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

In the matter of: )  
BlockFi Trading LLC ) ORDER NO: 22-109-C  
NMLS ID 1873137 ) CEASE AND DESIST  
Respondent. ) AND  
SUSPENSION ORDER

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Division”) has investigated certain activities of BlockFi Trading LLC (“Respondent”) and has determined that Respondent violated certain provisions of the Alaska Uniform Money Services Act, Alaska Statute (AS) 06.55 et seq (“AUMSA”).

**I. FINDINGS OF FACT**

The Division and issues this Cease and Desist and Suspension Order (Order) because they have reason to believe that:

1. On September 9<sup>th</sup>, 2022, Respondent, was initially licensed by the Division as a money transmitter under AS 06.55.103. Respondent has been so licensed since that date.
2. On November 14<sup>th</sup>, 2022, the Division was notified via the Nationwide Multistate Licensing System (“NMLS”) by Respondent’s surety bond provider that the Respondent’s bond will be cancelled effective December 15<sup>th</sup>, 2022. This cancellation was directed by the Respondent via NMLS Notification to the surety bond provider.

1 3. As of November 10<sup>th</sup>, 2022, Respondent suspended payments of its obligations to its  
2 customers. Respondent limited its platform activity, preventing customers from transferring or  
3 withdrawing their digital assets (virtual currency) stored on the platform.

4 4. On or about November 18<sup>th</sup>, 2022, the State of Washington Department of Financial  
5 Institutions Consumer Services Division entered a Temporary Order to Cease and Desist  
6 against the Respondent, Case No. C-22-3488-22-TD01. Among other things, this order found  
7 that the Respondent suspended payment of obligations, commingled customer assets, and the  
8 bond was noticed for cancellation.

9 5. On or about November 21<sup>st</sup>, 2022, the State of North Carolina Commissioner of  
10 Banks entered an Order to Cease and Desist against the Respondent, Docket No.22:092: MT.  
11 Among other things, this order found that the Respondent suspended payment of obligations,  
12 commingled customer assets, and the bond was noticed for cancellation.

13 6. On November 28<sup>th</sup>, 2022, Respondent filed a Chapter 11 bankruptcy petition in the  
14 United States Bankruptcy Court for the District of New Jersey (Trenton), Case No. 22-9361  
15 which is pending.

## 17 II. CONCLUSIONS OF LAW

18 1. Respondent is subject to the requirements for licensure under the AUMSA, as it had  
19 been granted licensure by the Division on December 13<sup>th</sup>, 2021.

20 2. Respondent violated AS 06.55.104 by notifying their surety bond provider via  
21 NMLS to cancel their surety bond, a requirement for continued licensure in Alaska.

22 3. Respondent's suspension of payments of its obligations to consumers prompted the  
23 Division to make a determination under AS 06.55.601(a)(7).

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1 4. Pursuant to AS 06.55.603 the Division may issue a cease and desist order, and a  
2 suspension order under AS 06.55.601 if there is reason to believe that such a violation or  
3 failure to comply with the statutes and regulations presents an imminent threat to the public.

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5 **III. ORDER and NOTICE**

6 Pursuant to AS 06.55.603, and on the basis of the Findings of Fact and Conclusions of Law,  
7 the Division ORDERS:

8 1. The effective date of this Order is November 25<sup>th</sup>, 2022.

9 2. Pursuant to AS 06.55.603, Respondent shall cease and desist from engaging in any  
10 new money transmission activities within the State of Alaska.

11 3. As of the effective date of this Order, no new money transmission activities or new  
12 transmission business shall be conducted under Respondent's money transmitter license with  
13 Alaska consumers.

14 4. Pursuant to AS 06.55.601(a)(7), the money transmitter license of Respondent,  
15 previously issued, is hereby SUSPENDED.

16 5. Until such time as Respondent's existing surety bond is reinstated or a new bond is  
17 secured in accordance with AS 06.55.104, Respondent shall not onboard any new Alaska  
18 consumers to its platform. Respondent shall not resume any money transmission activities  
19 without the approval of the Division. This order does not prohibit Respondent from allowing  
20 Alaska consumers to withdraw their assets.

21 6. Within ten (10) day of the effective date of the Order, Respondent shall furnish a list  
22 of all its Alaska consumers with outstanding transmission obligations and the dollar amount of  
23 those obligations to the Division via a secure electronic transmission method.

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7. Pursuant to 11 U.S.C. § 362(b)(4), this action is exempt from the automatic stay provisions of the United States Bankruptcy Code because the Division is a governmental unit enforcing its regulatory power and is not presently seeking the imposition of any money judgment, including civil penalties and consumer restitution.

8. This Order shall remain in full force and effect until such time as it is modified or vacated by the Division.

**IT IS SO ORDERED.**

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

DATED: 11/28/2022

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