

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

Case No. S-23-0003

In the Matter of:

NEXO CAPITAL INC.,

Respondent.

ORDER TO CEASE AND
DESIST, FINAL ORDER
ASSESSING CIVIL PENALTY,
AND CONSENT TO ENTRY OF
ORDER

THIS IS A FINAL 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,

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1 South Carolina, Vermont, and Wisconsin (the “NASAA Working Group”), have
2 conducted an investigation into whether the EIP involved the offer and sale of unregistered
3 securities by Nexo to retail investors, among other things; and

4 WHEREAS Nexo has reached an agreement with the NASAA Working Group to
5 resolve the investigation with respect to the 50 states, the District of Columbia, Puerto
6 Rico, and the U.S. Virgin Islands (collectively, the “53 Jurisdictions”); and

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

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

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

20 Nexo Capital Inc. shall pay up to a total of Twenty-Two Million Five Hundred
21 Thousand dollars (\$22,500,000) in settlement payments divided equally among the 50
22 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands and paid to each
23 of the 53 Jurisdictions that enter into a consent order pursuant to the terms of Nexo Capital
24 Inc.’s agreement with the NASAA Working Group; and
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1 Nexo Capital Inc. elects to waive permanently any right to a hearing and appeal
2 under ORS 59.295 and ORS 59.305 with respect to the entry of this Order; and

3 Nexo Capital Inc. admits the jurisdiction of the Oregon Department of Consumer
4 and Business Services, Division of Financial Regulation (“the Division”) in this matter;
5 and

6 Solely for the purpose of terminating the NASAA Working Group’s securities
7 investigation and in settlement of the issues contained in this Order, Nexo Capital Inc.,
8 without admitting or denying the findings of fact or conclusions of law contained in this
9 Order, consents to the entry of this Order. Notwithstanding the foregoing, Nexo Capital
10 Inc. will admit the findings of fact and conclusions of law for the purposes of exceptions
11 to discharge in bankruptcy proceedings under any jurisdiction, including the proceedings
12 set forth in Sections 523 and 1192 of the Bankruptcy Code, 11 U.S.C. §§ 523; 1192.
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14 NOW, THEREFORE, the Director of the Oregon Department of Consumer and
15 Business Services (the “Director”), as administrator of the Oregon Securities Law, hereby
16 enters this Order:

17 **I. FINDINGS OF FACT**

- 18 1. The Division has jurisdiction over this matter pursuant to the ORS 59. 235 and ORS
19 59.245.
- 20 2. Nexo Inc. is a Cayman Islands corporation formed in 2018 which provides virtual
21 currency-related financial services to retail and institutional borrowers in the United States,
22 including trading, borrowing, and lending services. Nexo Inc. wholly owns Nexo Capital,
23 Inc. Nexo Inc. is not registered to do business in Oregon and is not licensed or registered
24 with the Division in any capacity.
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1 3. Nexo Capital Inc. (“Nexo Capital”) is a Cayman Islands corporation formed in 2018
2 with its principal place of business in Grand Cayman, Cayman Islands. Nexo Capital is
3 not registered to do business in Oregon and is not licensed or registered with the Division
4 in any capacity.

5 4. Nexo Financial LLC (“Nexo Financial”) is a Delaware limited liability company
6 formed in 2018 with its principal place of business in London, United Kingdom. Nexo
7 Financial LLC is registered with the Oregon Secretary of State Corporation Division as a
8 foreign limited liability company under registry number 178436995. The company
9 describes its business as ‘consumer and commercial lending.’ Nexo Financial holds both
10 an Oregon Consumer Finance License and an Oregon Money Transmitter license with the
11 Division.

12
13 5. Nexo Group comprises business entities organized primarily in European countries
14 and territories, including but not limited to Nexo Inc., Nexo Capital Inc., and Nexo
15 Financial LLC. .

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

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

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

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

9 10. On September 26, 2022, Maryland filed a summary order to cease and desist and
10 order to show cause alleging Nexo Capital Inc., and its parent and director, Nexo Inc. and
11 Antoni Trenchev, were offering and selling unregistered securities in the form of the EIP,
12 were transacting business as an unregistered broker-dealer or agent and, in this business,
13 employed an unregistered agent, making an untrue statement of a material fact or omitting
14 to state a material fact necessary in order to make the statements made, in light of the
15 circumstances under which they were made, not misleading, and engaging in dishonest or
16 unethical practices in the securities or investment advisory business.

17 11. On September 26, 2022, New York filed a civil complaint alleging Nexo Capital
18 Inc. and its parent, Nexo Inc., were offering and selling unregistered securities and
19 unregistered commodities in the form of the EIP and by facilitating the purchase and sale
20 of virtual currencies on Nexo's virtual marketplace known as the "Exchange," and making
21 materially false and misleading representations, statements, and omissions relating to the
22 sale, purchase or exchange of securities or commodities.
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1 12. On September 26, 2022, Vermont filed an ex parte order to cease and desist alleging
2 Nexo Capital Inc., and its parent and affiliate, Nexo Inc. and Nexo Financial LLC, were
3 offering and selling unregistered securities in the form of the EIP.

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

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

15 15. On September 28, 2022, Indiana filed an order to cease and desist alleging Nexo
16 Capital Inc. and its parent, Nexo Inc., were offering and selling unregistered securities in
17 the form of the EIP.

