

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

In the Matter of:
NEXO CAPITAL, INC.

Respondent.

ORDER NO: 23-12-S

CONSENT ORDER

INTRODUCTION

WHEREAS the Nexo Group, Nexo Inc., Nexo Capital Inc., Nexo Financial LLC, and their affiliates, successors, and assignees (collectively, “Nexo”) are financial services companies, and affiliates thereof;

WHEREAS, the sole Respondent Nexo Capital Inc. has offered and sold interest-bearing digital asset accounts called Earn Interest Product (“EIP”) accounts, which allow clients to earn interest on digital assets;

WHEREAS Antoni Trenchev (“Trenchev”) is co-founder and Managing Partner of the Nexo Group and a director and manager of certain companies within the Nexo Group, including Nexo Inc. and Nexo Capital Inc.;

WHEREAS state securities regulators, as part of a North American Securities Administrators Association (“NASAA”) Working Group that includes regulators from the states of Washington, California, Kentucky, New York, Oklahoma, Indiana, Maryland, South Carolina, Vermont, and Wisconsin (the “NASAA Working Group”), have conducted an investigation into whether the EIP involved the offer and sale of unregistered securities by Nexo to retail investors, among other things; and

WHEREAS Nexo has reached an agreement with the NASAA Working Group to resolve

1 the investigation with respect to the 50 states, the District of Columbia, Puerto Rico, and the
2 U.S. Virgin Islands (collectively, the “53 Jurisdictions”); and

3 Nexo Capital Inc. has advised the NASAA Working Group of its agreement to resolve
4 the securities investigation pursuant to the terms specified in this Consent Order (the
5 “Order”) and pursuant to the multistate resolution recommended by the NASAA Working
6 Group; and

7 Nexo Capital Inc. shall cease and desist offering or selling the EIP or any security that is
8 not registered, qualified, or exempt to new clients in the United States and cease accepting
9 further investments or funds in the EIP accounts by current U.S. clients, unless and until the
10 EIP or other securities are registered, qualified, or otherwise exempt; and

11 As of the date of entry of this Order, Nexo Capital Inc. has amended and updated their
12 terms of service, and any other terms or conditions of Nexo’s relationship with residents of
13 the 53 Jurisdictions, to reflect that residents of the 53 Jurisdictions are the title, beneficial,
14 and legal owners of all fiat currency and digital assets held in their EIP accounts; and

15 Nexo Capital Inc. shall pay up to a total of Twenty-Two Million Five Hundred Thousand
16 dollars (\$22,500,000) in settlement payments divided equally among the 50 states, the
17 District of Columbia, Puerto Rico, and the U.S. Virgin Islands and paid to each of the 53
18 Jurisdictions that enter into a consent order pursuant to the terms of Nexo Capital Inc.’s
19 agreement with the NASAA Working Group; and

20 Nexo Capital Inc. elects to waive permanently any right to a hearing and appeal under
21 Alaska Statute 45.56.690 with respect to the entry of this Order; and

22 Nexo Capital Inc. admits the jurisdiction of the Department of Commerce, Community
23 and Economic Development, Division of Banking and Securities in this matter; and

24 Solely for the purpose of terminating the NASAA Working Group’s securities

1 investigation and in settlement of the issues contained in this Order, Nexo Capital Inc.,
2 without admitting or denying the findings of fact or conclusions of law contained in this
3 Order, consents to the entry of this Order. Notwithstanding the foregoing, Nexo Capital Inc.
4 will admit the findings of fact and conclusions of law for the purposes of exceptions to
5 discharge in bankruptcy proceedings under any jurisdiction, including the proceedings set
6 forth in Sections 523 and 1192 of the Bankruptcy Code, 11 U.S.C. §§ 523; 1192.

