

**ADMINISTRATIVE PROCEEDING  
BEFORE THE  
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF: \*  
MASTERWORKS, LLC \*  
Respondent \* File No. 2022-0004

\* \* \* \* \*

**CONSENT ORDER**

WHEREAS, the Securities Division of the Office of the Attorney General (the "Division") pursuant to the authority granted in section 11-701 of the Maryland Securities Act, Title 11, Corporations and Associations Article, Annotated Code of Maryland (2025 Repl. Vol.) (the "Act" or "Securities Act"), initiated an investigation into the offer and sale of securities by issuer affiliates of Masterworks, LLC ("Respondent"); and

WHEREAS, on the basis of that investigation, the Maryland Securities Commissioner (the "Commissioner") determined that grounds exist to allege that Respondent may have violated provisions of the Act by engaging in acts or practices constituting violations of the Securities Act; and

WHEREAS, without holding a hearing in this matter, without trial or adjudication of any issue of fact or law, and prior to the issuance of a final order in this proceeding, the Commissioner and Respondent have reached an agreement to resolve this matter; and

WHEREAS, this Consent Order concludes the investigation by the Division and resolves any other action the Division could commence against Respondent concerning the Findings of Fact and Conclusions of Law contained in the Consent Order; and

WHEREAS, Respondent expressly consents to the Commissioner's jurisdiction in this matter, and without admitting or denying the Findings of Fact and Conclusions of Law contained in this Consent Order, consents to the entry of this Consent Order, and the imposition of the sanctions imposed by and the terms of this Consent Order; and

WHEREAS, Respondent agrees to comply with the provisions specified herein; and

WHEREAS, Respondent waives its rights to a hearing and any rights it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Consent Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Consent Order.

NOW, THEREFORE, THE COMMISSIONER FINDS, CONCLUDES, AND ORDERS:

## **I. JURISDICTION**

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to §11-701.1 of the Securities Act.

## **II. RESPONDENT**

2. Masterworks, LLC, located at 1 World Trade Center, 57th Floor, New York, NY 10007, is the parent company of all Masterworks affiliated issuers. Among other things, Respondent owns an online investment platform upon which the securities are offered and sold, according to Respondent, pursuant to Regulation A, Tier 2. At the time of the entry of this Consent Order, through other related entities, Masterworks serves as the agent of its issuer affiliates for sourcing artwork. The affiliated issuers are formed as Delaware limited liability companies.

### III. FINDINGS OF FACT

3. In May 2019, the time at which the affiliated Masterworks issuers first began offering and selling their securities in Maryland, the issuers offered and sold ownership interests in special purpose companies, each of which invested in distinct artworks.
4. In March 2023, Respondent advised the Division that it planned to restructure its affiliated issuers' business model from that described in paragraph 3 above, into a structure that uses "a Delaware series limited liability company to conduct offerings through the creation of separate series for each artwork".
5. Earlier, in December 2022, Respondent had filed an amendment to Masterworks Vault 1, LLC and, at the time of notifying the Division in March 2023, were awaiting completion of the SEC's review and qualification of the amendment.
6. The SEC subsequently qualified the Regulation A, Tier 2 offering in the new structure in which Respondent's affiliated issuers' offering circulars describe the offerings as "protected series limited liability companies formed to facilitate investment in individual works of art that are owned by individual series" of particular affiliated issuers.
7. In this revamped model, "each individual series holds title to a specific artwork that is acquired by the affiliate and is placed in a segregated portfolio".
8. This still-current offering structure of the affiliated issuers has separate closings with respect to each series offering.
9. The offering circulars state that "offering periods for any series will not exceed 24 months from the dates of qualification of the offering statements that includes such series".
10. To date, 292 individual affiliated issuers have offered and sold their securities in Maryland.
11. To date, all offerings have closed except for five: Masterworks Vaults 1 to 5.

Late Regulation A, Tier 2 Notice Filings.

12. In January 2022, Respondent self-reported to the Division that it would be submitting 73 late notice filings and paying all associated filing fees concerning offerings of securities exempt from registration under Regulation A, Tier 2 that had been sold between May 2019 and December 2021.
13. At that time, Respondent advised the Division that the Masterworks affiliated issuers had sold their securities to 885 Maryland investors.
14. Over the next month, Respondent submitted another twenty late Regulation A, Tier 2 notice filings and associated filing fees to the Division.
15. Thereafter, Respondent's affiliated issuers continued to submit Regulation A, Tier 2 notice filings with the Division, the last of which was submitted to the Division on January 12, 2024, which filing was subsequently renewed.
16. In an October 30, 2024 email message, Respondent notified the Division that one additional renewal filing was late.
17. The issuer subsequently filed a late renewal notice filing for that single offering.

Unregistered Issuer Agents.

18. In approximately late March or early April of 2023, while reviewing Respondent's newly submitted notice filings, the Division noted that Respondent's filings no longer included information about any Maryland registered selling person on Respondent's affiliated issuers' notice filing forms for the Regulation A, Tier 2 offerings,
19. Subsequently, the Division advised Respondent that Maryland law required the affiliated issuers to have a Maryland registered selling agent first before any of Respondent's employees could interact with any potential or current Maryland investor.

