

**STATE OF NEBRASKA**  
**Department of Banking & Finance**

In the Matter of the Application of	)	
Telcoin, Inc.	)	PROPOSED FINDINGS OF FACT
2200 Taylor Avenue,	)	PROPOSED CONCLUSIONS OF LAW
Norfolk, Madison County, Nebraska,	)	AND PROPOSED ORDER
For a Digital Asset Depository Charter	)	
	)	
	)	

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”) upon the application of Telcoin, Inc., 2200 Taylor Avenue, Norfolk, Madison County, Nebraska (“Telcoin”), for a Digital Asset Depository Institution Charter (“Charter”).

Being fully advised in the matter, the Department, by and through its Director, makes the following Findings of Fact, Conclusions of Law, and Order.

**FINDINGS OF FACT**

1. On October 31, 2023, Telcoin began the process of filing with the Department its application for a charter pursuant to the Nebraska Financial Innovation Act, Neb. Rev. Stat. §§ 8-3001 to 8-3031 (Reissue 2022; Cum. Supp. 2024). (Exhibit 2 unredacted application, Exhibit 3 redacted copy of application). Its filing fee has been paid. (Exhibit 4).
2. Upon the filing of additional requested information, the Department accepted Telcoin’s application on September 13, 2024. (Exhibit 7, p. 69).
3. Notice of filing of the application and the date of the hearing thereon was published in The Daily Record and the Norfolk Daily News on September 23, 2024, September 30, 2024, and October 7, 2024. Notice was also placed on the State of Nebraska’s Public Meeting

Calendar. (Exhibit 6). Proof of the publication and receipt of the payment for publication is contained in Exhibits 6 and 10. The Director also sent notices electronically to state and national banks, federal savings and loan associations, state and federal credit unions and other financial institutions in the state, federal agencies and financial trade groups. (Exhibit 6, pp. 3-10).

4. On December 5, 2024, the Department conducted a public hearing on the application. LeRoy W. Sievers served as Hearing Officer, having been duly appointed by the Director of the Department (“Director”). Telcoin was represented by counsel at the hearing. No party appeared at the hearing in opposition to the application. A written comment was submitted by the Nebraska Bankers Association. (Exhibit 9). Kelly Lammers, Director, was present at the hearing.
5. Telcoin is organized as a corporation under the Nebraska Model Business Corporation Act, Neb. Rev. Stat. § 8-3005 (2) (a) and is a wholly owned subsidiary of Telcoin Holdings Pte, Ltd. (Exhibit 5, p. 1-5).
6. Testifying on behalf of the applicant, was Paul Neuner, who is an incorporator of Telcoin, Inc. and chairman of its board of directors. He is also the chief executive officer of Telcoin Holdings Pte, Ltd, which owns 100% of Telcoin, Inc. (Transcript p. 19, line 17 – p.20, line 10) (Exhibit 2, p. 301).
7. Mr. Neuner testified regarding his educational and work history including with the internet, mobile cybersecurity and fraud management. (Transcript p. 21, line 11 – p. 22, line 14). He also testified regarding the need for a regulated entity to be able to transfer digital assets. (Transcript p. 23, line 15 – p. 24, line 10).

8. Mr. Neuner also testified that Telcoin, Inc., if it is granted a charter, could serve many community banks in Nebraska and around the country as a correspondent bank, providing banking services for digital assets, especially for small and medium-sized community banks. (Transcript p.29, line 9 – p. 31, line 6).
9. Additionally, Mr. Neuner testified that a consumer who seeks to become a customer can only on-board through a mobile application. Upon completing that process, which contains a number of safeguards to prevent fraud, upon transferring money into the banking partner's account, that would trigger the purchase of a digital asset backed by the U.S. dollar. (Transcript p.32, line 18 – p.54, line 4). Customers, however, would not be able to deposit crypto currency into the account. (Transcript p. 40, line 3 – p.41, line 11). The selection of the partner bank has not yet occurred, but it is not expected that such selection would hold up beginning operation of Telcoin. (Transcript p. 46, line 3 – p. 47, line 16).
10. Upon redemption of the digital asset, after authentication, funds would be transferred from Telcoin's banking partner into a third-party bank. (Transcript p.35, line 3 – p.36, line 3).
11. Mr. Neuner also testified that the parent company and individuals working for it have years of experience with the tools for risk assessments, risk management, fraud management and compliance. (Transcript p.44, line 21 – p.45, line 24).
12. Also testifying was Tim Mahota, who is an incorporator, member of the board of directors and general counsel for the applicant. He is also general counsel for its holding company. (Transcript p.49, line 20 – p.50, line 23).
13. Mr. Mahota testified regarding his experience including working for the SEC (Securities and Exchange Commission), in private practice for an investment advisor and broker-dealer as the general counsel and compliance officer, which included creating and