7 NOW, THEREFORE, the Director of the Alaska Division of Banking and Securities, as
8 administrator of the Alaska Securities Act, hereby enters this Order:

9 **I. FINDINGS OF FACT**

10 1. The Alaska Department of Commerce, Community, and Economic
11 Development, Division of Banking and Securities (“Administrator”), has jurisdiction over this
12 matter pursuant to the Alaska Securities Act, Alaska Statute (“AS”) 45.56 *et seq.*

13 2. Nexo Inc. is a Cayman Islands corporation formed in 2018 which provides virtual
14 currency-related financial services to retail and institutional borrowers in the United States,
15 including trading, borrowing, and lending services. Nexo Inc. wholly owns Nexo Capital, Inc.

16 3. Nexo Capital Inc. (“Nexo Capital”) is a Cayman Islands corporation formed in 2018
17 with its principal place of business in Grand Cayman, Cayman Islands. Nexo Capital-is no
18 registered to do business in Alaska and is not registered with the Administrator in any
19 capacity.

20 4. Nexo Financial LLC (“Nexo Financial”) is a Delaware limited liability company
21 formed in 2018 with its principal place of business in London, United Kingdom. Nexo
22 Financial holds certain licenses, including money transmitter licenses and lending licenses in
23 some states but is not registered with the Administrator in any capacity.

24 5. Nexo Group comprises business entities organized primarily in European countries

1 and territories, including but not limited to Nexo Inc., Nexo Capital Inc., and Nexo Financial
2 LLC. The Nexo Group is not registered to do business in Alaska and is not registered with the
3 Administrator in any capacity.

4 6. Antoni Trenchev is a co-founder and Managing Partner of the Nexo Group and a
5 director and manager of certain companies within the Nexo Group, including Nexo Capital.
6 Antoni Trenchev is responsible for supervising day-to-day business activities of the Nexo Group
7 companies, including ensuring their compliance with applicable legislation, rules, and
8 regulations. Antoni Trenchev is not registered with the Administrator in any capacity.

9 7. On September 26, 2022, Washington filed a statement of charges alleging Nexo
10 Capital Inc., and its parent and director, Nexo Inc. and Antoni Trenchev, were offering and
11 selling unregistered securities in the form of the EIP, were making untrue statements of material
12 fact or omitting to state material facts necessary to make the statements made, in light of the
13 circumstances in which they were made, not misleading, and Antoni Trenchev offered and sold
14 securities while not being registered as a securities salesperson or broker-dealer.

15 8. On September 26, 2022, Oklahoma filed an order to cease and desist alleging Nexo
16 Financial LLC, and its parent and affiliate, Nexo, Inc. and Nexo Financial LLC, were offering
17 and selling unregistered securities in the form of the EIP.

18 9. On September 26, 2022, California filed a desist and refrain order alleging
19 Nexo Capital Inc. and its parent and collective business group, Nexo Inc. and Nexo Group,
20 were offering and selling unqualified securities in the form of the EIP.

21 10. On September 26, 2022, Maryland filed a summary order to cease and desist and
22 order to show cause alleging Nexo Capital Inc., and its parent and director, Nexo Inc. and Antoni
23 Trenchev, were offering and selling unregistered securities in the form of the EIP, were
24 transacting business as an unregistered broker-dealer or agent and, in this business, employed an

1 unregistered agent, making an untrue statement of a material fact or omitting to state a material
2 fact necessary in order to make the statements made, in light of the circumstances under which
3 they were made, not misleading, and engaging in dishonest or unethical practices in the securities
4 or investment advisory business.

5 11. On September 26, 2022, New York filed a civil complaint alleging Nexo Capital Inc.
6 and its parent, Nexo Inc., were offering and selling unregistered securities and unregistered
7 commodities in the form of the EIP and by facilitating the purchase and sale of virtual currencies
8 on Nexo's virtual marketplace known as the "Exchange," and making materially false and
9 misleading representations, statements, and omissions relating to the sale, purchase or exchange
10 of securities or commodities.

11 12. On September 26, 2022, Vermont filed an ex parte order to cease and desist alleging
12 Nexo Capital Inc., and its parent and affiliate, Nexo Inc. and Nexo Financial LLC, were offering
13 and selling unregistered securities in the form of the EIP.

