6/27/2023 4:15 PM Steven D. Grierson CLERK OF THE COURT **ERR** 1 AARON D. FORD 2 Attorney General MICHAEL DETMER 3 Chief Deputy Attorney General Nevada Bar No. 10873 4 555 E. Washington Avenue, Suite 3900 5 Las Vegas, NV 89101 P: (702) 486-3809 6 Email: mdetmer@ag.nv.gov 7 Attorneys for the Financial Institutions Division 8 IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA 9 10 CLARK COUNTY, NEVADA 11 SANDY O'LAUGHLIN, in her capacity as Case No. A-23-872963-B Commissioner of the State of Nevada. 12 Department of Business and Industry, Dept. No. XXII 13 Financial Institutions Division, 14 Petitioner, 15 vs. 16 PRIME CORE TECHNOLOGIES, INC., 17 PRIME TRUST, LLC, PRIME IRA, LLC, PRIME DIGITAL LLC. 18 19 Respondent. 20 ERRATA TO PETITION FOR APPOINTMENT OF RECEIVER, TEMPORARY 21 INJUNCTION, AND OTHER PERMANENT RELIEF (FILED JUNE 26, 2023) 22 Petitioner, Sandy O'Laughlin, Commissioner ("Commissioner") of the Financial 23 Institutions Division ("Division"), State of Nevada, by and through its counsel, Aaron D. Ford, Attorney 24 General of the State of Nevada, and Michael Detmer, Chief Deputy Attorney General, hereby submits 25 this Errata to the Petition for Appointment of Receiver, Temporary Injunction, and Other Permanent 26 Relief (filed on June 26, 2023) (hereinafter referred to as the "Petition"). 27

Electronically Filed

Page 1 of 2

28

ERRATA On June 26, 2023, the instant Petition was filed with the Court. Several pages of the Petition's "Exhibit 1" were inadvertently omitted and the full Exhibit 1 is attached to the Errata. Respectfully submitted this 27th day of June, 2023. AARON D. FORD Attorney General By: /s/ Michael D. Detmer MICHAEL DETMER Chief Deputy Attorney General Attorney for the Financial Institutions Division

6

9

15

13

22

||...

AFFIDAVIT OF SANDY O'LAUGHLIN

I, Sandy O'Laughlin, being first duly sworn and under all penalties of perjury of the State of Nevada, do hereby swear that the assertions of this Affidavit are true and correct to the best of my knowledge and belief:

- I am the Commissioner of the Nevada Financial Institutions Division ("Division"). I
 have served as the Commissioner of the Division since November 11, 2019.
- 2. I am over 18 years of age and am qualified to submit this Affidavit.
- The Division regulates multiple financial institutions including, but not limited to, retail trust companies.
- 4. The Division conducts investigations and/or examinations of its licensees to ensure their compliance with the law, including those enumerated in the Nevada Revised Statutes and/or Nevada Administrative Code.
- 5. In my capacity as the Commissioner of the Division, I have direct access to all of the Division's records including, but not limited to, licenses, licenses applications, examination reports and/or examination findings.
- The Division has been conducting an examination of Prime Trust LLC, a Nevadadomiciled retail trust company licensed as of January 26, 2017, License No. TR10035 ("Prime").
- 7. The following information was procured in the course of the examination, including through discussions with PRIME and/or its agents, and is understood to be true and accurate:
 - a. In 2018, PRIME engaged in the business of holding cryptocurrency in trust for clients. In furtherance of the same, PRIME created a digital wallet ("Wallet") for the purpose of holding digital currency in trust for its customers.
 - b. In 2019, the company contracted with Fireblocks LLC, ("Fireblocks"), a digital asset security platform, to store all of the cryptocurrency assets it held in custody.

- c. Though the migration from the Wallet to the Fireblocks platform was completed in 2020, the original Wallet continued to exist but was marked as inactive.
- d. In 2020, after the migration to Fireblocks was completed, PRIME came under new management. When the new management came to PRIME they were purportedly informed by prior management that all cryptocurrency assets were maintained and accessible in the Fireblocks platform.
- e. In January 2021, PRIME reintroduced specific legacy wallet forwarding addresses to customers ("Legacy Wallets"). It is understood PRIME did so because of limitations associated with creating new wallets within the Fireblocks platform. PRIME purportedly believed that these legacy wallets existed on the Fireblocks platform or were configured to forward to wallets accessible on the Fireblocks platform.
- f. However, it is understood that on or about December 2021, PRIME discovered that it was unable to access the Legacy Wallets and the cryptocurrency therein.
- g. It is understood that from December 2021 to March 2022, to satisfy the withdrawals from the inaccessible Legacy Wallets, PRIME purchased additional digital currency using customer money from its omnibus customer accounts.
- h. PRIME is reported to have been making substantial efforts to regain access to the Legacy Wallets. However, as of the date of this Petition, PRIME has been unable to do so.
- i. In addition to the above, it is reported that the frequency of customer withdrawals from PRIME have recently increased. Furthermore, many of the withdrawals were for large sums. As such, at or about the time of the instant Petition, it is understood that PRIME's financial status is such that it owes, in fiat currency, \$85,670,000 to its clients but has \$2,904,000 in fiat currency

(equaling an \$82,766,000 fiat currency liability). As to digital currency, PRIME owes \$69,509,000 to its clients but only has \$68,648,000 in digital currency. As such, PRIME would be unable to satisfy all of its withdrawals¹.

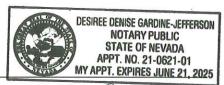
- j. Additionally, it was observed in Prime's NMLS Money Service Business Call Report that Prime is operating with a negative \$-12,071,508 stockholders' equity position.
- 8. With consideration of the above, Prime's financial status appears to be such that Prime will be unable to satisfy all of the withdrawals of its customers.
- 9. As Prime is operating, and will seemingly continue to operate, with a substantial deficit, it is believed that Prime is inherently in an unsafe/unsound condition to conduct business and/or is insolvent.
- 10. The Parties have conferred regarding possible candidates for appointment as a receiver over PRIME and have agreed that any of the below listed individuals may be qualified to act as a receiver over it, should the Court and said individual agree to the appointment:
 - John Guedry (Former CEO of Bank of Nevada; Former CEO of First Independent Bank)
 - Paul Huygens (Director of Meadows Bank; Principal of Province)
 - Arvind Menon (Former President and CEO of Meadows Bank; Former President and CEO/CFO at Nevada First Bank; Former CFO of Bank of America, Nevada)

Signature of Affiant

6/26/2023

The foregoing affidavit was sworn to and subscribed before me by Andree S. O'Laughtinon this 26 day of June, 2023.

¹ All monetary references provided within the instant Affidavit are approximations unless otherwise specified.



Notary Public

APPT. NO. 21-0621-01
YAPPT. EXPIRES JUNE 21, 2025

Date

Desembers Land Seffersor