

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

ORDER NO. 22-72-2-S

IN THE MATTER OF:)
)
Celsius Network Inc.; Celsius Network)
Limited; Celsius US Holding LLC; Celsius)
Network LLC; Celsius Networks Lending)
LLC; and Celsius Lending LLC)
)
)
Respondents)
)
)
_____)

CONSENT ORDER

WHEREAS, pursuant to the authority granted to the Department of Commerce Community and Economic Development (the “Administrator”) under the Alaska Securities Act, Alaska Statute (“AS”) 45.56 *et seq.*, and the regulations and rules promulgated thereunder (collectively, the “Act”), and delegated to the Division of Banking & Securities (the “Division”) by the Administrator, the Division conducted an investigation into the securities-related activities of Celsius Network Inc., Celsius Network Limited, Celsius US Holding LLC, Celsius Network LLC, Celsius Networks Lending LLC, and Celsius Lending LLC (collectively, “Celsius”);

WHEREAS, Celsius was a cryptocurrency firm, which, among other services, offered and sold interest-bearing digital asset accounts called the Celsius Earn Program (“Celsius Earn Program Accounts”), which allowed clients to earn interest on digital assets;

WHEREAS, state securities regulators (the “States”) conducted an investigation into whether Celsius Earn Program Accounts involved the offer and sale of unregistered securities by Celsius to retail investors, among other things;

1 WHEREAS, Celsius has reached an agreement with the States to resolve the
2 investigation;

3 WHEREAS, the Division commenced this matter on October 19, 2022, with the entry
4 of an Order to Cease and Desist, Notice, of Intent to Impose Civil Penalties, Notice of Intent
5 to Charge Costs, and Notice of Opportunity to Request a Hearing (the “Order”)¹ against the
6 Respondents. The Order set forth violations of the Act by the Respondents, specifically
7 violations of the Act’s provisions related to the offering and selling of an unregistered security
8 and the making of material misrepresentations and omissions in the offering and selling of a
9 security;

10 WHEREAS, in light of the fact that the Respondents have agreed to this Consent Order,
11 are proposing to distribute or manage substantially all of their assets (including all assets of
12 Celsius Network Inc.), to or for the benefit of their account holders, and are no longer operating
13 Celsius Network Inc. or any customer-facing business (and will not do so in the future), the
14 Division has conditionally agreed that although it would have fined Respondents at least
15 \$5,000,000, the Division has instead agreed to refrain from imposing any administrative fines,
16 subject to the reservation of rights set forth herein;

17 WHEREAS, on July 13, 2022, the Respondents filed voluntary petitions for relief under
18 Chapter 11 of the United States Bankruptcy Code;²

19 WHEREAS, on January 31, 2024, the *Modified Joint Chapter 11 Plan of*
20 *Reorganization of Celsius Network LLC and Its Debtor Affiliates (Conformed for MiningCo*
21 *Transaction* [Docket No. 4289] (as may be modified, supplemented, or amended from time to
22 time, the “Plan”) went effective, and the Respondents emerged from their bankruptcy cases;

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24 ¹ [Order No. 22-72-S \(Redacted\).pdf \(alaska.gov\)](#)

² *In re Celsius Network LLC*, No. 22-10964 (MG) Bankr. S.D.N.Y. 2022) (also available at <https://cases.stretto.com/Celsius>).

1 legacy loans, this entity is expected to be dissolved.

2 7. Celsius Lending LLC is a Celsius company incorporated in Delaware and is the
3 subsidiary that, during certain times relevant herein, provided consumer fiat and stablecoin loans
4 secured by cryptocurrency deposits to Celsius's customers in the United States.

5 8. Celsius is a network of affiliated financial services companies that generate
6 revenue through cryptocurrency trading, lending, and borrowing, as well as engaging in propriety
7 trading, mining, and other types of transactions.

8 9. The Respondents are not presently registered, and they have never been
9 registered, in any capacity with the Division.

10 **III. FINDINGS OF FACT**

11 **Celsius's Business Operations**

12 10. Respondents, in part, funded their lending operations, proprietary trading, and
13 other revenue generating activities through the sale of unregistered securities in Celsius Earn
14 Program Accounts.

15 11. Investors invested in Celsius Earn Program Accounts through Celsius's website
16 or smartphone application.

17 12. Investors opened accounts by transferring eligible cryptocurrency to Celsius to
18 invest in Celsius Earn Program Accounts.

19 13. Celsius used investors' cryptocurrencies by commingling cryptocurrencies with
20 cryptocurrencies deposited by other investors, investing in traditional financial assets and
21 cryptocurrency assets, lending those cryptocurrencies to institutional and corporate borrowers,
22 and engaging in any other activities at Celsius's discretion.

23 14. In exchange for customers' investments, Celsius promised lucrative interest rates.
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1 broker-dealers, or with banks, savings associations, or credit unions.