14 13. On September 26, 2022, Kentucky filed an emergency cease and desist order alleging
15 Nexo Capital Inc. and its parent and collective business group, Nexo Inc. and Nexo Group were
16 offering and selling unregistered securities in the form of the EIP, and were making untrue
17 statements of material fact or omitting to state material facts necessary in order to make those
18 statements not misleading in light of the circumstances in which they were made.

19 14. On September 26, 2022, South Carolina filed an order to cease and desist alleging
20 Nexo Capital Inc. and its parent, Nexo Inc., were offering and selling unregistered securities in
21 the form of the EIP, and were making untrue statements of a material fact or omitting to state
22 material facts necessary in order to make the statements made, in light of the circumstances under
23 which they were made, not misleading.

24 15. On September 28, 2022, Indiana filed an order to cease and desist alleging Nexo

1 Capital Inc. and its parent, Nexo Inc., were offering and selling unregistered securities in the
2 form of the EIP.

3 16. On November 3, 2022, Wisconsin filed an order to cease and desist alleging Nexo
4 Capital Inc., and its parent, Nexo Inc., were offering and selling unregistered securities in the
5 form of the EIP.

6 **The Offer and Sale of Securities Nationwide**

7 17. Between about June 17, 2020, and December 6, 2022 (“Offering Period”), Nexo has
8 offered and sold its EIP accounts to new and/or existing Alaska investors. The EIP enables
9 investors to passively earn interest by loaning certain digital assets (“Eligible Earn Assets”) to
10 Nexo. Nexo’s EIP investors have no part in selecting, monitoring, or reviewing the revenue-
11 generating activities that Nexo utilizes to earn this interest.

12 18. As of July 31, 2022, there were 275 Alaska EIP accounts earning interest with a total
13 Alaska EIP savings wallet value of \$2,990,000. Nationally, there were 93,318 EIP accounts
14 earning interest with a total EIP savings wallet value of \$800,260,000.

15 19. Nexo has promoted their financial services, including the EIP, to investors primarily
16 through their website at <http://www.nexo.io/> and their mobile Nexo app. On its website, Nexo
17 has provided information about its EIP and a list of supported virtual currencies and their
18 corresponding interest rates. Nexo additionally has promoted the EIP on social media through
19 various platforms including Twitter, Instagram, and YouTube. Through Nexo’s website, blog,
20 and social media accounts, Nexo has represented interest rates on these EIP accounts of up to
21 36%, significantly higher than the rates offered for short-term, investment grade, fixed-income
22 securities or for bank savings accounts.

23 20. In offering its EIP, Nexo has failed to disclose material information about the
24 investment, including, but not limited to, Nexo’s EIP interest generation deployment

1 activities, Nexo’s legal and regulatory compliance, and the limitations of Nexo’s financial
2 representations.

3 21. Nexo has allowed, with certain limitations, anyone either 18 years or older,
4 depending on the jurisdiction, to open an EIP account and access Nexo wallet services. When
5 opening a Nexo account, an investor will go through several user identity-verification protocols,
6 including, at a minimum, the provision of an investor’s legal name, date of birth, and address.
7 An investor will then transfer fiat currency (EUR, GBP, and USD) from a bank account to their
8 Nexo account. Investors can also add cryptocurrency to their Nexo wallet by transferring assets
9 from another crypto exchange or wallet.

10 Nexo’s Earn Interest Product

11 22. Nexo ceased offering its EIP to new investors in Alaska after August 2, 2021, after
12 the Administrator’s regulatory inquiry into Nexo’s business. From approximately August 2,
13 2021, until approximately February 19, 2022, existing Alaska investors could deposit additional
14 fiat currency and cryptocurrency into their existing EIP accounts and could continue to earn
15 interest on their invested EIP Eligible Earn Assets. Thereafter on February 19, 2022, Nexo
16 disallowed any US investors who had not yet opened a Nexo Account from opening an EIP
17 savings wallet. Also on February 19, 2022, Nexo disallowed any existing US investors from
18 adding additional assets into their existing EIP savings wallets.