implementing a compliance program. Later, as part owner of a broker-dealer, he experienced assuring compliance from the ownership perspective. Additionally, he worked with Integral Mint Exchange as general counsel. Integral is a crypto trading platform which operates in the EU and the U. K. (Transcript p.51, line 1 – p.53, line 15).

14. Mr. Mahota testified that in relation to the Mint Exchange, it was one of the first crypto trading platforms in the European Union. To assure proper procedures were established, a focus was on KYC (Know Your Customer) and AML (Anti-Money Laundering). These included validated government issued identification tied to the actual person making the application for an account. (Transcript p.53, line 16 – p.55, line 11). Thus, a good system was developed for these purposes, along with proper policies and monitoring programs. (Transcript p.55, line 12 – p.56, line 22).

15. Mr. Mahota also testified that compliance and risk management would initially be handled by himself and Stephanie DaSilva, who both serve as joint employees of Telcoin and its parent entity. As Telcoin grows, compliance and risk management will also be addressed by dedicated employees of the bank. (Transcript p.59, line 20 – p.65, line 22).

16. Also testifying on behalf of the applicant, was Patrick Gerhart. Mr. Gerhart was an incorporator of Telcoin, a director and president of Telcoin. (Transcript p.72, line 22 – p.73, line 20). Mr. Gerhart was born and raised in Nebraska, obtained an undergraduate degree from the University of North Carolina, then worked for a variety of Nebraska elected public office holders. Later, he worked for a consulting firm, then Pinnacle Bank and finally, for the Bank of Newman Grove, where he eventually served as president up until the time it was sold, as well as a member of its board for 27 years. (Transcript p.73, line 21 – p.74, line 20).

17. Mr. Gerhart learned about Telcoin's parent when he worked at the bank in Newman Grove. He became interested in the proposed legislation that became the Nebraska Financial Innovation Act. He went from being skeptical of digital assets to a proponent upon understanding the ability to transmit money almost instantaneously not only in Nebraska, but also in the United States and internationally. (Transcript p.74, line 21 – p.77, line 5). Mr. Gerhart's interest in working as president of Telcoin allowed him to stay in Madison County, Nebraska. Moreover, he believes it will benefit the state and Norfolk through increased tax revenue, more jobs and increased activity with other financial institutions, as well as sparking interest in digital assets. (Transcript p.77, line 6 – p.79, line 3).
18. Mr. Gerhart believes Telcoin will serve as a correspondent-type bank for other banks that could not afford to create their own digital asset depository. (Transcript p.79, line 4 – p.80, line 9). Additionally, a plan has been developed for interviewing and hiring additional employees after the charter is granted. (Transcript p.80, line 23 – p.82, line 15). The current office can hold seven employees, but Telcoin can move to larger offices as needed. It will be open to the public for people to walk in to ask questions. (Transcript p.88, lines 1-21).
19. Mr. Gerhart noted that Telcoin is going to be creating a token, a stablecoin, which is a type of crypto currency that is backed in this case by the U.S. dollar. (Transcript p.92, lines 13-19). The money deposited in the partner bank will be invested in government securities, bonds, etc. to earn money for Telcoin. (Transcript p.96, lines 3-16). Also, Mr. Gerhart did not believe it would create a hardship to be examined under the standard established by the Federal Financial Institutions Examination Council, known as a continuous examination or big-bank model that provides frequent reports, corresponding potentially weekly. (Transcript p.98, line 16 – p.99, line 7).

