

CASE NO: A-23-872963-B
Department 22

1 **PET**
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12 **IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
13 **CLARK COUNTY, NEVADA**

14 SANDY O’LAUGHLIN, in her capacity as) Case No.
15 Commissioner of the State of Nevada,)
16 Department of Business and Industry,) Dept. No.
17 Financial Institutions Division,)
18)
19 Petitioner,)
20 vs.)
21 PRIME CORE TECHNOLOGIES, INC.,)
22 PRIME TRUST, LLC, PRIME IRA, LLC,)
23 PRIME DIGITAL, LLC,)
24)
25 Respondent.)
26)
27)
28)

29 **PETITION FOR APPOINTMENT OF RECEIVER, TEMPORARY INJUNCTION,**
30 **AND OTHER PERMANENT RELIEF**

31 Pursuant to Nevada Revised Statute (“NRS”) 669.2846 and Rule 65 of the Nevada
32 Rules of Civil Procedure (“NRCP”), Petitioner, Sandy O’Laughlin, Commissioner
33 (“Commissioner”) of the Financial Institutions Division (“Division”), State of Nevada
34 petitions this Honorable Court to enter a temporary restraining order (“TRO”) enjoining
35 PRIME CORE TECHNOLOGIES, INC., and/or any of its subsidiaries or entities related
36 thereto including PRIME TRUST, LLC, PRIME IRA, LLC, and/or PRIME DIGITAL, LLC,

1 (hereinafter collectively referred to as “PRIME”), from operating in the business as a retail
2 trust company, and further to issue an order appointing a receiver over PRIME for the
3 purpose of its conservation or rehabilitation.

4 This Petition is based upon the attached Points and Authorities, the Declaration of
5 the Commissioner, and the stipulation of PRIME for this receivership. Accordingly, the
6 Commissioner moves the Court to issue an order to show cause why the Petition should
7 not be granted. Because PRIME has requested the receivership and in order to urgently
8 address/evaluate PRIME’s financial condition to protect its customers, good cause exists to
9 set the show-cause hearing sooner than 15 days from the date of this Petition, or to proceed
10 without a show-cause hearing.

11 **REQUEST FOR TEMPORARY INJUNCTIVE RELIEF**

12 Pending permanent orders of the Court, the Commissioner requests, as authorized
13 by NRS 669.2846 and the referenced statutes, that the Court immediately issue the
14 following temporary orders for injunctive relief:

- 15 1. Immediately impound the property of PRIME, including all its assets, books,
16 papers, documents, and records pertaining thereto, which includes, but is not
17 limited to, all of PRIME’s accounts, trust, customer, operating, cryptocurrency,
18 or otherwise, and/or its Application Programming Interface (“API”) (hereinafter
19 cumulatively referred to “Assets”). NRS 669.2846(3).
- 20 2. Immediately appoint a Receiver over PRIME with the authority to enter the
21 business and immediately oversee the operation and rehabilitation of the
22 business. NRS 669.2846(3).
- 23 3. Immediately enjoin PRIME, including its officers, agents, and employees,
24 from disbursing, committing, transferring, substituting, or withdrawing any
25 funds from all of PRIME’s accounts, trust, customer, operating, cryptocurrency
26 or otherwise, or removing other property from, controlled, or owned by PRIME
27 except as expressly directed or approved by the Receiver pending the show-cause
28 hearing. *Id.*

1 4. Immediately enjoin PRIME, the officers, directors, stockholders, members,
2 subscribers, managers, agents, employees, and all other persons from: (1) wasting
3 or disposing of any Assets or property of PRIME, or (2) transacting any further
4 business on behalf of PRIME except as expressly directed or approved by the
5 Receiver pending the show-cause hearing. *Id.*

6 5. Authorize the Receiver to employ and to fix the compensation of such
7 deputies, counsel, employees, accountants, actuaries, investment counselors,
8 asset managers, consultants, assistants, and other personnel as the Receiver
9 considers necessary.

10 **REQUEST FOR PERMANENT INJUNCTIVE RELIEF**

11 After the show-cause hearing, as authorized by NRCP 65 and the referenced statutes
12 (unless the Court proceeds without such hearing) the Commissioner moves for permanent
13 injunctive and other relief, as follows, in order to protect PRIME's customers and the
14 public:

15 1. Permanently appoint a Receiver over PRIME with the authority to enter
16 the business and immediately oversee the operation and conservation or
17 rehabilitation of the business. NRS 669.2846. Should the Court grant the
18 instant Petition, PRIME and the Division respectfully request permission to
19 submit to the Court recommendations as to the individual to be appointed as the
20 receiver over PRIME. The parties have conferred in these regards and would
21 recommend those individuals listed in the "Affidavit of Commissioner
22 O'Laughlin" which is attached herein as "Exhibit 1".

23 2. Permanently enjoin PRIME, the officers, directors, stockholders, members,
24 subscribers, managers, agents, employees, and all other persons from: (1) wasting
25 or disposing of any Assets or property of PRIME, or (2) transacting any further
26 business on behalf of PRIME except as expressly directed or approved by the
27 Receiver. *Id.*

28 . . .