19 23. In Nexo’s EIP, an investor agrees to invest their Eligible Earn Assets with Nexo, in
20 exchange for passively earning interest that is deposited into the investor’s EIP savings wallet.
21 EIP investors begin accruing interest 24 hours after investing Eligible Earn Assets with Nexo.

22 24. Nexo has offered their EIP in the form of either a Flex EIP Savings Wallet Term
23 (“Flex Term Investment”) or a Fixed EIP Savings Wallet Term (“Fixed Term Investment”).
24 Interest from an investor’s Eligible Earn Assets is credited to an investor’s EIP savings wallets

1 either at the expiration of the Fixed Term Investment, or daily for a Flex Term Investment.

2 25. For a Flex Term Investment, there is no required “holding” time for an investor to
3 lend their Eligible Earn Assets, and these investors are able to withdraw their Eligible Earn
4 Assets at any time subject to the terms and conditions of a Nexo wallet.

5 26. For a Fixed Term Investment, investors are unable to withdraw their Eligible Earn
6 Assets for the duration of a defined term. When investing in a Fixed Term Investment, an
7 investor can elect to utilize Nexo’s “automatic renewal” feature to rollover their investment at
8 the end of the defined term.

9 27. The interest rate Nexo pays an investor on their invested Eligible Earn Assets is
10 determined by several factors, including the length of the Eligible Earn Assets loan, the type of
11 cryptocurrency loaned, and whether the investor has a Flex Term Investment or a Fixed Term
12 Investment. Generally, the longer that an investor agrees to maintain their Eligible Earn Assets
13 with Nexo, the higher the rate of return.

14 28. After February 19, 2022, while Nexo disallowed additional deposits into existing EIP
15 savings wallets, Nexo continued to allow existing investors enrolled in a Fixed Term Investment
16 to rollover their EIP Eligible Earn Assets into a new Fixed Term Investment.

17 29. In actions from September through November 2022, the NASAA Working Group
18 concluded that Nexo’s offer to an investor the option to automatically renew their Fixed Term
19 Investment for another identical term, along with the investor’s decision to enroll, constitutes an
20 offer and sale of a security.

21 30. On December 6, 2022, Nexo ceased to offer the EIP to investors within the NASAA
22 Working Group.

23 **Deployment and Income-Generating Activities**

24 31. In accordance with the EIP terms and conditions, the EIP savings wallet interest rate

1 is subject to revision from time to time, at Nexo's sole and absolute discretion. Included in the
2 EIP terms and conditions, investors are required to acknowledge that they:

3 ...understand and agree that we [Nexo] might convert, pledge, re-pledge,
4 hypothecate, rehypothecate, sell, lend, or otherwise transfer, dispose of or use
5 any amount of any Digital Assets in regard to which you use the Nexo Earn
6 Interest Product, separately or together with other property, and for any period
7 of time, and without retaining in our [Nexo's] possession and/or control for
8 delivery a like amount thereof or any other assets, at our [Nexo's] sole and
9 absolute discretion.

10 32. As such, any profit earned by Nexo investors is earned solely through the efforts of
11 Nexo with means determined solely by Nexo.

12 33. Nexo groups and deploys investor Eligible Earn Assets with other investors' Eligible
13 Earn Assets and similar, Nexo-owned assets (e.g., Eligible Earn Bitcoin Assets with other Nexo-
14 owned Bitcoin assets). To earn income to pay interest to EIP investors, Nexo engages in
15 deployment activities including the staking, lending, arbitrage, and provision of liquidity on
16 certain decentralized finance platforms, in addition to the lending of aggregated investor Eligible
17 Earn Assets to retail and institutional borrowers.

18 **Nexo's Representations Regarding the Offer and Sale of EIPs**

19 34. In offering the EIP to Alaska investors, Nexo has failed to disclose material
20 information related to Nexo's EIP interest generation, Nexo's regulatory compliance, and
21 Nexo's financial representations.