20. Telcoin, pursuant to its business plan (Section II(I) of Telcoin Digital Asset Bank Business Plan (Exhibit 2, pp. 36-40) and Section II of Terms of Use, attached to its Business Plan as Appendix E (Exhibit 2, pp. 213-214)) will not accept demand deposits of U.S. currency or similar means of payment to third parties as required by Neb. Rev. Stat. § 8-3005 (2) (b) (Cum. Supp. 2024).
21. Telcoin, pursuant to Section II (I) of its Business Plan (Exhibit 2, pp. 36-40), Section II of Terms of Use, attached to its Business Plan as Appendix E (Exhibit 2, pp. 213-214), and Section VII (18) of its Terms of Use, attached to its Business Plan as Appendix E (Exhibit 2, p. 217), will not make any loans to consumers for personal, property or household purposes, mortgage loans, or commercial loans of any fiat currency, including but not limited to, U.S. currency, including the provision of temporary credit relating to overdrafts as required by Neb. Rev. Stat. § 8-3005 (2) (b).
22. Neb. Rev. Stat. § 8-3003 (4) (Cum. Supp. 2024) defines for purposes of the Nebraska Financial Innovation Act, “digital asset depository institution” as a corporation operating a digital asset depository business organized and chartered pursuant to the Nebraska Innovation Act, which is the type of charter Telcoin is seeking. Further, Neb. Rev. Stat. § 8-3005 (5) requires a digital asset depository to establish and maintain programs for compliance with the federal Bank Secrecy Act (BSA), in accordance with 12 C.F.R. 208.63. In an effort to comply with this requirement, Telcoin adopted a BSA/AML (Anti-Money Laundering) and OFAC (Office of Foreign Assets Control) Policy, which is contained as a part of its Business Plan, Appendix G (Exhibit 2, pp. 234-259, esp. pp. 239-259), Internal Audit Plan, Appendix T (Exhibit 2, pp. 416-421, esp. p. 419) and Telcoin Bank Risk Assessment Program, Appendix V (Exhibit 2, pp. 426-445, esp. pp. 441-442).

Neb. Rev. Stat. § 8-3005 (2) (c) requires a digital asset depository institution to only accept digital asset deposits or provide other digital asset business services to individual customers or a customer that is a legal entity other than a natural person engaged in a bona fide business which is lawful under the laws of Nebraska, the laws of the host state if the entity is headquartered in another state, and federal law. Telcoin adopted Terms of Use, Appendix E (Exhibit 2, pp. 212-223) and BSA/AML and OFAC Policy, Appendix G (Exhibit 2, pp. 234-259) in order to meet this requirement.

23. Telcoin, pursuant to Section II (I) of its Business Plan (Exhibit 2, pp. 36-40) and to Section V of Terms of Use, attached as Appendix E of its Business Plan (Exhibit 2, pp. 214-215), will have any U.S. currency coming into an account held in a financial institution, the deposits of which are insured by the FDIC as required by Neb. Rev. Stat. § 8-3005 (4).

24. Neb. Rev. Stat. § 8-3005 (6) (a-c) requires a digital asset depository to help meet the digital financial needs of the communities in which it operates, consistent with safe and sound operations, and shall maintain and update a public file available to any person on request and on any internet website or mobile application it maintains, containing specific information about its efforts to meet community needs, including collecting and reporting data, policies and procedures for accepting and responding to consumer complaints and its efforts to assist with financial literacy or personal finance programs to increase knowledge and skills of Nebraska students in specific areas. Telcoin addressed these requirements through adoption of its Business Plan, in which it stated: It will make available to customers on Telcoin's website and mobile application information regarding Telcoin's collection and reporting of customer data (Exhibit 2, p. 53, see title Regulatory adherence); It adopted policies and procedures for accepting and responding to consumer complaints (Exhibit 2,

Complaint Management System Policy, pp. 904-908); and Through workshops, seminars and online resources, it will aim to provide Nebraska residents with the knowledge and skills necessary to navigate the digital financial landscape (Exhibit 2, p. 52).