1 3. Permanently enjoin PRIME, including its officers, agents, and employees,
2 from disbursing, committing, transferring, substituting, or withdrawing any
3 funds from PRIME's accounts, trust, customer, operating, cryptocurrency, or
4 otherwise, or removing other property from, controlled, or owned by PRIME
5 except as expressly directed or approved by the Receiver. *Id.*

6 4. Vest the Receiver with title to all of PRIME's real and personal property of
7 every kind whatsoever and take possession of the Assets wherever located,
8 whether in the possession of PRIME or its officers, directors, employees,
9 consultants, attorneys, agents, managers, parents, subsidiaries, affiliated
10 corporations, or those acting in concert with any of these persons, and any other
11 persons, including, but not limited to, all property, offices maintained or utilized
12 by PRIME, books, papers, contracts, deposits, stocks, securities, rights of action,
13 accounts, documents, data records, papers, evidences of debt, bonds, debentures,
14 mortgages, furniture, fixtures, office supplies, safe deposit boxes, legal/litigation
15 files, and all books and records of insurers, and administer them under the
16 general supervision of the Court.

17 5. Authorize the Receiver to take any and all actions that the Receiver deems
18 necessary in connection with these proceedings, and as provided in NRS chapter
19 669 and any other applicable law.

20 DATED this 26th day of June, 2023.

21
22 AARON D. FORD
23 Attorney General

24 By: /s/ Michael D. Detmer
25 MICHAEL DETMER
26 Chief Deputy Attorney General
27 Attorney for the Financial Institutions Division
28

1 **POINTS AND AUTHORITIES**

2 **I. Introduction**

3 Following discussions between the Financial Institutions Division (the “Division”)
4 and PRIME, PRIME has stipulated and agreed to a receivership. (See PRIME’s “Written
5 Stipulation of the Board of Directors” attached herein as “Exhibit 2”). Prime was notified
6 on or about June 26, 2023, that the instant Petition would be filed with the Court. In this
7 case, the Commissioner agrees that a receivership is appropriate on the grounds that
8 PRIME may not be financially solvent and/or is in an unsafe or unsound condition to
9 transact business. The Commissioner seeks to protect PRIME’s customers through the
10 above-referenced injunctions and the appointment of a receiver for PRIME.

11 **II. Facts**

12 1. Prime Trust, LLC (“Prime Trust”), is a Nevada-domiciled retail trust company
13 licensed as of January 26, 2017, License No. TR10035. Comm’r Aff. at ¶ 6 . Prime Trust is
14 a wholly-owned subsidiary of Prime Core Technologies, Inc., (“Prime Core”), a Delaware
15 corporation with its principal office located in Las Vegas, NV. Prime Digital, LLC and
16 Prime IRA, LLC are Nevada-domiciled companies that are wholly-owned subsidiaries of
17 Prime Trust .

18 2. PRIME is also currently licensed in fifteen (15) states across the US as a
19 money transmitter.

20 3. PRIME provides trust services and operates as a financial technology-driven
21 company, dealing in cryptocurrency and developing its own FinTech software and providing
22 software services to its clients. PRIME’s business model is business-to-business-to-
23 consumer.

24 4. In 2018, PRIME engaged in the business of holding cryptocurrency in trust
25 for clients. In furtherance of the same, PRIME created a digital wallet (“Wallet”) for the
26 purpose of holding digital currency in trust for its customers. Comm’r Aff. at ¶ 7(a).

27 . . .

28 . . .

1 5. In 2019, the company contracted with Fireblocks, LLC (“Fireblocks”), a digital
2 asset security platform, to store all of the cryptocurrency assets it held in custody. Comm’r
3 Aff. at ¶ 7(b).

4 6. Though the migration from the Wallet to the Fireblocks’ platform was
5 completed in 2020, the original Wallet continued to exist but was marked as inactive.
6 Comm’r Aff. at ¶ 7(c).

7 7. In 2020, after the migration to Fireblocks was completed, PRIME came under
8 new management. When the new management came to PRIME they were purportedly
9 informed by prior management that all cryptocurrency assets were maintained and
10 accessible in the Fireblocks platform. Comm’r Aff. at ¶ 7(d).

11 8. In January 2021, PRIME reintroduced specific legacy wallet forwarding
12 addresses to customers (“Legacy Wallets”). It is understood PRIME did so because of
13 limitations associated with creating new wallets within the Fireblocks platform. PRIME
14 purportedly believed that these legacy wallets existed on the Fireblocks platform or were
15 configured to forward to wallets accessible on the Fireblocks platform. Comm’r Aff. at ¶
16 7(e).

17 9. However, it is understood that on or about December 2021, PRIME discovered
18 that it was unable to access the Legacy Wallets and the cryptocurrency therein. Comm’r
19 Aff. at ¶ 7(f).

20 10. It is understood that from December 2021 to March 2022, to satisfy the
21 withdrawals from the inaccessible Legacy Wallets, PRIME purchased additional digital
22 currency using customer money from its omnibus customer accounts. Comm’r Aff. at ¶ 7(g).

23 11. PRIME is reported to have been making efforts to regain access to the Legacy
24 Wallets. However, as of the date of this Petition, PRIME has been unable to do so. Comm’r
25 Aff. at ¶ 7(h).

26 ...

