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## NEWS RELEASE

**FOR IMMEDIATE RELEASE**

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### **THE IDAHO DEPARTMENT OF FINANCE JOINS \$22.5 MILLION MULTISTATE SECURITIES SETTLEMENT AGAINST CRYPTO PLATFORM NEXO CAPITAL**

**Boise, Idaho** –The Idaho Department of Finance (IDOF) announced today it has issued a consent order against, Nexo Capital Inc. (Nexo). Nexo is a Cayman Islands corporation formed in 2018 that provides cryptocurrency-related financial services. The IDOF’s action is part of a nationwide settlement of alleged securities law violations by Nexo in connection with its Earn Interest Product (EIP) accounts. Nexo’s EIP promised to pay investors interest on cryptocurrency deposited into a Nexo “crypto interest account.”

A North American Securities Administrators Association (NASAA) working group of state securities regulators conducted a comprehensive investigation into Nexo’s Earn Interest Product program. During the investigation, it was discovered that EIP investors could passively earn interest on digital assets by loaning those assets to Nexo. Nexo maintained total discretion over the revenue-generating activities utilized to earn returns for investors. The company offered and promoted the EIP and other products to investors in the U.S. via its website and social media channels, suggesting in some instances that investors could obtain returns as high as 36%.

Nexo was alleged to have failed to comply with state securities registration requirements, depriving investors of important information necessary to understand and evaluate the risks of investing in the EIP. As of July 31, 2022, Nexo had 93,318 EIP investors in the US with a total asset value of approximately \$800 million, of which more than 500 were Idaho residents with a total asset value of approximately \$7.3 million.

“All financial services companies, including new companies offering services for crypto assets, must comply with Idaho’s investor protection laws,” said IDOF Director Patricia R. Perkins. “In partnership with NASAA and other state agencies, the IDOF continues its efforts to protect Idahoans’ retirement savings investments and ensure that companies operating in Idaho do so in accordance with the law.”

Nexo has agreed to pay a total of \$22,500,000 to settle the allegations with Idaho, other U.S. states, District of Columbia, Puerto Rico and the U.S. Virgin Islands. Nexo has also agreed to stop offering and selling the EIP in Idaho and will cease paying interest on all existing Idaho EIP accounts on April 1, 2023, unless the EIP is properly qualified for sale in Idaho.

The IDOF expects any person offering financial services in Idaho to comply with our financial laws. Consumers can file a complaint with the IDOF online at <https://www.finance.idaho.gov/complaints/> or contact us directly at (208) 332-8000 (or toll-free at (888)-346-3378) or electronic mail at [securities@finance.idaho.gov](mailto:securities@finance.idaho.gov).

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