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ADMINISTRATIVE HEARINGS
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STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Brianna Flores, CLERK

SOAH DOCKET NO. 312-26-14427

TEXAS STATE SECURITIES BOARD,

Petitioner,

v.

TEXTICOIN, MINETXC, BLOCKCHAIN
MINT, and ROBERT J. GRAY,

Respondents.

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BEFORE THE STATE OFFICE

OF

ADMINISTRATIVE HEARINGS

RESPONDENTS' ANSWER TO PETITIONER'S NOTICE OF HEARING

Respondents TEXTICOIN, MineTxc, Blockchain Mint, and Robert J. Gray hereby submit their Answer to the Notice of Hearing for Emergency Cease and Desist Order No. ENF-26-CDO-1893 (the "Order") filed by Petitioner Texas State Securities Board ("TSSB").¹

Respondents deny in full all allegations set forth in the Order. As background, TEXTICOIN is a digital currency. It is listed and available for purchase on major third-party cryptocurrency exchanges, and it has real-world utility as a community currency. The TSSB does not allege that TEXTICOIN itself is a security (it isn't). Instead, the entire Order is predicated on the false premise that certain opportunities to mine TEXTICOIN through "Mining Packages" sold by one of the

¹ This Answer is filed in compliance with 7 Tex. Admin. Code § 105.7, which requires Respondents to file "with both the Securities Commissioner and SOAH ... a written answer or other responsive pleading" to the allegations in the notice of hearing "no later than the 20th day after the date the notice was ... personally served on the respondent." 7 Tex. Admin. Code § 105.7(a). The Notice of Hearing was served on March 18, 2026, and this answer is therefore due no later than April 7, 2026. It is being filed on time. Respondents further reserve their rights to amend and supplement this answer, and to file motions, including a motion for summary adjudication, and to assert any available defenses or counterclaims, within the regulations under 1 Tex. Admin. Code § 155.

Respondents, MineTXC, constitute unregistered securities within the meaning of the Texas Securities Act, 12 Tex. Gov't Code § 4001.001 *et seq.*²

That premise is wrong. Under the test set forth in *SEC v. W.J. Howey Co.*, the Mining Packages are not “investment contracts,” and thus they are not securities. *See* 328 U.S. 293, 297-99 (1946); *Searsy v. Com. Trading Corp.*, 560 S.W.2d 637, 639-40 (Tex. 1977) (applying *Howey* to the Texas Securities Act). *Howey* requires an investment of money in a common enterprise with a reasonable expectation of profits derived from the efforts of others. 328 U.S. at 298-99. But any profits from the Mining Packages are derived principally from the active participation of purchasers and community members themselves, and from market-based forces of supply and demand, not from the ministerial activities of Respondents. Moreover, Respondents’ aspirational statements about potential profits, as alleged in the Order, are precisely the type of non-specific statement that the SEC recently confirmed “likely would not create reasonable expectations of profit.” Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets, 91 Fed. Reg. 13714, 13722 (Mar. 23, 2026); *see id.* at 13723-25. Because the Mining Packages are not securities, the TSSB lacks statutory authority over the transactions and activities at issue.

Regardless of whether the Mining Packages ultimately *could* constitute securities, the Order raises fundamental issues of fair notice and due process. As the SEC’s Chairman recently observed, “[f]or over a decade [cryptocurrency] market participants have operated without clear guidance” about how securities laws apply to digital assets. Chairman Paul S. Atkins, *Regulation Crypto Assets: A Token Safe Harbor* (Mar. 17, 2026), available at <https://www.sec.gov/newsroom/>

² Respondents TEXTcoin and Blockchain Mint should not even be named as respondents in this matter, as they did not offer or sell the Mining Packages at issue.

speeches-statements/atkins-remarks-regulation-crypto-assets-031726. The TSSB likewise has failed to issue clear guidelines, instead preferring to regulate through enforcement actions—two of which were dismissed by SOAH in the past year because the TSSB overstepped its jurisdiction. *See Texas State Secs. Bd. v. Apertum Found.*, SOAH Docket No. 312-25-16274, 2025 WL 2308573 (July 31, 2025); *Texas State Secs. Bd. v. Billionico Acad.*, SOAH Docket No. 312-25-1882 (June 30, 2025). As a result, Respondents lacked sufficient notice that the Mining Packages could be construed as securities.

Additionally, the Order’s fraud allegations are deficient as a matter of fact and law. The Order does not identify a *single* affirmative statement that was allegedly false or misleading. The Order alleges only purported omissions, but fails to identify any conceivable duty that would obligate Respondents to disclose the allegedly omitted facts in connection with the sale of Mining Packages. Nor does the Order allege that Respondents misappropriated or misused any funds, or that a single purchaser is actually out any money. This is hardly the stuff that justifies an “emergency” cease and desist order.

At bottom, the Order creates the misimpression that the TSSB’s jurisdiction is firmly established, that Respondents had fair notice that the sale of opportunities to mine TEXTcoin—a non-security—could be covered by the Texas Securities Act, and that Respondents perpetrated some massive fraud scheme requiring “emergency” action. None of that is true, as Respondents intend to show in a forthcoming motion for summary adjudication and, if necessary, at the upcoming hearing scheduled for August 17-20, 2026.

Respectfully submitted,

DATED: April 6, 2026

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CERTIFICATE OF SERVICE

I certify that on April 6, 2026, a true and correct copy of the foregoing was served on the following parties via e-filing:

Jeramy Heintz, Director, Enforcement Division, Texas State Securities Board.

Cheryn Netz Howard, General Counsel, Texas State Securities Board.

Brian Shepherd, Attorney, General Counsel Division, Texas State Securities Board.

Kristen McCourt, Attorney, Enforcement Division, Texas State Securities Board.

/s/ Avi Perry
Avi Perry

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