### **CONCLUSIONS OF LAW**

1. The Director has the authority to issue to corporations a charter to transact business as a digital asset depository institution. Neb. Rev. Stat. § 8-3004 (Cum. Supp. 2024). Telcoin, Inc. has applied for such charter and the director can issue it a charter if it meets the statutory requirements.
2. A digital asset depository is required to maintain its main office and primary office of its chief executive officer in Nebraska. Neb. Rev. Stat. § 8-3005 (1) (b) (Cum. Supp. 2024). Telcoin, Inc.'s articles of incorporation (Exhibit 5, p.005) specify that its main office shall be physically located and its operations conducted at 2200 Taylor Avenue in Norfolk, Nebraska (Exhibit 5, p.003). The articles include a signature page including Patrick Gerhart as president. (Exhibit 5, p. 005). Additionally, the First Amendment to the Bylaws was signed by Patrick Gerhart as president. (Exhibit 5, p. 020). Mr. Gerhart testified that he is a resident of Madison County. (Transcript p.78, lines 3-21). Thus, it is concluded that the main office of Telcoin is in Nebraska. However, its bylaws adopted on April 23, 2021 (Exhibit 5, p. 018) specify in Article I OFFICES at 1.1 that the principal office shall be in California. (Exhibit 5, p. 007). Although the Second Amended and Restated Articles of Incorporation were adopted subsequently on March 20, 2024 (Exhibit 5, p. 007), the discrepancy should be eliminated by an amendment to the Bylaws, confirming that the principal office of the corporation is in Nebraska.



3. Neb. Rev. Stat. § 8-3005 (2) (a) requires that a digital asset depository institution be organized as a corporation under the Nebraska Model Business Corporation Act. Further, Neb. Rev. Stat. § 8-3012 specifies items to be included in such Articles of Incorporation and that the Articles and Bylaws be submitted to the Director as a part of the application. Telcoin, Inc. has been so organized, as is demonstrated by its Second Amended and Restated Articles of Incorporation and Bylaws of Telcoin, Inc. that were submitted as a part of the application. (Exhibit 5, pp. 3-5 and pp. 7-18).
4. Neb. Rev. Stat. § 8-3005 (2) (b) requires that a digital asset depository institution not accept demand deposits of U.S. currency or U.S. currency that may be accessed or withdrawn by check or similar means for payment to third parties. Telcoin's Business Plan (Exhibit 2, pp.36-40) and Section II Terms of Use as Appendix E of the Business Plan (Exhibit 2, pp. 213-214) provide that it will comply with this requirement. Therefore, this requirement is met so long as Telcoin implements its Business Plan as indicated.
5. Neb. Rev. Stat. § 8-3005 (2) (b) requires that a digital asset depository institution, except as otherwise explicitly otherwise authorized in that subdivision, shall not make loans to consumers for personal, property or household purposes, mortgage loans, or commercial loans of any fiat currency, including the provision of temporary credit relating to overdrafts. Telcoin's Business Plan (Section II (I) Exhibit 2, pp. 36-40, Section II of its Terms of Use, Business Plan, Appendix E, Exhibit 2, pp. 213-214 and Section VII (18) of its Terms of Use, Exhibit 2, p. 217) complies with these requirements. Therefore, this requirement is met so long as Telcoin implements its Business Plan as indicated.
6. Neb. Rev. Stat. § 8-3005 (2) (c) and § 8-3007 (3) require, in part, that a digital asset depository institution may only accept deposits or provide other digital asset business

services to individual customers or a customer that is a legal entity other than a natural person engaged in a bona fide business which is lawful under the laws of Nebraska, the laws of the host state if the entity is headquartered in another state, and federal law. As a part of its business plan, Telcoin has adopted Terms of Use (Appendix E, Exhibit 2, pp. 212-233) and BSA/AML and OFAC Policy (Appendix G, pp. 234-259). The Terms of Use and Policy comply with this requirement. Therefore, this requirement is met so long as Telcoin implements its Business Plan as indicated.