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1 receiver for, the property and business of the defendant,
2 including books, papers, documents and records
3 pertaining thereto, or so much thereof as a court may
4 deem reasonably necessary to prevent violations of this
5 chapter through or by means of the use of property and
6 business, whether such books, papers, documents and
7 records are in the possession of the defendant, a
8 registered agent acting on behalf of the defendant or any
9 other person. A receiver, when appointed and qualified, has
10 such powers and duties as to custody, collection, administration,
11 winding up and liquidation of such property and business as may
12 from time to time be conferred upon the receiver by the court.

13 4. If a receiver is appointed pursuant to subsection 3, such
14 receiver shall remit to the owners, members or shareholders of
15 the retail trust company any amount of equity and capital of the
16 retail trust company remaining after discharge of the liabilities
17 and payment of the normal, prudent and reasonable expenses of
18 the receivership. [emphasis added].

19 (Emphasis added).

20 NRCP 65(b) further provides, that the Court, in its sound discretion, may enter a
21 temporary restraining order if (1) it clearly appears from affidavits or a verified complaint
22 that immediate and irreparable injury, loss, or damage will result to the applicant before
23 the adverse party or that party's attorney can be heard in opposition; and (2) the applicant's
24 attorney certifies to the efforts made to notify the adverse party, and the reasons why notice
25 should not be required.

26 The following four factors are appropriate consideration for the Court in determining
27 whether it should enter temporary and preliminary injunctive relief:

- 28 1. The threat of immediate, irreparable harm;
2. The likelihood that the party seeking a preliminary injunction will be
successful on the merits of the underlying action;
3. Whether the balance of interests weighs in favor of the party seeking the
preliminary injunction; and
4. Whether issuance of the preliminary injunction is in the public's interest.

Clark County School District v. Buchanan, 112 Nev. 1146, 924 P.2d 716 (1996).

...

1 The State and its officers are not required to post security for a temporary
2 restraining order or preliminary injunction. NRCP 65(c).

3 **B. PRIME is in Violation of Multiple Sections of Chapter 669 of NRS.**

4 As provided above, NRS 669.2846(2) provides that the Court may order an injunction
5 on a trust company to “enjoin a person from engaging in or continuing a violation or from
6 doing any act or acts in furtherance thereof.” Additionally, pursuant to NRS 669.2846(3),
7 the court may appoint a receiver “for the enforcement of a restraining order or injunction.”
8 NRS 669.2825 enumerates conduct for which the Commissioner may take disciplinary
9 action and which would authorize the requested injunctions and receiver appointment
10 under NRS 669.2846(2) and (3). NRS 669.2825 provides:

11 1. The Commissioner may institute disciplinary action or
12 forthwith initiate proceedings to take possession of the business
13 and property of any retail trust company when it appears that the
14 retail trust company:

15 (a) **Has violated its charter or any state or federal laws
16 applicable to the business of a trust company.**

17 (b) Is conducting its business in an unauthorized or unsafe
18 manner.

19 (c) **Is in an unsafe or unsound condition to transact its
20 business.**

21 (d) Has an impairment of its stockholders’ equity.

22 (e) Has refused to pay or transfer account assets to its account
23 holders as required by the terms of the accounts’ governing
24 instruments.

25 (f) **Has become insolvent.**

26 (g) Has neglected or refused to comply with the terms of a
27 lawful order of the Commissioner.

28 (h) Has refused, upon proper demand, to submit its records,
affairs and concerns for inspection and examination of an
appointed or authorized examiner of the Commissioner.

(i) Has made a voluntary assignment of its assets to receivers,
conservators, trustees or creditors without complying with [NRS
669.230](#).

(j) Has failed to pay a tax as required pursuant to the
provisions of [chapter 363A](#) or [363C](#) of NRS.

(k) Has materially and willfully breached its fiduciary duties
to its customers.

(l) Has failed to properly disclose all fees, interest and other
charges to its customers.

1 (m) Has willfully engaged in material conflicts of interest
2 regarding a customer's account.

3 (n) Has made intentional material misrepresentations
4 regarding any aspect of the services performed or proposed to be
5 performed by the retail trust company.

6 2. The Commissioner also may forthwith initiate proceedings
7 to take possession of the business and property of any trust
8 company when it appears that the officers of the trust company
9 have refused to be examined upon oath regarding its affairs.
10 [emphasis added].

11 (Emphasis added).

12 As referenced above, it is understood that at or about the time of the filing of the
13 instant Petition, PRIME is currently operating under an \$82,766,000 fiat deficit. At or
14 about the time of the filing of the instant Petition, PRIME's financial condition is more
15 specifically understood to be described as follows:

- 16 • Fiat currency
 - 17 • Amounts PRIME owe to clients: \$85,670,000
 - 18 • PRIME's fiat currency \$2,904,000
 - 19 • PRIME's total client liability: \$82,766,000
- 20 • As to cryptocurrency (converted to USD and rounded to the nearest thousand)
 - 21 • Amounts PRIME owes to clients: \$69,509,000
 - 22 • PRIME's assets \$68,648,000
 - 23 • PRIME's total client liability: \$861,000

24 (Comm'r Aff. at ¶ 7(i); Law Dec. at ¶ 5).