22 35. Nexo has failed to disclose its lending agreements or the terms contained therein to
23 EIP investors, and as such, Nexo's EIP investors are not provided with information as to whom
24 Nexo's institutional lending partners are, how long the term loan is, or whether these loans are

1 over-collateralized, despite Nexo’s assurances that all loans are provided in an over-
2 collateralized fashion. Consequently, Nexo EIP investors cannot adequately evaluate the risk
3 associated with their participation in the EIP prior to investing their Eligible Earn Assets with
4 Nexo.

5 36. Nexo’s website represents to EIP investors that “Nexo has gone the extra mile in
6 ensuring compliance with the applicable regulatory frameworks. Together with our top-tier legal
7 counsel and engaging proactively with the regulatory decision-makers we ensure the
8 sustainability of our products for years to come.”

9 37. Concurrently, Nexo makes the following statements on its website: “The Nexo Group
10 has legal entities in various locations throughout the world...and is in compliance with all
11 applicable global and local regulations...rest assured that Nexo is compliant everywhere it
12 provides services and retains top-tier legal counsels in the jurisdictions of its operation.” Further,
13 within the footer of Nexo’s website, Nexo displays the phrase “Licensed & Regulated Digital
14 Assets Institution.”

15 38. Through these representations, Nexo gives investors the impression that their
16 investments are less risky. On or about June 30, 2021, Nexo Co-Founder Trenchev appeared on
17 a Yahoo Finance Live broadcast titled, “Crypto-focused banking: Nexo Co-Founder discusses
18 his company’s growth and business model.” On this broadcast, Trenchev stated that he “would
19 argue, from a financial perspective... that [Nexo is] safer, especially for the larger clients, than
20 your average bank.” On July 1, 2021, Nexo re-posted this broadcast to its YouTube channel, and
21 re-named it, “Nexo is Safer than your Average Bank...”

22 39. Nexo Capital is the entity that operates Nexo’s website and conducts the EIP offering.
23 This is not disclosed on the website; instead, the website often uses the name “Nexo” without
24 further clarification. Of the licenses and registrations identified on Nexo’s website, Nexo Capital

1 only held two—a money service business registration license in Canada and a registration as a
2 foreign company in Australia. Notably, none of the Nexo respondents hold securities licenses
3 in Alaska.

4 40. As such, Nexo: 1) fails to specify Nexo Capital as the operator of the website and
5 provider of the services offered therein; 2) lists the licenses of one or more entities that are not
6 actually doing business in the relevant jurisdictions and that are not conducting the business
7 offered and provided through the website on which the licenses and registrations are listed; and
8 3) makes the false statement that the Nexo Group is in compliance with “all applicable ...
9 regulations.”

10 41. Nexo represents on its website and through the Nexo YouTube video, “How to Earn
11 Crypto Interest,” that an investor’s Eligible Earn Assets are secured at all times by Nexo’s asset-
12 backed portfolio of over-collateralized loans. Nexo also states that the platform lends to
13 individuals and institutions only on an over-collateralized basis, which is, in part, how
14 Nexo states that they keep EIP interest rates consistent over time and “basically eliminate counter
15 party risk.”

16 42. Further, on or about June 10, 2021, Nexo advertised a forthcoming real-time audit”
17 of Nexo’s custodial assets by Armanino LLP,¹ which they represented, would show that the
18 company’s assets exceed liabilities. In a Daily Hodl article published on June 10, 2021, Antoni
19 Trenchev stated, “We are happy to have opened our books to allow Armanino...to verify that
20 our company’s assets exceed liabilities at all times and demonstrate how seriously we treat
21 Nexo’s commitments to our customers.”

22 43. In a Nexo blog post published on September 23, 2021, Nexo presented the Armanino
23 report, which purports to offers a “real-time audit of Nexo’s custodial assets, showing the
24

¹ Armanino LLP is a Public Company Accounting Oversight Board (“PCOAB”) – certified auditor, accounting and consulting firm in the US.