7. Neb. Rev. Stat. § 8-3005 (4) requires that any United States currency coming into an account established by a customer of a digital asset depository institution shall be held in a financial institution, the deposits of which are insured by the Federal Deposit Insurance Corporation, which maintained a main chartered office in this state, any branch thereof in this state, or any branch of the financial institution which maintained the main-chartered office in this state prior to becoming a branch of such financial institution. Telcoin in its Business Plan states that as a part of opening an account with Telcoin, a customer will send U.S. dollars to Telcoin's third-party FDIC-insured bank. (Exhibit 2, p. 37). This was confirmed by Paul Neuner, a director of Telcoin and majority shareholder of its parent corporation. (Transcript p.49, lines 11-17). Therefore, this requirement is met so long as Telcoin implements its Business Plan as indicated.

8. Neb. Rev. Stat. § 8-3005 (5) requires a digital asset depository institution establish and maintain programs for compliance with the federal Bank Secrecy Act, in accordance with 12 C.F.R. 208.63 as the act and rule existed on Jan. 1, 2024. Additionally, Neb. Rev. Stat. § 8-3010 (Cum. Supp. 2024) requires a digital asset depository to comply with all state and federal laws including, but not limited to, those relating to anti-money laundering, customer

identification and beneficial ownership. These requirements are met through Telcoin's Business Plan at Appendix G BSA/AML and OFAC Policy. (Exhibit 2, pp. 234-259). Testimony was also offered by Tim Mahota, a director of Telcoin and general counsel of its parent corporation. He described how compliance with these statutes is expected to occur. (Transcript p. 51, line 16 – p.59, line 15). Therefore, this requirement is met so long as Telcoin implements its Business Plan as indicated.

9. Neb. Rev. Stat. § 8-3005 (6) requires a digital asset depository to help meet the digital financial needs of the communities in which it operates, consistent with safe and sound operations, and requires that it maintain and update a public file available to any person on request and on any internet website or mobile application it maintains containing specific information about its efforts to meet community needs, including:
  - a. The collection and reporting of data;
  - b. Its policies and procedures for accepting and responding to consumer complaints; and
  - c. Its efforts to assist with financial literacy and personal finance programs to increase knowledge and skills of Nebraska students in areas such as digital assets, budgeting, credit, checking and savings account, loans, stocks and insurance.

Telcoin, in its Business Plan in Section III Marketing Plan (Exhibit 2, p. 52-53), provides some description of its intentions in response to this requirement. Additionally, in Appendix I (Exhibit 2, pp. 904-908), its policies for accepting and responding to customer complaints are described. What is not contained is a commitment to maintain and update a public file as described earlier in this conclusion. Therefore, in order to meet this

requirement, Telcoin must implement its Business Plan as indicated and it must commit to maintain and update a public file as specified in Neb. Rev. Stat. § 8-3005 (6).

10. Neb. Rev. Stat. § 8-3008 (1)-(13) (Cum. Supp. 2024) specifies what is to be included in the terms and conditions of a customer's digital asset depository account that must be disclosed at the time a customer contracts for a digital asset business service. This requirement is met through Telcoin's Business Plan Terms of Use, Appendix E (Exhibit 2, pp. 212-233). Therefore, this requirement is met so long as Telcoin implements its Business Plan as indicated.

11. Neb. Rev. Stat. § 8-3009 (1) (Cum. Supp. 2024) requires that at all times a digital asset depository maintain unencumbered liquid assets denominated in United States dollars valued at not less than one hundred per cent of any stable coin issued by the digital asset depository. Telcoin, in its Business Plan (Exhibit 2, p.40) and in its Capital Adequacy Plan and Liquidity Policy, Appendix to Business Plan (Exhibit 2, p. 1,176) commits to maintain assets equal to 110% of any stable coin it issues. Therefore, this requirement is met so long as Telcoin implements its Business Plan as indicated.

12. Neb. Rev. Stat. § 8-3011 (1) (Cum. Supp. 2024) requires that a digital asset depository display and include in all advertising, in all marketing materials, on any internet website or mobile application it maintains and at each window or place where it accepts digital asset deposits, specified information. Telcoin, in its Business Plan (Exhibit 2, p. 46 and Appendix E Terms of Use, p. 215), commits to meeting this requirement. Additionally, although a customer can only open an account through a mobile application, because there is a physical location where people can go to and ask questions, such notices are required to be posted in that location.

