

Dept. of Financial Institutions: Joins \$22.5 million multistate securities settlement against crypto platform Nexo capital

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MADISON, Wis. – The [Wisconsin Department of Financial Institutions \(DFI\)](#) today announced it has entered into a consent order with Nexo Inc. and Nexo Capital Inc. (Nexo) to resolve the DFI's November 3, 2022, securities enforcement action in connection with Nexo's Earn Interest Product program.

Nexo, formed in 2018 in the Cayman Islands, provides crypto-asset-related financial services, including investing, trading, borrowing, and lending, to retail and institutional customers in the United States. The Earn Interest Product program offered investors interest-bearing crypto asset accounts commonly referred to as "crypto interest accounts."

A [North American Securities Administrators Association \(NASAA\)](#) working group—composed of the DFI and state regulators from California, Washington, Kentucky, New York, Oklahoma, Indiana, Maryland, South Carolina, and Vermont—led a comprehensive investigation into Nexo's Earn Interest Product program. From September through November 2022, these regulators brought actions against Nexo, concluding that Earn Interest Product accounts are securities and require investor protections, such as registration and risk disclosures, before they can be offered and sold to investors.

"All financial services companies, including those involved with crypto assets, must comply with state regulations and consumer and investor protections," said DFI Secretary-designee Cheryll Olson-Collins. "In partnership with NASAA and other

state agencies, we're working to protect Wisconsin investors using crypto assets and ensure no financial institution operating in our state is above the law."

As a part of the NASAA working group, the DFI helped negotiate a \$22.5 million multistate settlement with Nexo on behalf of 53 U.S. jurisdictions. Under that settlement, Nexo has agreed to implement various investor protection procedures for the benefit of Nexo's U.S. investors. The U.S. Securities and Exchange Commission entered into a separate settlement with Nexo for the same penalty amount.

The DFI recommends Wisconsin investors withdraw all assets from their Nexo accounts as soon as possible because Nexo has announced it is phasing out its products and services in the United States over the coming months.

This settlement is a part of a larger DFI effort to investigate companies that offer crypto interest accounts and hold them accountable when they have violated the law. It builds upon a similar action issued by the DFI and other states against BlockFi Lending, LLC. The DFI expects any person who offers securities or other financial services and operates in Wisconsin complies with the state's financial laws.

Before making any financial decisions, the DFI recommends investors do their homework, ask questions, and contact the DFI's Division of Securities by calling (608) 266-2139 or emailing DFISecurities@dfi.wisconsin.gov for more information