

TERM SHEET

WHEREAS Plutus Financial Holdings Inc., Plutus Financial Inc., Plutus Lending LLC, and Abra Boost LLC (collectively "Abra") are entities commonly controlled by William Barhydt ("Barhydt"), and

WHEREAS state securities regulators investigated whether Abra and Barhydt issued, offered and sold products referred to as Abra Earn and Abra Boost to residents of U.S. states and territories, and

WHEREAS client assets in Abra Earn and Abra Boost were withdrawn and/or moved to the clients' respective Abra Trade accounts as of August 2023 and continue to be available to customers through the Abra smartphone application for withdrawal,

WHEREAS Abra and Mr. Barhydt cooperated with inquiries and information requests from state securities regulators;

WHEREAS Abra has reached an agreement with the Texas State Securities Board to resolve its investigation and return assets to Texans, and have agreed to permit state securities regulators from the other 49 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands and Guam to participate in the settlement pursuant to the same terms, which are defined herein, and

THEREFORE, it is understood and agreed:

1. At the time it executes enters this Term Sheet with a settling state agency, Abra will provide the settling state agency with:
 - a. For all clients residing in the state of the settling state agency, the full account holder (or co-holder) names, all mailing addresses, all email addresses, all telephone numbers , and all employment information (collectively, "Client Information"), provided, however, that Abra can only provide such Client Information as is in its possession, and
 - b. For all clients residing in the state of the settling state agency, the aggregate dollar value of the outstanding assets owed to all Earn, Trade and Boost clients ("Outstanding Client Assets") as of December 12, 2023, and as of approximately 5:00pm ET on June 15, 2023.
2. At the time it executes this Term Sheet with Abra, the settling state agency shall identify the procedure Abra will use to return assets that are (a) in Abra's possession and (b) owned by clients residing in the settling state based on Abra's most recent records. The settling state shall choose one of the following procedures:
 - a. Abra will convert the outstanding assets owned by clients identified in paragraph 1 to fiat¹ (to the extent the outstanding assets have value and can be sold). If the aggregate assets of the client have a value of \$10 or more, Abra will send a check or secure bank instrument to the last known mailing address of the client. Checks will be sent by or before a date certain, specified in the election, but no later than 30 days after the date the settling state agency executed the Term Sheet. In no event shall Abra be responsible for nondelivered checks or responsible for any claims resulting from loss of value due to the conversion.

- b. Abra will convert the outstanding assets owned by clients identified in paragraph 1 to fiat¹ (to the extent the outstanding assets have value and can be sold), and Abra will send the funds to the settling state agency's unclaimed property fund (or the equivalent), taking the appropriate steps to identify clients, amounts owed/owned, and other necessary data. Checks will be sent by or before a date certain, specified in the election, but Abra shall complete such process no later than 30 days after the date the settling state agency executed the Term Sheet. The settling state agency and Abra acknowledge and agree that certain state unclaimed property agencies' rules and requirements may require assets to be held for longer statutory period in order for the Outstanding Client Assets to be considered dormant and Abra and settling state agency agree to work together on returning such assets that may not be otherwise accepted by the respective state's unclaimed property agency.
 - c. Abra will convert the outstanding assets owned by clients identified in paragraph 1 to fiat¹ (to the extent the outstanding assets have value and can be sold), and Abra will send a cashier's check or other secure bank instrument to the state's victim/loss fund (or equivalent), taking appropriate steps to identify clients, amounts owed/owned, and other necessary data. Checks will be sent by or before a date certain, specified in the election, but no later than 30 days after the date the settling state agency executed the Term Sheet. In no event shall Abra be responsible for nondelivered checks.
 - d. Abra will transfer outstanding assets owned by clients identified in paragraph 1 to a segregated wallet or wallets that will be created and administered by either the settling state agency, a different agency in the settling state, or a third-party custodian designated by the settling state agency. The state agency or custodian will provide Abra with the address(es) of the wallet(s) and indicate the digital assets that should be sent to each wallet. Abra will send assets to these wallets by or before a date certain, specified in the election, but no farther out than 30 days after the date the settling state agency executes this Term Sheet.
 - e. Any other procedure agreed to by Abra and the settling state agency.
3. Within 7 calendar days following the execution of this Term Sheet, Abra will provide clients in each settling state with information describing its plan for performance specified in paragraph 2 via electronic mail messages and text messages, to the extent Abra is in possession of the clients' mobile telephone number. Abra will afford said clients at least 7 calendar days, starting from the date Abra sent electronic mail messages and text messages, to withdraw assets through the Abra smartphone application before Abra performs as specified in paragraph 2.
4. Abra will provide confirmation and evidence, such as but not limited to screenshots, reports and mail receipts, as applicable, to each settling state agency within one week of completing the requirements in paragraph 2. The confirmation and evidence should provide, at a minimum, the information described in paragraph 1, including the dollar amount of fiat currency transferred for each client.

¹ Any conversion amount from digital assets into fiat will vary according to several factors including market price, order book depth and cost of trade execution at the time of the conversion.