25 As evidenced above, PRIME's current financial status is such that its liabilities
26 greatly exceed its assets and it therefore will not be able to satisfy all withdrawals. Such
27 inherently requires the necessary conclusion that PRIME is in an unsafe and/or unsound
28 condition to transact its business and/or PRIME is insolvent. As such, PRIME is in
violation of NRS 669.2825(c), (f).

In addition to being in violation of NRS 669.2825, PRIME is also in violation of NRS
669.100(1), which provides:

...

1 No retail trust company may be organized or operated with a
2 stockholders' equity of less than \$1,000,000, or in such greater
3 amount as may be required by the Commissioner. The full amount
4 of the initial stockholders' equity must be paid in cash, exclusive
of all organization expenses, before the trust company is
authorized to commence business.

5 Pursuant to the above, PRIME may not operate with a stockholders' equity of less
6 than \$1,000,000. However, it was observed in PRIME's NMLS Money Service Business
7 Call Report, that Prime is operating with a negative \$-12,071,508 stockholders' equity
8 position³. Comm'r Aff. at ¶ 7(j). As such, PRIME is without the necessary equity required
9 by NRS 669.100(1). Such is further evidence of its insolvency and/or unsafe/unsound
10 condition to transact business⁴.

11 **C. Temporary Restraining Order is Necessary.**

12 1. Immediate, Irreparable Harm Will Result if PRIME is Permitted to Continue to
13 Operate.

14 For a Temporary Restraining Order to be issued there must exist the threat of
15 immediate and irreparable harm. Irreparable harm is that which cannot be adequately
16 remedied by compensatory damages. *Hamm v. Arrowcreek Homeowners' Ass'n*, 124 Nev.
17 28, 183 P.3d 895, 901 (2008).

18 As noted above, PRIME's liabilities greatly exceed its assets, and it is currently in a
19 position wherein it would be unable to satisfy all withdrawals. As such, if PRIME is not
20 enjoined, PRIME will continue to operate in an unsafe/unsound manner and/or while
21 insolvent and it will be without funds to satisfy client withdrawals. Under such a scenario,
22

23
24 ³ Call report data was pulled from the March 2023 Money Service Business Call Report,
25 which was submitted to NMLS by Prime Trust LLC.

26 ⁴ A failure to satisfy the requirements of NRS 669.100(1) constitutes a violation of NRS
27 669.2825(1)(a) ("The Commissioner may institute disciplinary action or forthwith initiate
28 proceedings to take possession of the business and property of any retail trust company
when it appears that the retail trust company...(a) Has violated its charter or any state or
federal laws applicable to the business of a trust company.")

1 Compensatory damages from PRIME would not be an option as they would not have the
2 money to pay said damages.

3 In addition to the above, with the manner in which it operates, PRIME has put itself
4 into a deficit that ultimately may require PRIME to close its doors. A Receiver may be able
5 to rehabilitate PRIME into a company that operates legally and viably and therefore save
6 PRIME's employees from unemployment.

7 Furthermore, as PRIME becomes unable to satisfy customer withdrawals, aside
8 from the immediate harm to the customers who will lose their money with PRIME, the
9 public at large will be harmed in the form of harm to the public's confidence in financial
10 institutions, specifically including harm to the confidence in the emerging market of
11 cryptocurrency.

12 With consideration of the above, compensatory damages will not deter the cascade
13 of problems that will continue should PRIME not be enjoined and a receiver not be
14 appointed over it.

15 2. The Division is Likely to Succeed on the Merits.

16 For a preliminary injunction to issue, the moving party must show that the moving
17 party has a reasonable likelihood of success on the merits. *Boulder Oaks Community Ass'n*
18 *v. B&J Andrews Enterprises, LLC.*, 125 Nev. 397, 215 P.3d 27, 31 (2009).

19 Entities that wish to operate as a retail trust company in Nevada must be in a safe
20 and sound condition to transact business. NRS 669.2825(c). Furthermore, a trust company
21 may not be insolvent. NRS 669.2825(f). Further still, a trust company may not operate with
22 a stockholders' equity of less than \$1,000,000. NRS 669.100(1). However, as noted
23 throughout the instant Petition, PRIME is currently operating at a substantial deficit and
24 will not be able to satisfy all withdrawals. Such leads to the necessary conclusion that
25 PRIME is in an unsafe condition to transact business and/or is insolvent. NRS
26 669.2825(1)(c), (f). This conclusion is only further buttressed by the fact that PRIME does
27 not have sufficient stockholder equity as required by NRS 669.100, as well as the
28 continuing withdrawals that PRIME is being required to satisfy.

1 While all of the above factors are indicative, if not dispositive, of the Division's
2 "reasonable likelihood of success on the merits" as they show multiple violations of NRS
3 chapter 669, of critical importance to the instant Petition is that the Petition is
4 stipulated/agreed to and, therefore, there is no dispute of fact.

5 3. The Balance of Interests Favors an Injunction and an Injunction is in the Public's
6 Interest.

7 In determining whether to grant the TRO/Injunction the court must weigh the harm
8 likely to be suffered by PRIME against the injury that will likely befall PRIME's customers
9 if it is not. Notably, the public interest in ensuring that PRIME's obligations to its
10 customers can continue to be observed.