2 **The Undisclosed Risks**

3 24. Celsius failed to disclose material information necessary for investors in Celsius
4 Earn Program Accounts to make an informed decision, including critical material information
5 about the risks associated with purchasing its unregistered securities.

6 25. Celsius failed to disclose to investors in Celsius Earn Program Accounts certain
7 material facts regarding the risks associated with its unregistered Celsius Earn Program
8 Accounts.

9 **IV. CONCLUSIONS OF LAW**

10 26. Paragraphs 1 through 25 are incorporated by reference as though fully set forth
11 herein.

12 27. Celsius Earn Program Accounts were securities as defined in AS 45.56.900(32).

13 28. The Respondents' offer and sale of securities in Alaska that were not registered
14 or permitted for sale in Alaska violated AS 45.56.100.

15 29. The Respondents committed fraud, in violation of AS.56.56.500.

16 30. The foregoing violations of the Act set forth above provide the basis for this
17 Consent Order pursuant to AS 45.56.690.

18 31. This Consent Order is appropriate and in the public interest, pursuant to the Act.

19 **V. ORDER**

20 **NOW THEREFORE**, pursuant to AS 45.56, it is hereby **ORDERED** that:

21 1. This Consent Order fully resolves the matter commenced by the Division on
22 October 19, 2022, with the entry of the Order against the Respondents.

23 2. Respondents shall **CEASE AND DESIST** from engaging, directly or indirectly, in
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1 conduct constituting or which would constitute a violation of the Act or any regulation or order
2 under the Act, including, without limitation, offering or selling securities in this state in
3 contravention of the Act.; *provided, however*, that nothing in this Consent Order shall restrain or
4 enjoin the deposit, exchange, distribution, investment or withdrawal of assets owned or held by
5 the Respondents and being administered in accordance with the United States Bankruptcy Code
6 and orders of the court in the Respondents’ bankruptcy.

7 3. The Division shall not impose any administrative fines so long as the Plan is fully
8 administered as proposed; *provided* that if the Chapter 11 Cases are closed, dismissed, or
9 otherwise concluded, in each case, without the Respondents’ bankruptcy estates being fully
10 administered in accordance with the Plan and the Bankruptcy Code, the foregoing restriction on
11 the Division shall be lifted, and all of the Division’s and Respondents’ respective rights are
12 reserved as to the amount of any fines.

13 4. This Consent Order shall be binding upon the Respondents with respect to the
14 provisions above and all future obligations, responsibilities, undertakings, commitments,
15 limitations, restrictions, events, and conditions.

16 Upon execution by the Administrator, this Consent Order fully resolves the Order as to
17 the Respondents. The Administrator further acknowledges and agrees that any remaining pre-
18 Effective Time³ claim (as defined in section 101(5) of the Bankruptcy Code) against Celsius that
19 relates to or arises out of this Consent Order or the conduct described in paragraphs 10 through 25
20 shall be treated as a State Regulatory Claim under Celsius’s Plan.⁴

21 As part of this Consent Order, the Respondents agree that they: (i) will not take any
22 action or make or permit to be made any public statement denying, directly or indirectly, any
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³ “Effective Time” shall have the meaning ascribed to it under the Plan.

⁴ “State Regulatory Claim” shall have the meaning ascribed to it under the Plan.

1 allegation in this Consent Order or creating the impression that this Consent Order is without
2 factual basis; and (ii) will not make or permit to be made any public statement to the effect that
3 the Respondents do not admit the allegations, without also stating that the Respondents do not
4 deny the allegations. If the Respondents breach the agreement set forth in this paragraph, the
5 Administrator may petition the Court to vacate this Consent Order. Nothing in this paragraph
6 affects the Respondents' (i) testimonial obligations or (ii) right to take differing legal or factual
7 positions in litigation or other legal proceedings.

8 This Consent Order should not be interpreted to waive any (i) criminal cause of action,
9 (ii) private cause of action that may have accrued to investors as a result of the activities detailed
10 herein, or (iii) other causes of action that may result from activities of a Respondent not detailed
11 in this Consent Order.

12 **IT IS SO ORDERED.**

13 Julie Sande, Commissioner
14 Department of Commerce, Community and
Economic Development

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16 DATED: 04/08/2024

/s/ Robert H. Schmidt
Robert H. Schmidt, Director
Division of Banking and Securities

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18 Respondents Celsius Network Inc., Celsius Network Limited, Celsius US Holding LLC, Celsius
19 Network LLC, Celsius Networks Lending LLC, and Celsius Lending LLC consent to the terms
20 of the above Consent Order:

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22 By: /s/ Chris Ferraro
Christopher Ferraro, Plan Administrator

Date: 3/26/2024

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STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
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Approved as to form by:

By: /s/ Christopher S. Koenig
Christopher S. Koenig
Counsel for Respondents

Date: March 26, 2024