

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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In the Matter of the Inquiry by LETITIA JAMES, :
Attorney General of the State of New York, :
: Petitioner, :
: Pursuant to article 23-A of the New York General :
Business Law in regard to the acts and practices of : Index No.: 450545/2019
:

iFINEX INC., BFXNA INC., BFXWW INC., : **PROPOSED ORDER**
TETHER HOLDINGS LIMITED, TETHER :
OPERATIONS LIMITED, TETHER LIMITED, :
TETHER INTERNATIONAL LIMITED :

Respondents, :
in promoting the issuance, distribution, exchange, :
advertisement, negotiation, purchase, investment advice :
or sale of securities or commodities in or from New :
York State. :

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Upon the motion of Respondents to Vacate or Modify the April 24, 2019 *Ex Parte* Order, and for an Immediate Stay of the Order, dated April 30, 2019 (hereinafter, "Motion to Vacate"), which sought to vacate or modify the Order Pursuant to General Business Law § 354 by the Honorable Debra A. James, dated April 24, 2019, directing the production of documents and information, and ordering certain preliminary injunctive relief (hereinafter, "354 Order"), it is hereby **ORDERED** that Motion to Vacate is **GRANTED IN PART** and **DENIED IN PART**, as set forth below:

1. The Motion to Vacate is **DENIED** with respect to vacating, modifying or staying the production of documents and information called for in the 354 Order;
2. The Motion to Vacate is **DENIED** with respect to vacating or staying the injunctive portion of the 354 Order in its entirety;

3. The Motion to Vacate is **GRANTED** with respect to modifying the injunctive portion of the 354 Order, and it is therefore **ORDERED** that Respondents, their directors, officers, principals, agents, employees, contractors, assignees and all other persons acting on their behalf are preliminarily restrained, for the period of ninety (90) days following the entry of this Order, from the following activity:

- i. Any action to loan, extend credit, or otherwise transfer the U.S. dollar reserves held by Tether to, or for the benefit of, Bitfinex or any affiliated entity. This injunction does not restrain Tether's use of its U.S. dollar reserves to fulfill bona fide redemption requests by holders of tethers that are not affiliated with Respondents, nor does it restrain placement of the U.S. dollar reserves held by Tether in interest-bearing or other cash or cash-equivalent accounts;
- ii. Making any distribution or dividend to any principal, executive, employee, agent, investor, or associate of Bitfinex and Tether from funds that have been loaned, extended, or otherwise taken from the U.S. dollar reserves held by Tether. For the avoidance of doubt, the foregoing shall not preclude payments in the ordinary course of business (i.e. payroll or payments to vendors, consultants, or contractors), from non-reserve funds;
- iii. Directly or indirectly tampering with, mutilating, altering, erasing, removing, destroying or otherwise altering or disposing of any and all books, records, documents, files, correspondence, assets, accounts, personnel files, cassette tapes or other recordings of any type, computers, computer or other disks and hard drives, other types of tapes and document recordings, computer records or videotapes of any type, however created, evidences of electronic transmissions or documents, produced or stored, or other tangible items, wherever located, including but not limited to places of business and home addresses, residences and places of storage, relating to any relevant or potentially relevant documents, communications, or information called for by the subpoenas dated November 27, 2018, the letter of February 26, 2018, or this Order, including but not limited to personal communications of Bitfinex and Tether principals, employees, agents, contractors, investors, or associates on encrypted devices or from "ephemeral" or other self-deleting applications, and it is further

4. **ORDERED** that fourteen (14) days prior to the expiration of the injunctive provisions set forth above, the Respondents may submit a letter to the Court setting forth the basis upon which they believe that they have substantially complied with the production of

materials called for in this Order, and that therefore any or all of the injunctive provisions should not be extended. The Office of the Attorney General may submit a letter seven (7) days prior to the expiration of the injunctive provisions set forth above, if it believes the injunctive provisions should be extended. The Court shall, if it believes it necessary, order the parties to appear for argument on the question of an extension. The injunctive provisions set forth above shall continue in effect until such time as the Court issues a new order. The parties may also extend the injunctive period set forth above by stipulation.

Hon. Joel M. Cohen, J.S.C.
May ____, 2019