1 company's assets always exceed liabilities." This Armanino report is updated daily and Nexo
2 claims that it provides the following assurances: 1) "Fully Backed: Your holdings on Nexo's
3 platform are backed by assets by more than 100%"; 2) "Properly Managed: Third-party
4 assurance that your funds on the Nexo platform are properly managed and accounted for"; and
5 3) "Always Available: 24/7 proof of Nexo's ability to meet all liabilities owed to you at any
6 time." This Armanino report is publicly available online at [https://real-time-
7 attest.trustexplorer.io/nexo](https://real-time-attest.trustexplorer.io/nexo).

8 44. More recently, as a response to a competing cryptocurrency firm freezing customer
9 withdrawals on June 12, 2022, Nexo's Twitter account tweeted:

10 All Nexo products are operating normally – Borrow, Earn, Exchange...Nexo
11 is the first and only blockchain finance company to have a real-time audit of
12 its custodial assets, showing that the company's assets exceed its liabilities at
13 all times, which attests to Nexo's liquidity and ability to meet all of its
14 obligations...Nexo is in a solid liquidity and equity position to readily acquire
15 any remaining qualifying assets of Celsius, mainly their collateralized loan
16 portfolio....

17 45. Nexo provided a link to their real-time attestation Armanino report within the body
18 of this tweet.

19 46. Nexo's provision of the Armanino report in conjunction with these claims of financial
20 stability gives the appearance that the Armanino report can support Nexo's claims of
21 financial stability in a turbulent market.

22 47. Despite representations by Nexo, the data and figures set forth in the Armanino report
23 contain several material shortcomings, as described in the report's Agreed Upon Procedures, that
24 limit the report's ability to provide assurances of Nexo's financial stability. These limitations

1 include 1) a failure to identify non-Customer Liabilities; 2) a failure to identify whether
2 Customer Liabilities include the collateral that Nexo holds for over-collateralized retail loans; 3)
3 a failure to identify the liquidity of Nexo's assets; 4) a failure to identify doubtful loan accounts
4 (e.g. a distressed or non-paying borrower accounts); and 5) a failure to identify whether Nexo's
5 deposit liabilities are secured or otherwise collateralized by Nexo's assets.

6 48. As such, this report is of limited value and cannot be used to support Nexo's claims
7 that "Nexo's assets exceed their liabilities by more than 100%".

8 **Failure to Comply with Registration Requirements**

9 49. During the Offering Period, Nexo Capital Inc.'s offer and sale of the EIP was not
10 done subject to an exception or exemption from registration.

11 50. During the Offering Period, Nexo Capital Inc. offered and sold securities in Alaska
12 that were not registered or permitted for sale in Alaska as required by AS 45.56.100.

13 **II. CONCLUSIONS OF LAW**

14 51. The offer and/or sale of Nexo Capital Inc.'s Earn Interest Product described above
15 constitutes the offer and/or sale of a security as defined in AS 45.56.900(32).

16 52. During the Offering Period, Nexo Capital Inc.'s offer and sale of securities in Alaska
17 that were not registered or permitted for sale in Alaska violated AS 45.56.100.

18 53. The foregoing violation of AS 45.56.100 constitutes the basis for the assessment of a
19 civil penalty against Nexo Capital Inc. pursuant to AS 45.56.690(d).

20 **III. ORDER**

21 On the basis of the Findings of Facts, Conclusions of Law, and Nexo Capital Inc.'s
22 consent to the entry of this Order, IT IS HEREBY ORDERED:

23 54. This Order concludes the securities investigation by the Administrator with respect
24 to Nexo's Earn Interest Product and resolves any other securities action the Administrator

1 could commence against Nexo Capital Inc. and its affiliates concerning the Findings of Fact and
2 Conclusions of Law, including as it relates to the offer and sale of the EIP without registration,
3 qualification, or otherwise complying with an exemption and the above-referenced statements
4 regarding Nexo Capital Inc.'s material misrepresentations and omissions made thereto during
5 the Offering Period. This Order resolves the matter commenced by the Administrator on January
6 5, 2023 with the entry of Order No. 22-94-B against Nexo Capital Inc.

