



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** · COMMISSIONER **Clothilde V. Hewlett**

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California Joins \$22.5 Million Multistate Securities Settlement Against Crypto Platform Nexo Capital

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) announced today it has entered into a [settlement agreement](#) with Nexo Capital Inc. (Nexo) to resolve the DFPI’s September 26, 2022 securities enforcement action in connection with Nexo’s Earn Interest Product program.

Nexo, a Cayman Islands corporation formed in 2018, 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 DFPI and state regulators from Washington, Kentucky, New York, Oklahoma, Indiana, Maryland, South Carolina, Vermont, and Wisconsin—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.

“Newer financial services companies, especially those involved with crypto assets, must comply with state regulations and consumer and investor protections,” said DFPI Commissioner Clothilde V. Hewlett. “In partnership with NASAA and other state agencies, DFPI continues its efforts to protect Californians 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 DFPI helped negotiate a \$22.5 million [multistate settlement](#) with Nexo on behalf of 53 United States 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.

This [settlement](#) is a part of a larger DFPI effort to [investigate companies](#) that offer crypto interest accounts and hold them accountable when they have violated the law. It builds upon similar actions issued by the DFPI to [CONST LLC](#), [Celsius Network Inc.](#), [Voyager Digital LLC](#), and [BlockFi Lending LLC](#). Celsius, Voyager, and BlockFi have filed for Chapter 11 bankruptcy.

DFPI expects any person offering securities, lender, or other financial services provider that operates in California to comply with our financial laws. Consumers can file a complaint with the DFPI online (dfpi.ca.gov/file-a-complaint) or call toll-free at (866) 275-2677.

The DFPI administers the state's lending and banking laws, the recent California Consumer Financial Protection Law, and the state's securities laws, which govern broker-dealers, investment advisers, and commodities. Learn more at dfpi.ca.gov.

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