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# PRESS RELEASE

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## Attorney General Brown Joins \$22.5 Million Settlement with Crypto Asset Platform Nexo

**BALTIMORE, MD (September 11, 2023)** – Maryland Attorney General Anthony G. Brown’s Securities Division announced that it has joined a \$22.5 million multistate settlement with Nexo Capital, Inc. In September 2022, Maryland filed an action against Nexo in connection with its Earn Interest Product (EIP) accounts. The Securities Division had alleged that the EIP accounts enabled customers to deposit crypto assets with Nexo. In exchange, customers automatically earned interest on those deposits. Nexo offered investors interest rates of up to 36% on their deposits, significantly higher than rates offered for short-term, investment grade, fixed-income securities, or bank savings accounts. As of September 2022, over 93,300 United States residents had EIP accounts worth approximately \$800 million, with more than 1,800 Maryland residents holding accounts worth about \$15 million.

The Securities Division’s [Consent Order](#), which details the case and formalizes the terms of the settlement, concluded that Nexo’s EIP accounts were unregistered securities, and that the company operated as an unregistered broker-dealer. The Order further concluded that Nexo engaged in dishonest and unethical practices and misrepresented and failed to provide important facts to its customers, such as information related to its regulatory compliance, profit-making activities, and interest generation.

“Companies that offer interest-bearing crypto asset accounts need to register to operate, just like any other investment platform, so that consumers who choose to invest with them can be informed of the inherent risks and afforded all the rights and protections that the law provides,” **said Attorney General Brown.** “Providing clear and honest information is not optional. It is required to do business here in Maryland.”

Nexo has agreed to pay \$22.5 million to the 53 member jurisdictions of the North American Securities Administrators Association (NASAA). Maryland and each other jurisdiction will receive \$424,528.30 to resolve the violations. In addition, Nexo has agreed to cease operations in the United States until its EIP accounts have been properly vetted in accordance with U.S. securities laws. As part of the settlement, Nexo amended and updated its terms and conditions to reflect that the residents of the 53 jurisdictions are the owners of all money and digital assets held in their EIP accounts and agreed to assist customers with withdrawals/transfers from their

EIP accounts. Finally, Maryland's Consent Order will also apply to Nexo's principal, Antoni Trenchev.

Maryland is a member of a working group of state securities regulators focused on interest-bearing crypto asset accounts. Through this coordinated effort, Maryland participated in the investigation of Nexo, and is continuing to consider enforcement actions against other firms that offer interest-bearing crypto asset accounts without complying with state law. Firms that need to register and deal with past unregistered activity should reach out to the [Securities Division](#). In addition, potential investors should reach out to the Securities Division to check the registration status of a firm before investing their money in an interest-bearing crypto asset account.

In making today's announcement, Attorney General Brown thanked Assistant Attorney General Max F. Brauer for his work on the case. Attorney General Brown would also like to thank fellow NASAA member agencies, especially the multistate working group, for their coordinated efforts.

<https://www.marylandattorneygeneral.gov/press/2023/091123a.pdf>