13. Neb. Rev. Stat. § 8-3011 (2) specifies that the digital asset depository shall require each customer to execute a statement acknowledging that all digital asset deposits at the digital asset depository are not insured by the Federal Deposit Insurance Corporation and that the depository permanently retain the acknowledgment whether in electronic form or as a signature card. Telcoin's Business Plan specifies that its Terms of Use provide this disclosure (Exhibit 2, p. 214 and p. 218 (35)). However, there is not a clear explanation of how the customer executes the acknowledgment of the Terms of Use and that Telcoin will permanently retain the acknowledgment of signing the Terms of Use. Telcoin must provide a means for each customer to execute the prescribed statement and Telcoin must permanently retain such statement and acknowledgment.

14. Neb. Rev. Stat. § 8-3013 (Cum. Supp. 2024) requires in subsection (1) that capital stock for a digital asset depository institution be paid-up stock with no less than \$10 million of capital stock. In subsection (2), capital stock is required to be fully paid prior to commencement of business and that at least three years of estimated expenses be paid-up surplus funds. Telcoin in its Business Plan indicated that Initial Capitalization would be \$18 million. (Exhibit 2, p. 100). However, in its Financial Projections, Appendix K (Exhibit 2, pp. 1152-1173, at p. 1159) Telcoin states that paid-in surplus will be \$22,650,000.00. Based upon its projected estimates of operating expenses for three years (Exhibit 2, pp. 1156-1158), a paid-in surplus of \$22,650,000.00 will satisfy the requirements of Neb. Rev. Stat. § 8-3013.

15. Neb. Rev. Stat. § 8-3015 (Cum. Supp. 2024) specifies certain items to be included in an application for a charter to act as a digital asset depository. The statute also requires the

payment of an application fee and Exhibit 4 is a receipt for that payment. Telcoin has otherwise submitted, in its application, the other information required by this statute.

16. Neb. Rev. Stat. § 8-3016 (Cum. Supp. 2024) specifies that upon submission of a substantially complete application for a digital asset depository institution charter, the Director shall notify the applicant that the application has been accepted for filing. Thereafter, the statute requires the Department to establish time and place for a public hearing not less than 60 days nor more than 120 days after the notice to applicant from the director. Also, the Department is to cause notice of filing of the application and the hearing to be published once a week for three weeks in a newspaper in the county where the digital asset depository is to be located along with other information. The Director is also to give notice to specified entities. It is concluded that as reflected in Exhibits 1 and 6, these requirements have been satisfied.

17. Neb. Rev. Stat. § 8-3018 (Cum. Supp. 2024) state the Director is to investigate the character, financial responsibility, criminal background, banking or other financial experience, business qualifications of the officers and directors, record of convictions, injunction history of the officers and directors and adequacy and plausibility of the business plan, benefits to customers and an offer of compliance with the Nebraska Financial Innovation Act. Telcoin has provided a detailed Business Plan which addresses these items through numerous Appendices (A-CC), including a brief description of its board members' qualifications (Exhibit 2, pp. 62-64) and lengthy background information including criminal history reports of its directors (Exhibit 2, pp. 941-1152). It is concluded that Telcoin has complied with this statute.

18. A concern was raised in a comment submitted by the Nebraska Bankers Association regarding the applicant using the wording “Telcoin Bank, a Digital Asset Bank”. Telcoin made a trade name application with the Nebraska Secretary of State for the use of that trade name (Exhibit 5, p.22). Neb. Rev. Stat. § 8-3019 (1) (g) (Cum. Supp. 2024) requires the use of the words “digital asset bank” as a part of the name of a digital depository institution. Telcoin has complied with that statutory requirement. Neb. Rev. Stat. § 8-113 (2) (f) (Reissue 2022) exempts the prohibition on the use of the word “bank” if the term “digital asset” is also used as a part of the title. Consequently, it is concluded that Telcoin complies with Nebraska law so long as it uses the name “Telcoin Bank, a Digital Asset Bank,” at all times.
19. Telcoin is a wholly owned subsidiary of Telcoin Holdings Pte. Ltd. The only shareholder of Telcoin Holdings Pte. Ltd. owning more than 10% is Paul Neuner. Based upon his testimony, the description of his background contained within the application, his resume, and the biographical and financial report and criminal history investigation, there is sufficient evidence to demonstrate that he has the character, reputation, criminal record, financial standing and ability to afford a reasonable promise of a successful operation.
20. The application contains biographical information of the officers of Telcoin within its Business Plan and the biographical and financial report and criminal history investigation. This information demonstrates that Telcoin will be operated by officers of integrity and responsibility.
21. Based upon the testimony of Paul Neuner, Tim Mahota, and Patrick Gerhart and the information in Telcoin’s application, including the biographical and financial report and criminal history investigation, it is concluded that the character, financial responsibility,