7 55. This Order is entered into solely for the purpose of resolving the referenced multistate
8 securities investigation with respect to the EIP and the Administrator, and is not intended to be
9 used for any other purpose. Other than the obligations and provisions set forth herein, this Order
10 does not limit or create liability for Nexo Capital Inc. nor limit or create defenses for Nexo
11 Capital Inc. to any claims.

12 56. This Order is not intended to subject any Covered Person to any disqualifications
13 under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S.
14 Virgin Islands, or under the rules or regulations of any securities or commodities regulator or
15 self-regulatory organization, including, without limitation, any disqualification from relying
16 upon the state or federal registration exemptions or safe harbor provisions. "Covered Persons"
17 means Nexo Capital Inc., its parent, or any of its affiliates and their current or former officers,
18 directors, employees, or other persons that could otherwise be disqualified as a result of the
19 Orders.

20 57. Nexo Capital Inc. is hereby ORDERED to cease and desist from:

- 21 a. Offering or selling the EIP or any security that is not registered, qualified, or
22 exempt to new investors in Alaska.
- 23 b. Accepting further investments or funds in the EIP by current Alaska investors,
24

1 unless and until the EIP or other securities are registered or otherwise exempt in
2 Alaska.

3 c. Intentionally providing interest or other returns on any existing Alaska investors'
4 EIP accounts until such securities are registered, qualified, or otherwise exempt.
5 This means that Nexo Capital Inc. shall diligently endeavor to ensure that interest
6 payments are not provided to residents of Alaska after April 1, 2023.

7 58. Nexo Capital Inc. is hereby ORDERED to pay a civil penalty in the amount of
8 \$424,528.30 to the State of Alaska. If timely payment is not made, additional interest shall accrue
9 at a rate pursuant to AS 09.30.070(a).

10 59. Full payment in the amount of \$424,528.30 (in United States dollars) shall be made
11 in the following installments:

- 12 a. \$141,509.44 immediately upon entry of this Order;
- 13 b. \$94,339.62 90 days upon entry of this Order;
- 14 c. \$94,339.62 180 days upon entry of this Order; and
- 15 d. \$94,339.62 270 days upon entry of this Order.

16 60. If Nexo Capital Inc. fails to make any payment by the date agreed and/or in the
17 amount agreed according to the schedule set forth above, all outstanding payments under this
18 Order, minus any payments made, shall become due and payable immediately at the discretion
19 of the staff of the Administrator without further application to the Administrator.

20 61. Nexo Capital Inc. may pay by certified check made payable to the State of Alaska
21 hand-delivered or mailed to:

22 Mailing Address
23 P.O. Box 110807
24 Juneau, AK 99811-0807

Physical Address
(No US mail delivery)

1 333 Willoughby AVE, 9th FL
2 State Office Building
3 Juneau, AK 99801

4 Payments must be accompanied by a cover letter identifying Nexo (with relevant tax
5 identification numbers) and the file number of these proceedings.

6 62. Nexo Capital Inc. is further ORDERED to require verification of the identity of all
7 new account holders to ensure that it does not provide services to Alaska, and to implement IP-
8 based geo-blocking restricting access by prospective new account holders from to Nexo's app,
9 websites, and services.

10 63. This Order shall be binding upon Nexo Capital Inc., its parent and affiliates, and their
11 respective successors and assigns with respect to the provisions above and all future
12 obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and
13 conditions.

14 SIGNED AND ENTERED BY THE ADMINISTRATOR this 21st day of March, 2023.

15
16 Julie Sande, Commissioner
17 Department of Commerce, Community,
18 and Economic Development

19 3/21/23
20 _____
21 Date

22 /s/ Robert H. Schmidt
23 _____
24 Robert H. Schmidt, Director
Division of Banking and Securities

1 **CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY NEXO CAPITAL INC.**

2 Nexo Capital Inc., on behalf of itself and the Nexo Group, Nexo Inc., Nexo Financial
3 LLC, and Antoni Trenchev, hereby acknowledges that it has been served with a copy of this
4 Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter,
5 and has waived the same.