5. After Abra completes performance of the acts specified in paragraphs 2 through 4, Abra and the settling state agency shall enter a settling document, consistent the settling state agency's laws, rules, regulations and/or practices (e.g. consent order, settlement agreement, final order, etc.) ("Settling Document"). Following the entry of each Settling Document, Abra will continue to provide customer support to prior customers, including responding to inquiries submitted by customers residing in the state of the settling state agency and providing said clients with the identity of the settling state agency and its contact information. It will also provide copies of all such inquiries to the settling state agency within 14 calendar days of receipt for 90 days following the entry of the settling state settlement order.
6. Each Settling Document will indicate the date [August 15, 2023] Abra segregated assets at Fireblocks, state that once assets from Earn and Boost were deposited into the Trade account, such assets immediately became subject to the February 7, 2023, Terms of Service, and represent that the segregation of assets and their return to clients is in the ordinary course of business with said clients.
7. Each Settling Document will specify that Mr. Barhydt and Abra will not be subject to any disqualification as set forth in federal/state securities laws, the rules and regulations thereunder, and the rules and regulations of self-regulatory organizations, including but not limited to, any disqualification from relying upon registration exemptions or safe harbor provisions thereunder. Further, each Settling Document will specify that the Settling Document is not intended to form the basis for any such disqualification.
8. Mr. Barhydt agrees that any entity he controls² or is a principal of that is in the business of providing investment advice or issuing or offering securities, including exempt or covered securities, will employ a Chief Compliance Officer, whose responsibilities will include compliance with all state and federal securities laws. As relevant to the subject entity's business, the Chief Compliance Officer shall be authorized under the settling state's laws to act as a Chief Compliance Officer for the subject entity's business.. Mr. Barhydt shall provide the settling state with the name of and contact information for the Chief Compliance Officer and, in the event a new Chief Compliance Officer is hired or retained to replace the prior Chief Compliance Officer, provide the settling state with the name of and contact information for any new Chief Compliance Officer. The Chief Compliance Officer shall have full access to files and records (whether kept electronically or otherwise), and employees as required to perform their responsibilities. If requested, Mr. Barhydt shall instruct the Chief Compliance Officer to cooperate, answer any questions from any state securities regulator and produce records to the state securities regulator, without the need for a subpoena unless otherwise prohibited by applicable federal or state laws or regulations. These requirements shall expire two years from the date of entry of the Settling Document or October 1, 2025, whichever date is earlier.
9. Abra will pay an administrative fine to the settling state agency in the amount of the value of outstanding assets owed to Earn, Trade and Boost clients residing in the state of the settling state agency as of 5:00pm ET on June 15, 2023. This amount will be specifically identified in the Settling Document. The fine will be suspended and will extinguish provided Abra complies with the terms of paragraph 2 within 30 days after the date the settling state agency executed this Term Sheet.

² "Control" for purposes of this agreement includes the power or authority over the subject entity, to regulate or govern, or to have a controlling interest in the subject entity.

However, in the event that Abra voluntarily files for bankruptcy in the US or abroad, or the equivalent abroad, or is the subject of a successful involuntary bankruptcy in the US or abroad, or the equivalent abroad, prior to complying with paragraph 2, the above suspended penalty shall immediately become due and owing to the settling state agency.

10. The settling state agencies that filed actions against Abra and/or Mr. Barhydt on or after June 15, 2023, agree to dismiss any and all complaints, show cause orders, cease-and-desist orders, notices of hearing and other enforcement actions filed on or after June 15, 2023 ("Regulatory Actions"), as a condition of settlement. They also agree to jointly file to dismiss any ongoing legal proceedings arising from the Regulatory Actions.
11. Nothing in this term sheet or any Settling Document shall limit a settling state agency from investigating any conduct not specifically addressed in the Regulatory Actions, Settling Document or to any conduct not disclosed by Abra prior to the date of the Settling Document.
12. Abra shall notify the settling state agency of receipt of any government subpoenas for a period of one year from entry of the Settling Document or December 1, 2024, whichever date is earlier.
13. Texas agrees to dismiss its Emergency Cease and Desist Order as a condition of settlement. It also agrees to remove the order and press release from its website. Texas agrees to provide Abra and Mr. Barhydt a letter confirming that, prior to its dismissal, the Emergency Cease and Desist Order was not intended to constitute a disqualification under federal/state securities laws, the rules and regulations thereunder, and the rules and regulations of self regulatory organizations, including but not limited to, any disqualification from relying upon registration exemptions or safe harbor provisions thereunder.
14. Each Settling Document will generally describe Abra, Mr. Barhydt's role with Abra, the Earn/Boost/Trade programs, the acts performed pursuant to paragraph 2, and other information set forth herein. It will not allege fraudulent acts, nor dishonest, unethical practices, nor conclude the parties engaged in any such conduct.
15. Each settling state agency's Settling Document may order Mr. Barhydt and Abra to cease-and-desist on a without-admitting-or-denying-basis from selling unregistered securities in the settling state without an exemption from registration.

TERM SHEET SIGNATORY PAGE FOR ABRA

This term sheet is being executed on behalf of Abra as follows:

PLUTUS FINANCIAL HOLDINGS INC.

Signature: 

Printed/typed name: William Barhydt

Title: CEO

Date: 1/11/24

PLUTUS FINANCIAL INC.

Signature: 

Printed/typed name: William Barhydt

Title: CEO

Date: 1/11/24

PLUTUS LENDING LLC

Signature: 

Printed/typed name: William Barhydt

Title: CEO

Date: 1/11/24

ABRA BOOST LLC

Signature: 

Printed/typed name: William Barhydt

Title: CEO

Date: 1/11/24

TERM SHEET SIGNATORY PAGE FOR WILLIAM BARHYDT

This term sheet is being executed by William Barhydt as follows:

Signature: 

Printed/typed name: William Barhydt

Date: 1/11/24

TERM SHEET SIGNATORY PAGE FOR TEXAS STATE SECURITIES BOARD

This term sheet is being executed by the Texas State Securities Board as follows:

Signature: 

Printed/typed name: Travis J. Iles

Title: Securities Commissioner

Date: January 17, 2024