11 The Nevada Legislature determined "a need, for the protection of the public interest,
12 to regulate companies which are engaged in the trust company business" NRS 669.010(1).
13 The legislature therefore placed trust companies under the supervision/regulation of the
14 Division in observation of that need. NRS 669.010. It is a necessary conclusion that the
15 public interest is consistent with the Division's interest to protect the public. Such
16 protection inherently requires that PRIME be enjoined from continuing to operate in an
17 unsafe/unsound condition and/or while insolvent and in the manner which has led to the
18 substantial \$82,766,000 liabilities that are the catalyst for the instant Petition.

19 4. A Show Cause Hearing Would Unnecessarily Delay this Matter and/or Would be
20 to the Detriment of the Public.

21 Finally, the Commissioner presents the question to the Court as to whether a show-
22 cause hearing is necessary in this matter when such will increase expenses to PRIME
23 (expenses that it soon may not be able to afford and that would reduce the ultimate
24 receivership estate) and unnecessarily delay this matter. At the very least, in order to
25 urgently evaluate PRIME's financial condition to protect its customers, good cause exists
26 to set the show-cause hearing sooner than 15 days from the date of this Petition

27 Additionally, a show-cause hearing may be unnecessary because PRIME (the party
28 who is to be ordered to appear to defend the petitioned action) has stipulated to the

1 action. (Ex. 2.) A show-cause hearing will increase expenses to PRIME and unnecessarily
2 delay this matter. At the very least, because PRIME has stipulated to this receivership
3 action, and in order to urgently evaluate PRIME’s financial condition to protect
4 policyholders, good cause exists to set the show-cause hearing sooner than 15 days from
5 the date of this Petition.

6 **D. Receivership Appointment**

7 The Petition filed in this case seeks an order of the court to grant temporary and
8 permanent injunctive relief relative to PRIME’s operation of business, *as well as* to appoint
9 a receiver over PRIME. NRS 669.2846(3). Pursuant to NRS 669.2846(3), the Court may
10 appoint a receiver as it deems “reasonably necessary to prevent violations of” Chapter 669
11 of the NRS. A receiver appointed by the Court pursuant to NRS 669.2846(3) “has such
12 duties as to custody, collection, administration, winding up and liquidation of such property
13 and business as may from time to time be conferred upon the receiver by the court.”

14 Pursuant to the above, it is understood that the receiver would be responsible for
15 the proper administration of the business and would be under a duty to act for the
16 protection of PRIME’s customers, as well as to conserve the available Assets. Accordingly,
17 it is interpreted that should the Court appoint a receiver, the receiver would be vested with
18 title to all of the company’s property and have the sole right to receive the books, records,
19 and Assets of PRIME, wherever located, to satisfy his or her duties/claims in this state and
20 elsewhere.

21 In this case, PRIME has stipulated to the receivership which the Commissioner
22 agrees to be appropriate. As PRIME is operating under a substantial deficit between its
23 assets and liabilities, and the remediation measures it has taken to date has not resolved
24 those liabilities, the appointment of a receiver is reasonably necessary to protect the public
25 and to prevent PRIME’s perpetual violations of NRS chapter 669.

26 **IV. Conclusion**

27 The Commissioner seeks to preserve the status quo, to enforce the purposes of NRS
28 chapter 669, and to protect PRIME’s customers. Based on the foregoing, the Commissioner

1 respectfully requests that the Court issue an Order to Show Cause directing PRIME to
2 appear and show cause why the Petition for Appointment of a Receiver, Temporary
3 Injunction, and Other Permanent Relief should not be granted, or alternatively grant the
4 Petition for permanent relief without such show-cause hearing. If a show-cause hearing is
5 ordered, the Commissioner further requests that the Court issue interim orders of
6 injunction as set forth herein, pending the show-cause hearing and further permanent
7 relief, injunctions, and orders of the Court as set forth herein.

8 DATED this 26th day of June, 2023.

9
10 AARON D. FORD
Attorney General

11 By: /s/ Michael D. Detmer
12 MICHAEL DETMER
13 Chief Deputy Attorney General
14 *Attorney for the Financial Institutions Division*
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Exhibit 1

1 **AFFIDAVIT OF SANDY O’LAUGHLIN**

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

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

28 ...

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

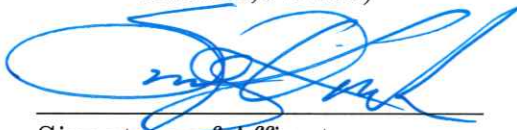
4 j. Additionally, it was observed in Prime's NMLS Money Service Business Call
5 Report that Prime is operating with a negative \$-12,071,508 stockholders'
6 equity position.

7 8. With consideration of the above, Prime's financial status appears to be such that
8 Prime will be unable to satisfy all of the withdrawals of its customers.

9 9. As Prime is operating, and will seemingly continue to operate, with a substantial
10 deficit, it is believed that Prime is inherently in an unsafe/unsound condition to
11 conduct business and/or is insolvent.