6 Nexo Capital Inc. attests that it has adequate funds and resources to (i) facilitate, honor,
7 and fulfill withdrawals of all assets belonging to residents of the jurisdictions, and (ii) pay the
8 agreed-upon settlement payments to the 53 Jurisdictions. Nexo Capital Inc. agrees to further
9 attest that it can perform the foregoing actions and still be solvent and without material impact
10 to its ongoing operation. “Solvent” means that Nexo Capital Inc. (a) can pay its debts as they
11 become due; (b) owns property that has a fair saleable value greater than the amounts required
12 to pay its debt (including a reasonable estimate of the amount of all contingent liabilities); and
13 (c) has adequate capital to carry on its business. In connection with Nexo’s products and services
14 and related transactions, Nexo Capital Inc. is not incurring, has not incurred, and does not plan
15 to incur, debts beyond its ability to pay as they become absolute and matured.

16 Nexo Capital Inc. admits the jurisdiction of the Administrator, neither admits nor denies
17 the Findings of Facts and Conclusions of Law contained in this Order, and consents to entry of
18 this Order by the Administrator as settlement of the issues contained in this Order.
19 Notwithstanding the foregoing, Nexo Capital Inc. will admit the findings of fact and conclusions
20 of law for the purposes of exceptions to discharge in bankruptcy proceedings under any
21 jurisdiction, including the proceedings set forth in Sections 523 and 1192 of the Bankruptcy
22 Code, 11 U.S.C. §§ 523; 1192.

23 Nexo Capital Inc. unconditionally guarantees payment of the administrative fine and
24 investigative costs in the amount of (\$424,528.30) as agreed in this Order.

1 Nexo Capital Inc. agrees that it shall not claim, assert, or apply for a tax deduction or tax credit
2 with regard to any state, federal, or local tax for any administrative fine or investigative costs
3 that Nexo Capital Inc. shall pay pursuant to this Order.

4 Nexo Capital Inc. agrees that for any EIP accounts, savings wallets, and non-collateral
5 wallets held by residents of the 53 Jurisdictions after April 1, 2023 (collectively, “Legacy
6 Accounts”), (i) Legacy Account holders are the title, beneficial, and legal owners of all fiat
7 currency and digital assets held in their Legacy Accounts; (ii) Nexo will assist customers beyond
8 April 1, 2023, with any withdrawals/transfers; and (iii) Nexo will implement the following:

- 9 a. US Legacy Account assets shall be segregated from other assets under the
10 management and control of Nexo.
- 11 b. By April 1, 2023, all digital assets held in Legacy Accounts shall be free of
12 counterparty obligations, and after that date Nexo will not convert, pledge,
13 rehypothecate, sell, lend, stake or otherwise transfer, dispose of or use any amount of
14 digital assets held in Legacy Accounts.
- 15 c. No interest will accrue in or otherwise be applied to Legacy Accounts.
- 16 d. Nexo Capital Inc. will continue to allow Legacy Account holders to have access to
17 their Legacy Accounts for the sole purpose of making withdrawals by any such
18 Legacy Account holder or their representative. Withdrawals may be in the form of
19 transfers of digital assets to personal wallets or by selling the digital assets and
20 transferring the fiat proceeds, at the discretion of the Legacy Account holder.

21 Nexo Capital Inc. states that no promise of any kind or nature whatsoever was made to it
22 to induce it to consent to this Order and that it has consented to this Order voluntarily.

23 Antoni Trenchev represents that he is a managing director of Nexo Capital Inc. and that, as

24 //

1 such, has been authorized by Nexo Capital Inc. to enter into this Order for and on behalf of
2 Nexo Capital Inc.

3 Dated this 7th day of March, 2023.

4 Nexo Capital Inc.

5 By: /s/ Antoni Trenchev

6 Title: Managing Director

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8 Approved as to form by:

9 /s/ Philip J. Bezanson

10 Schulte Roth & Zabel

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