20. Respondent's affiliated issuers had initially contracted with certain registered broker-dealers to offer and sell Respondent's affiliated issuers' securities.
21. Respondent advised the Division that it had terminated the contracts with the broker-dealers because, as part of its new business practices and structure, it had moved to an investment adviser model in which Respondent's affiliate, Masterworks Advisers, LLC, utilized its own investment adviser representatives to advise potential and current investors about investing in Respondent's affiliated issuers' securities offerings.
22. The Division, on several occasions, advised Respondent that despite its new sales approach, the Act requires the registration as an issuer agent for each person communicating with prospective investors concerning Respondent's affiliated issuers' securities offerings in Maryland.
23. After prolonged additional discussions with the Division, Respondent agreed to submit applications to register issuer agents in Maryland, which issuer agents also function as investment adviser representatives for Masterworks Advisers, LLC.
24. Respondent filed the first of the issuer agent applications on July 31, 2023, and the Division granted effectiveness of these two applications on August 7, 2023.
25. Thereafter, Respondent submitted 17 more issuer agent applications in January, 2024, all of which the Division subsequently made effective as Maryland issuer agents.
26. In addition, in August and October 2025, Respondent submitted seven new issuer agent applications, which applications were made effective after Respondent resolved the related deficiency comments.

27. Altogether, 45 of Respondent's affiliated issuers offered and sold their securities in Maryland without a Maryland issuer agent or registered broker-dealer listed on their notice filing forms for their Regulation A, Tier 2 offerings.

28. Sales of the affiliated issuers' securities from about March 2023 through May 2023 were offered and sold in Maryland without a Maryland registered issuer agent.

#### **IV. CONCLUSIONS OF LAW**

The Securities Commissioner concludes that:

29. The limited liability company interests in numerous offerings offered and sold by Respondent's affiliated issuers as referenced above constituted "securities" within the definition at §11-101(r) of the Securities Act.

30. In connection with the facts described in the Findings Of Fact contained herein, the Respondent violated:

a. Section 11-501 by offering and selling securities of Masterworks' issuer affiliates without first filing a notice filing and paying a filing fee to the Division and by filing a late renewal notice and fee; and

b. Section 11-401 by offering and selling securities for multiple issuers without a registered broker-dealer or other registered issuer agent.

#### **V. SANCTIONS**

31. Respondent expressly agrees and consents, and it is ordered that:

a. Respondent at the time of issuance of the Consent Order, has paid a civil monetary penalty pursuant to Section 11-702 of the Act, in the amount of \$75,000 by check payable to the Office of the Attorney General.

b. Respondent has adopted and agrees to follow enhanced compliance procedures, a current copy of which was provided to the Division, that are designed to ensure compliance with the provisions of the Maryland Securities Act in all future Maryland offers and sales of securities, including provisions to:

- i Make timely filings of all securities offerings and their renewals;
- ii Ensure that each securities offering filing be accompanied by a list of the names and corresponding Maryland file numbers of all issuer agents who will be offering and selling the issuer's securities to potential and current Maryland investors;
- iii Submit timely filing of all initial and renewal issuer agent registration applications; and
- iv Ensure that each filing is accompanied by a list of names of all securities issuers and their corresponding Maryland file numbers.

c. Respondent will consult with the Division concerning the provisions of the Maryland Securities Act with respect to future changes concerning:

- i Any modifications to Respondent's use of investment adviser representatives to advise potential and current investors about investing in Respondent's affiliated issuers' securities offerings;
- ii. The offer and sale of securities by Respondent or its issuer affiliates of securities registered under the Securities Act, or pursuant to securities offering registrations, exemptions, or preemptions other than those set forth in Regulation A Tier 2, Regulation D, Rule 506, or offerings of "covered securities" within the meaning of Section 18(b)(1) of the Securities Act of 1933, as it exists as of the date of this Order, including securities listed or authorized for listing on a national

securities exchange or tier designated by the SEC pursuant to Rule 146 under the Securities Act of 1933, as it exists as of the date of this Order;

- ii Any modifications to Respondent's registration and use of issuer agents in Maryland; or
- iii Any modifications to credentialing of Respondent's Maryland issuer agents other than licensing pursuant to Series 63, 65, or Series 66 +7 examinations.

#### **VI. CONSEQUENCES OF VIOLATION OF CONSENT ORDER**

32. If Respondent fails to comply with any material term of this Consent Order, the Commissioner may declare this Consent Order to be null and void. The Commissioner may then proceed with full administrative and/or judicial proceedings to enforce this Consent Order against such Respondent, or to sanction Respondent for violating an order of the Commissioner, and may take any other action authorized under the Act or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Commissioner or the court finds that Respondent has violated this Consent Order, the facts and the violations of the Act set forth and incorporated in this Consent Order shall be deemed admitted and may be introduced into evidence against Respondent.

**VII. MODIFICATION OF TERMS OF THIS CONSENT ORDER**

33. The terms of this Consent Order may only be modified by a subsequent order issued by the Commissioner.

**VIII. JURISDICTION RETAINED**

34. Jurisdiction shall be retained by the Commissioner for the purpose of enabling any party to this Consent Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Consent Order.

The provisions of this Consent Order shall become binding when this Consent Order has been executed by each Respondent and is issued by the Commissioner.

DATE OF THIS ORDER:

SO ORDERED:

**Commissioner’s Signature on File  
w/Original Documents**

June 18, 2026

Melanie Sentr Lubin  
Maryland Securities Commissioner

CONSENTED TO:

Masterworks, LLC

By: Josh Goldstein

On this \_\_\_\_\_ day of \_\_\_\_\_, 2026, personally appeared \_\_\_\_\_ signor of this foregoing Consent Order, who did duly acknowledge to me that he was authorized to execute the same on behalf of Masterworks, LLC, and acknowledged the same to be his free act and deed.

Notary Public

My Commission Expires \_\_\_\_\_