12 10. The Parties have conferred regarding possible candidates for appointment as a
13 receiver over PRIME and have agreed that any of the below listed individuals may
14 be qualified to act as a receiver over it, should the Court and said individual agree
15 to the appointment:

- 16 ● John Guedry (Former CEO of Bank of Nevada; Former CEO of First
17 Independent Bank)
- 18 ● Paul Huygens (Director of Meadows Bank; Principal of Province)
- 19 ● Arvind Menon (Former President and CEO of Meadows Bank; Former
20 President and CEO/CFO at Nevada First Bank; Former CFO of Bank of
21 America, Nevada)

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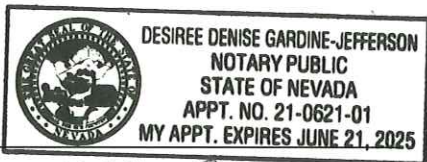
Signature of Affiant

23 6/26/2023

Date

24 The foregoing affidavit was sworn to and subscribed before me by
25 Sandra Lee S. O'Laughlin on this 26 day of June, 2023.

26
27
28 ¹ All monetary references provided within the instant Affidavit are approximations unless otherwise specified.



June 26, 2023

Notary Public

Date

Desiree Denise Gardine-Jefferson

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Exhibit 2

**ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
PRIME CORE TECHNOLOGIES INC.**

June 23, 2023

The undersigned, being all of the members of the Board of Directors (the “*Board*”) of Prime Core Technologies Inc., a Delaware corporation (the “*Company*”), pursuant to Section 141(f) of the Delaware General Corporation Law and the Bylaws of the Company, hereby adopt and approve the following recitals and resolutions by unanimous written consent without a meeting, effective as of the date written above:

1. Stipulation to Receivership.

WHEREAS, on the date written above, the Board reviewed material and information regarding that certain Nevada Financial Institution Division’s (the “*NV FID*”) Petition for Appointment of Court Appointed Receiver, Temporary Injunction, and Other Permanent Relief, dated as of June 22, 2023; and

WHEREAS, following the exploration of various strategic alternatives and careful consideration of the facts and circumstances, the Board has determined that it is in the best interests of the Company and its stockholders to stipulate to receivership for the Company and its subsidiary, Prime Trust, LLC, a Nevada limited liability company (“*Prime Trust*” and, together with the Company, the “*Prime Entities*”), and for the Prime Entities to execute the Consent to Order of Receiver and Injunctions attached hereto as Exhibit A (the “*Consent*”).

NOW, THEREFORE, BE IT RESOLVED, that the Board agrees to the Consent and entry of an order placing a receiver appointed by the Eighth Judicial District Court of Clark County (the “*Court*”) over the Prime Entities without further notice or hearing;

RESOLVED, that grounds may exist for the entry of an order placing Prime Trust under a receiver under Nevada Revised Statute (“*NRS*”) § 669.2846 as Prime Trust may be in an unsafe/unsound condition to transact business and/or is insolvent;

FURTHER RESOLVED, that the Board consents to any injunctions over the Prime Entities the Court deems necessary and appropriate under NRS § 669.2846;

FURTHER RESOLVED, that the Board agrees that the Court appointed receiver may, at the receiver’s sole discretion, apply to the receivership Court for any additional orders regarding the Prime Entities;

FURTHER RESOLVED, that should the Court appoint a receiver, the Company consents and agrees to pay all costs of the receiver and/or the receiver’s administration of the Prime Entities as ordered by the Court; and

FURTHER RESOLVED, that the directors and the officers of the Company are hereby authorized to execute any and all consent agreements or documents on behalf of the

Company and are authorized to take any and all additional actions as deemed necessary or appropriate by the receiver without further approval of the directors or stockholders.

2. Omnibus Resolutions.

RESOLVED, that the officers and directors of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to make all such arrangements, to do and perform all such acts and to execute and deliver all such certificates and such other instruments, agreements, and documents, and to pay all such reasonable expenses, as they may deem necessary or appropriate in order to fully effectuate the purpose of each and all of the foregoing resolutions, and to waive all conditions and to do all things necessary and helpful to carry out the purposes of the foregoing resolutions, and that any and all prior or future actions taken by those officers or directors that are consistent with the purposes and intent of the above resolutions are ratified, approved, adopted, and confirmed;

RESOLVED FURTHER, that all documents, agreements and instruments previously executed and delivered, and any and all actions previously taken by any director, officer, employee or agent of the Company in connection with or related to the matters set forth in, or reasonably contemplated or implied by, the foregoing resolutions be, and each of them hereby is, adopted, ratified, confirmed and approved in all respects and for all purposes as the acts and deeds of the Company;


RESOLVED FURTHER, that this Action by Unanimous Written Consent of the Board may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original; and

RESOLVED FURTHER, that the directors of the Company may execute and deliver their executed counterpart of this Action by Unanimous Written Consent of the Board to the Secretary of the Company by facsimile signature, electronic mail (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docuSign.com) or other transmission method, and no confirmation of such delivery by the mailing or personal delivery of an executed original of this Action by Written Consent of the Board of Directors to the Secretary of the Company shall be required in order for this Action by Written Consent of the Board of Directors to be effective.

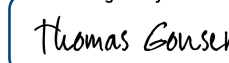
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Action by Unanimous Written Consent as of the date set forth above.

