



IDAHO
DEPARTMENT OF FINANCE

BRAD LITTLE
Governor

PATRICIA R. PERKINS
Director

Contact:

Patricia Highley
Securities Bureau Chief
Securities Bureau
(208) 332-8000

NEWS RELEASE

For Immediate Release

February 22, 2022

**THE IDAHO DEPARTMENT OF FINANCE JOINS WITH 31 OTHER STATE
SECURITIES REGULATORS AND THE US SECURITIES AND EXCHANGE
COMMISSION TO SETTLE WITH DIGITAL ASSET LENDING PLATFORM
BLOCKFI FOR \$100 MILLION**

Boise, Idaho –The Idaho Department of Finance announced today that a digital-asset financial services company, BlockFi Lending LLC ([BlockFi](#)), agreed to settlement terms with the Idaho Department of Finance. The agreement provides a framework to formally settle violations related to the offer and sale to Idaho residents of unregistered securities in the form of interest-bearing digital asset deposit accounts called BlockFi Interest Accounts ([BIAs](#)). As of December 31, 2021, BlockFi had 407,030 BIA investors in the US, of which approximately 1,900 were Idaho residents.

BlockFi agreed to pay a \$50 million fine to 53 member agencies of the North American Securities Administrators Association (NASAA) and a \$50 million fine to the SEC. The 53 NASAA member agencies will share equally in the settlement, with each receiving \$943,396.22. The Idaho Department of Finance is one of 32 initial NASAA member agencies that have already agreed to work with BlockFi to settle, with more jurisdictions expected to follow.

Beginning January 2021, a working group of NASAA member state agencies provided notice to BlockFi that it may have offered and sold securities not in compliance with state securities laws. In July and September 2021, Alabama, Kentucky, New Jersey, Texas, Vermont, and Washington filed enforcement actions against BlockFi concerning its offer and sale of unregistered securities. These states alleged that BlockFi promised investors high returns to open a BIA. BlockFi then pooled investors' digital assets and exercised sole discretion to generate returns used to pay investors the promised interest.

BlockFi's agreement to enter into a settlement with the Idaho Department of Finance comes amidst rising concerns over the proliferation of "decentralized" and digital asset-based financial products and services targeting retail investors. Many of these products and services are analogous to traditional financial services offered by banks and brokerages, but without any of the regulatory safeguards provided by registered firms and products. Financial service firms operating in innovative fintech markets may not be complying with important laws that protect retail clients, and investors may not have access to the information necessary to conduct due diligence and make fully informed decisions.

NEWS RELEASE

February 22, 2022

Page 2

“State securities regulators recognize the value new technology brings to financial markets. Complying with existing laws and regulations promotes competitive capital markets and continued investor protection,” said Patricia R. Perkins, the Director of the Idaho Department of Finance. “This action in coordination with NASAA member agencies and the SEC sets an example for other firms providing digital asset financial products and services of how to work toward complying with state and federal law.”

Effective immediately, BlockFi will stop offering its BIAs to the public. BlockFi’s parent company, BlockFi Inc., represented it intends to file with state and federal regulators to offer and sell a new product called BlockFi Yield. As part of the settlement terms, BlockFi will cease allowing new investments in the BIAs until its securities are properly registered. BlockFi may continue to deploy digital assets for existing BIA investors and may continue to pay interest. Between February 14th and the date BlockFi Inc.’s securities are registered and qualified or permitted for sale with the states and SEC, current investors may keep their existing investments with BlockFi and will continue to earn interest under their initial agreement with the company. This measure is designed to protect the interests of existing investors while allowing BlockFi time to bring itself into compliance with state and federal law.

The Department of Finance can be reached by telephone at (208) 332-8000 or electronic mail at securities@finance.idaho.gov.

Department of Finance press releases, and other information can be found on the Internet at <http://finance.idaho.gov> or may be obtained by contacting the Department at (208)-332-8000 or Idaho toll-free at 1-888-346-3378.