criminal background and banking and other financial experience and business qualifications of all of the officers and directors of Telcoin are sufficient to afford a reasonable promise of a successful operation of Telcoin.

22. Telcoin's application includes a detailed Business Plan consisting of hundreds of pages and 29 appendices. It also includes background information of its directors and officers, including their general business and banking experience. Combined, this experience and detailed plan provide sufficient evidence to conclude the applicant has demonstrated the adequacy and plausibility of Telcoin's business plan.
23. The application identifies (Exhibit 2, p. 23) reasons for forming Telcoin. These include the issuance of a U.S. dollar backed stablecoin and aiding in its safekeeping and integration into mainstream financial systems. Those reasons are legitimate objectives authorized by state law.
24. Based upon the testimony of the witnesses and the Business Plan of Telcoin, it is concluded that it will be operated in a safe and sound manner.
25. Upon meeting all of the conditions in this order, Telcoin will have complied with all provisions of state law.

#### **ORDER OF APPROVAL**

IT IS THEREFORE ORDERED that the application made by Telcoin, Inc., 2200 Taylor Avenue, Norfolk, Madison County, Nebraska, for a charter for a Digital Asset Depository Institution be, and hereby is, approved subject to the following conditions:

1. Initial equity capital shall be at least 22,750,000.00 of which \$22,650,000.00 must be paid-up surplus. Telcoin shall provide written proof to the Department that the capital stock and surplus have been paid in.



2. A surety bond and/or a pledge of assets in the amount of \$1 million must be provided as specified in 47 NAC Chapter 2 002. The bond and/or pledge of assets must meet the provisions of Neb. Rev. Stat. § 8-3022.
3. At all times, Telcoin shall maintain unencumbered liquid assets denominated in United States dollars valued at not less than one hundred percent of the value of any outstanding stablecoin that it has issued and are outstanding or unredeemed.
4. Appropriate insurance or bond coverage in the amount of \$10 million must be provided which shall include coverage for directors' and officers' liability, errors and omissions liability, and information technology infrastructure and activities liability.
5. Any United States currency coming into an account established by a customer of Telcoin shall be held in a financial institution the deposits of which are insured by the FDIC, and which maintained a main-chartered office in this state, any branch thereof in this state, or any branch of the financial institution which maintained the main-chartered office in this state prior to becoming a branch of such financial institution. The FDIC-insured bank that will maintain the deposits of U.S. currency for each Telcoin customer must be identified in writing to the Department.
6. The bylaws of Telcoin, Inc. must be amended to make them consistent with the Articles of Incorporation in that the principal office of the corporation must be located in Nebraska. The amended bylaws shall be submitted to the Department for approval.
7. As required in Neb. Rev. Stat. § 8-3005 (6), Telcoin must demonstrate to the Department that it will maintain and update a public file available to any person on

request and on any internet website or mobile application Telcoin, Inc. maintains containing specific information about its efforts to meet community needs, including:

- a. The collection and reporting of data;
  - b. Its policies and procedures for accepting and responding to consumer complaints; and
  - c. Its efforts to assist with financial literacy or personal financial programs to increase knowledge and skills of Nebraska students in areas such as digital assets, budgeting, credit, checking and savings account, loans, stocks, and insurance.
8. As required in Neb. Rev. Stat. § 8-3011 (1), Telcoin must display in any of its locations open to the public and in all advertising, in all marketing materials, on any internet website or mobile application it maintains the following:
- a. A notice conspicuously stating that digital asset deposits and digital asset accounts are not insured by the Federal Deposit Insurance Corporation, if applicable, and
  - b. The following conspicuous statement: “Holdings of digital assets are speculative and involve a substantial degree of risk, including the risk of complete loss. There is no assurance that any digital asset will be viable, liquid, or solvent. Nothing in this communication is intended to imply that any digital asset held in custody by a digital asset depository is low-risk or risk-free. Digital assets held in custody are not guaranteed by a digital asset depository and are not insured by the Federal Deposit Insurance Corporation.”

