-09.1-34.

CONSENT ORDER

- 14. Respondent has ceased and agrees it will continue to cease onboarding new North Dakota users.
- 15. Respondent commenced winding down all services in North Dakota on July 12, 2024, and as of September 12, 2024, has ceased providing money transmission service to North Dakota residents, but for continuing to allow North Dakota users to withdraw funds, including fiat withdraws through Pockyt, a third-party provider, until such time as funds are escheated to the state.
- 16. Respondent will apply with the North Dakota Unclaimed Property Division for the opportunity to escheat remaining North Dakota users' assets before the statutory

escheatment period has elapsed. If that request is approved, Respondent will escheat any remaining assets belonging to North Dakota users on the platform in accordance with the escheatment guidelines administered by the North Dakota Unclaimed Property Division. This will be completed no later than March 31, 2025. The Respondent will report to the Department when this is done, no later than April 30, 2025.

17. Upon completion of items 14 through 16 of this Consent Order, Respondent will cease engaging in the business of money transmission in the State of North Dakota, and its license will be terminated.
18. The Department agrees to list Respondent's status in the NMLS and all other records as "Terminated – Ordered to Surrender".
19. Respondent may seek to re-apply for a money transmitter license after January 1, 2026, provided at such time that Zhao is not in "control" of the Respondent as defined in N.D.C.C. § 13-09.1- 01.
20. This Consent Order is entered into solely for the purpose of resolving the administrative proceeding and any potential litigation between the Department and Respondent and does not constitute an admission of wrongdoing or liability on the part of Respondent or the Department.
21. By voluntarily entering into this Consent Order, Respondent waives its right to a hearing or appeal concerning the terms, conditions, or penalties set forth herein.
22. Respondent understands all terms and conditions in this Consent Order, consents to the entry of this Consent Order, and acknowledges that its consent is given freely and voluntarily and that, except as set forth herein, no promise was made to induce Respondent's consent.

23. The Department reserves all rights, duties, and authority to enforce all statutes, rules, and regulations under its jurisdiction against Respondent.
24. This Consent Order contains the entire agreement between the Department and Respondent. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Consent Order.
25. This Consent Order shall be governed by, enforced, and construed under the laws of the State of North Dakota. Any action taken with respect to this Consent Order must be brought in Burleigh County, North Dakota, as the venue.

SIGNATURES

The terms and conditions set forth in this Consent Order are hereby agreed to. I certify under the penalty of perjury that I have taken all necessary steps to obtain the authority to bind BAM Trading Services Inc. to this Consent Order and that I have been duly authorized to enter into this Consent Order on behalf of the named Respondent.

BAM Trading Services, Inc.

By:  3/12/2025 | 11:09:40 PDT
Printed name: Norman Reed Date
Title: CEO

The terms and conditions set forth in this Consent Order are hereby agreed to and ordered.

STATE OF NORTH DAKOTA DEPARTMENT OF FINANCIAL INSTITUTIONS

By: Lise Kruse Date 3/13/2025

Lise Kruse, Commissioner

North Dakota Department of Financial Institutions