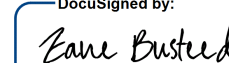
DIRECTORS:

DocuSigned by:

DA6D97BED3D54E4...

Jon P. Jiles

DocuSigned by:

8715CA7A35A84ED...

Thomas Gonser

DocuSigned by:

C5904B2AB5CB41D...

Zane Busted

EXHIBIT A

CONSENT TO ORDER OF RECEIVER AND INJUNCTIONS

It is hereby agreed to as follows:

1. Prime Trust, LLC ("**Prime Trust**") is a Nevada-domiciled retail trust company licensed as of January 26, 2017, License No. TR10035. Prime Trust is a wholly-owned subsidiary of Prime Core Technologies Inc. ("**Prime Core**"). Prime Digital, LLC ("**Prime Digital**") and Prime IRA LLC ("**Prime IRA**") and together with Prime Trust, Prime Core and Prime Digital, the "**Prime Entities**") are wholly-owned subsidiaries of Prime Trust.
2. Prime Core acknowledges that grounds may exist for the entry of an order enjoining, and having a receiver placed over the Prime Entities pursuant to Nevada Revised Statute ("**NRS**") § 669.2846 and as described in the Nevada Financial Institution Division's Petition for Appointment of Court Appointed Receiver, Temporary Injunction, and Other Permanent Relief (the "**Petition**").
3. Prime Core consents through an Action of Unanimous Written Consent of the Board of Directors to the entry of an order placing the Prime Entities under a court appointed receiver pursuant to NRS § 669.2846.
4. Prime Core consents to the injunctions requested within the Petition and/or the Court deems necessary and appropriate pursuant to NRS § 669.2846. Prime Core agrees that the receiver may, at the receiver's sole discretion, apply to Court for any additional orders regarding the Prime Entities.
5. Prime Core agrees to pay all costs of the receiver and/or associated with the receiver's administration of the Prime Entities as ordered by the Court.
6. This consent is attached to the Unanimous Written Consent of the Board of Directors adopting it.
7. Prime Core acknowledges that it has agreed to this "Consent to Order of Receiver and Injunctions" voluntarily and after having the opportunity to consult counsel of its choosing. **Prime Core consents to the entry of an order appointing a receiver over the Prime Entities, as well as the injunctions requested in the Petition and/or those deemed appropriate by the Court, and agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein.**

**ACTION BY WRITTEN CONSENT
OF THE BOARD OF MANAGERS OF
PRIME TRUST, LLC**

June 23, 2023

The undersigned, being all of the members of the Board of Managers (the “**Board**”) of Prime Trust, LLC, a Nevada limited liability company (the “**Company**”), pursuant to Chapter 86 of the Nevada Revised Statutes (the “**NRS**”) and the Operating Agreement of the Company, hereby adopt and approve the following recitals and resolutions by unanimous written consent without a meeting, effective as of the date written above:

1. Stipulation to Receivership.

WHEREAS, on the date written above, the Board reviewed material and information regarding that certain Nevada Financial Institution Division’s (the “**NV FID**”) Petition for Appointment of Court Appointed Receiver, Temporary Injunction, and Other Permanent Relief, dated as of June 22, 2023; and

WHEREAS, following the exploration of various strategic alternatives and careful consideration of the facts and circumstances, the Board has determined that it is in the best interests of the Company, its sole member and its subsidiaries for the Company to stipulate to receivership and execute the Consent to Order of Receiver and Injunctions attached hereto as Exhibit A (the “**Consent**”).

NOW, THEREFORE, BE IT RESOLVED, that the Board agrees to the Consent and entry of an order placing a receiver appointed by the Eighth Judicial District Court of Clark County (the “**Court**”) over the Company without further notice or hearing;

RESOLVED FURTHER, that grounds may exist for the entry of an order placing the Company under a receiver under NRS §669.2846 as the Company may be in an unsafe/unsound condition to transact business and/or is insolvent;

RESOLVED FURTHER, that the Board consents to any injunctions over the Company the Court deems necessary and appropriate under Nevada Revised Statute §669.2846;

RESOLVED FURTHER, that the Board agrees that the Court appointed receiver may, at the receiver’s sole discretion, apply to the receivership Court for any additional orders regarding the Company;

RESOLVED FURTHER, that should the Court appoint a receiver, the Company consents and agrees to pay all costs of the receiver and/or the receiver’s administration of the Company as ordered by the Court; and

RESOLVED FURTHER, that the managers and the officers of the Company are hereby authorized to execute any and all consent agreements or documents on behalf of the Company and are authorized to take any and all additional actions as deemed necessary or appropriate by the receiver without further approval of the managers or sole member.