9. The President of Telcoin shall certify in writing to the Director that all notices and statements required by Neb. Rev. Stat. § 8-3011 (1) are posted in its location and set to be displayed in all of its advertising, and shall do so at least thirty days prior to the requested charter date.
10. As required in Neb. Rev. Stat. § 8-3011 (2), Telcoin must demonstrate that it will permanently retain the statement executed by the customer acknowledging that all digital asset deposits in the digital asset depository are not insured by the Federal Deposit Insurance Corporation.
11. In order to maintain compliance with Neb. Rev. Stat. § 8-3019, Telcoin shall use its full name. “Telcoin Bank, a Digital Asset Bank,” at all times, including use of the full name in all notices, legal documents, signage, advertising, and in all marketing materials and social media, and on any internet website or mobile application.
12. Telcoin shall pay the charter fee of \$50,000.00 to the Department as required by Neb. Rev. Stat. § 8-602(4)(Cum. Supp. 2024).
13. Telcoin shall reimburse the Department for the costs of the hearing, which include the fees and costs of the Hearing Officer and the Court Reporter and shall do so within ten business days after receipt of billing from the Department, which shall be made by electronic mail to counsel for Telcoin. Payment shall be made by check payable to the Nebraska Department of Banking and Finance. At its option, Telcoin may transmit payment electronically to the Department, which will provide ACH transfer instructions upon request.
14. Telcoin, Inc. shall notify the Department in writing of the date it intends to commence business and shall do so at least ten days prior thereto.

15. No material change occurs in Telcoin, Inc.'s condition prior to the date on which the digital asset depository is established and in full operation.

16. The Department reserves the right to amend, suspend, or withdraw its approval should any interim development occur prior to the effective date Telcoin, Inc. commences operations, which the Department deems of sufficient significance to warrant such action.

Upon meeting Conditions 1 through 13 of this order, and subject to Conditions 14 through 16, Telcoin, Inc. will be issued a charter as a digital asset depository to carry on the following digital asset business activities:

1. Issue stablecoins and hold deposits at a Federal Deposit Insurance Corporation – insured financial institution which has a main-chartered office in this state, any branch thereof in this state, or any branch of the financial institution which maintained a main-chartered office in this state prior to becoming a branch of such financial institution that serves as reserves for stablecoins and
2. Use independent node verification networks and stablecoins for payment.

DATED this 31st day of January, 2025.

*LeRoy W. Sievers*

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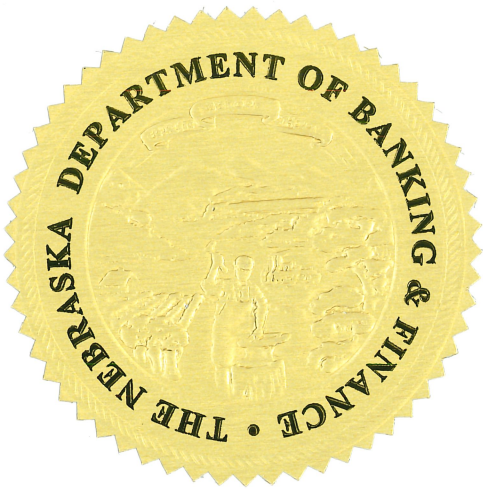
**ORDER**

I have reviewed the foregoing Proposed Findings of Fact, Proposed Conclusions of Law, and Recommended Order and hereby certify that they are adopted as the official and final Order of the Department of Banking and Finance in this matter.

DATED this 3rd day of February, 2025.

**ORDERED BY:**

**STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND  
FINANCE**



By: \_\_\_\_\_

A handwritten signature in blue ink, appearing to read "Kelly Lammers", is written over a horizontal line.

Kelly Lammers, Director  
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