2. Omnibus Resolution.

RESOLVED, that the officers and managers of the Company be, and each of them hereby is, authorized and directed, for and on behalf of the Company, to make all such arrangements, to do and perform all such acts and to execute and deliver all such certificates and such other instruments, agreements, and documents, and to pay all such reasonable expenses, as they may deem necessary or appropriate in order to fully effectuate the purpose of each and all of the foregoing resolutions, and to waive all conditions and to do all things necessary and helpful to carry out the purposes of the foregoing resolutions, and that any and all prior or future actions taken by those officers or directors that are consistent with the purposes and intent of the above resolutions are ratified, approved, adopted, and confirmed;

RESOLVED FURTHER, that all documents, agreements and instruments previously executed and delivered, and any and all actions previously taken by any manager, officer, employee or agent of the Company in connection with or related to the matters set forth in, or reasonably contemplated or implied by, the foregoing resolutions be, and each of them hereby is, adopted, ratified, confirmed and approved in all respects and for all purposes as the acts and deeds of the Company. The actions taken by this consent shall have the same force and effect as if taken by the undersigned at a meeting of the Board, duly called and constituted pursuant to the Act and the Operating Agreement of the Company. This consent shall be filed with the minutes of the proceedings of the Board;

RESOLVED FURTHER, that this Action by Unanimous Written Consent of the Board may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same original; and

RESOLVED FURTHER, that the directors of the Company may execute and deliver their executed counterpart of this Action by Unanimous Written Consent of the Board to the Secretary of the Company by facsimile signature, electronic mail (including PDF or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method, and no confirmation of such delivery by the mailing or personal delivery of an executed original of this Action by Written Consent of the Board of Managers to the Secretary of the Company shall be required in order for this Action by Written Consent of the Board of Managers to be effective.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Action by Written Consent of the Board of Managers of Prime Trust, LLC, as of the date(s) set forth below, and this Action by Written Consent shall be effective as of the date last set forth below.

MANAGERS:

Date: 06/23/2023

DocuSigned by:
Michael Garrett
24FBB22FAEE9472...
Michael Garrett

Date: 06/22/2023

DocuSigned by:
Jon P. Jiles
DA0D97BED9D54E4...
Jon Jiles

Date: 06/22/2023

DocuSigned by:
Robert F. List
1AF66E1928FA449...
Robert F. List

Date: 06/22/2023

DocuSigned by:
BRENT BEEMAN
371DAED488C6480...
Brent Beeman

Date: 06/22/2023

DocuSigned by:
Michael Smith
D533C82F97B74D1...
Michael Smith

EXHIBIT A

CONSENT TO ORDER OF RECEIVER AND INJUNCTIONS

It is hereby agreed to as follows:

1. Prime Trust, LLC (“**Prime Trust**”), is a Nevada-domiciled retail trust company licensed as of January 26, 2017, License No. TR10035. Prime Trust is a wholly-owned subsidiary of Prime Core Technologies Inc. (“**Prime Core**”). Prime Digital, LLC (“**Prime Digital**”) and Prime IRA LLC (“**Prime IRA**”) and together with Prime Trust and Prime Digital, the “**Prime Entities**”) are wholly-owned subsidiaries of Prime Trust.
2. Prime Trust acknowledges that grounds may exist for the entry of an order enjoining, and having a receiver placed over the Prime Entities pursuant to Nevada Revised Statute (“**NRS**”) § 669.2846 and as described in the Nevada Financial Institution Division’s (the “**Division**”) “Petition for Appointment of Court Appointed Receiver, Temporary Injunction, and Other Permanent Relief” (the “**Petition**”).
3. Prime Trust consents through an Action of Unanimous Written Consent of the Board of Managers to the entry of an order placing the Prime Entities under a court appointed receiver pursuant to NRS § 669.2846.
4. Prime Trust consents to the injunctions requested within the Petition and/or the Court deems necessary and appropriate pursuant to NRS § 669.2846. Prime Trust agrees that the receiver may, at the receiver’s sole discretion, apply to Court for any additional orders regarding the Prime Entities.
5. Prime Trust agrees to pay all costs of the receiver and/or associated with the receiver’s administration of the Prime Entities as ordered by the Court.
6. This consent is attached to the Unanimous Written Consent of the Board of Managers adopting it.
7. Prime Trust acknowledges that it has agreed to this “Consent to Order of Receiver and Injunctions” voluntarily and after having the opportunity to consult counsel of its choosing. **Prime Trust consents to the entry of an order appointing a receiver over the Prime Entities, as well as the injunctions requested in the Petition and/or those deemed appropriate by the Court, and agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein.**

Exhibit 3

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DECLARATION OF JOR LAW

I, JOR LAW, hereby declare as follows:

1. I am Interim Chief Executive Officer of Prime Trust LLC. I have served in this position since Nov. 29, 2022.
2. I am over 18 years of age and am qualified to submit this Declaration.
3. In my capacity as the Interim Chief Executive Officer, information about Prime Trust LLC including, but not limited to, financial data, is reported to me by Prime Trust personnel.
4. I have reviewed the Petition to Appoint a Receiver, Temporary Injunction, and Other Permanent Relief ("the Petition") filed by Petitioner, by and through counsel, Aaron D. Ford, Attorney General of the State of Nevada, and Michael Detmer, Chief Deputy Attorney General of the State of Nevada, and am familiar with its contents.
5. To the best of my knowledge and at or around the time of the filing of the Petition, the financial status reports for fiat and digital assets contained in the Petition accurately match figures that were obtained through a review of Prime Trust's records by trust company personnel and reported to me.

I declare under penalty of perjury that the foregoing information is true and correct.

Executed this June 26, 2023.



JOR LAW
Interim Chief Executive Officer
Prime Trust LLC