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

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

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

3 18. As of July 31, 2022, there were 1,417 Oregon EIP accounts earning interest with a
4 total Oregon EIP savings wallet value of \$11,340,000. Nationally, there were 93,318 EIP
5 accounts earning interest with a total EIP savings wallet value of \$800,260,000.

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

14 20. In offering its EIP, Nexo has failed to disclose material information about the
15 investment, including, but not limited to, Nexo’s EIP interest generation deployment
16 activities, Nexo’s legal and regulatory compliance, and the limitations of Nexo’s financial
17 representations.

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

22. Nexo ceased offering its EIP to new investors in Oregon after August 2, 2021. From approximately August 2, 2021, until approximately February 19, 2022, existing Oregon investors could deposit additional fiat currency and cryptocurrency into their existing EIP accounts and could continue to earn interest on their invested EIP Eligible Earn Assets. Thereafter on February 19, 2022, Nexo disallowed any US investors who had not yet opened a Nexo Account from opening an EIP savings wallet. Also on February 19, 2022, Nexo disallowed any existing US investors from adding additional assets into their existing EIP savings wallets.

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

24. Nexo has offered their EIP in the form of either a Flex EIP Savings Wallet Term ("Flex Term Investment") or a Fixed EIP Savings Wallet Term ("Fixed Term Investment"). Interest from an investor's Eligible Earn Assets is credited to an investor's EIP savings wallets either at the expiration of the Fixed Term Investment, or daily for a Flex Term Investment.

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

26. For a Fixed Term Investment, investors are unable to withdraw their Eligible Earn Assets for the duration of a defined term. When investing in a Fixed Term Investment, an



1 investor can elect to utilize Nexo’s “automatic renewal” feature to rollover their investment
2 at the end of the defined term.

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

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

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

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

17 **Deployment and Income-Generating Activities**

18 31. In accordance with the EIP terms and conditions, the EIP savings wallet interest
19 rate is subject to revision from time to time, at Nexo’s sole and absolute discretion.

20 Included in the EIP terms and conditions, investors are required to acknowledge that they:

21
22 ...understand and agree that we [Nexo] might convert, pledge, re-
23 pledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer,
24 dispose of or use any amount of any Digital Assets in regard to
25 which you use the Nexo Earn Interest Product, separately or together
26 with other property, and for any period of time, and without
retaining in our [Nexo’s] possession and/or control for delivery a
like amount thereof or any other assets, at our [Nexo’s] sole and
absolute discretion.



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

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

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

10 34. In offering the EIP to Oregon investors, Nexo has failed to disclose material
11 information related to Nexo's EIP interest generation, Nexo's regulatory compliance, and
12 Nexo's financial representations.

13 35. Nexo has failed to disclose its lending agreements or the terms contained therein to
14 EIP investors, and as such, Nexo's EIP investors are not provided with information as to
15 whom Nexo's institutional lending partners are, how long the term loan is, or whether these
16 loans are over-collateralized, despite Nexo's assurances that all loans are provided in an
17 over-collateralized fashion. Consequently, Nexo EIP investors cannot adequately evaluate
18 the risk associated with their participation in the EIP prior to investing their Eligible Earn
19 Assets with Nexo.

20 36. Nexo's website represents to EIP investors that "Nexo has gone the extra mile in
21 ensuring compliance with the applicable regulatory frameworks. Together with our top-
22 tier legal counsel and engaging proactively with the regulatory decision-makers we ensure
23 the sustainability of our products for years to come."
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1 37. Concurrently, Nexo makes the following statements on its website: “The Nexo
2 Group has legal entities in various locations throughout the world...and is in compliance
3 with all applicable global and local regulations...rest assured that Nexo is compliant
4 everywhere it provides services and retains top-tier legal counsels in the jurisdictions of its
5 operation.” Further, within the footer of Nexo’s website, Nexo displays the phrase
6 “Licensed & Regulated Digital Assets Institution.”

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

15 39. Nexo Capital is the entity that operates Nexo’s website and conducts the EIP
16 offering. This is not disclosed on the website; instead, the website often uses the name
17 “Nexo” without further clarification. Of the licenses and registrations identified on Nexo’s
18 website, Nexo Capital only held two—a money service business registration license in
19 Canada and a registration as a foreign company in Australia. Notably, none of the Nexo
20 respondents hold securities licenses in Oregon.

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

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

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

15 43. In a Nexo blog post published on September 23, 2021, Nexo presented the
16 Armanino report, which purports to offers a “real-time audit of Nexo’s custodial assets,
17 showing the company’s assets always exceed liabilities.” This Armanino report is updated
18 daily and Nexo claims that it provides the following assurances: 1) “Fully Backed: Your
19 holdings on Nexo’s platform are backed by assets by more than 100%”; 2) “Properly
20 Managed: Third-party assurance that your funds on the Nexo platform are properly
21 managed and accounted for”; and 3) “Always Available: 24/7 proof of Nexo’s ability to
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26 ¹ Armanino LLP is a Public Company Accounting Oversight Board (“PCOAB”) – certified auditor,
accounting and consulting firm in the US.



1 meet all liabilities owed to you at any time.” This Armanino report is publicly available
2 online at <https://real-time-attest.trustexplorer.io/nexo>.

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

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

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

12 46. Nexo’s provision of the Armanino report in conjunction with these claims of
13 financial stability gives the appearance that the Armanino report can support Nexo’s claims
14 of financial stability in a turbulent market.

15 47. Despite representations by Nexo, the data and figures set forth in the Armanino
16 report contain several material shortcomings, as described in the report’s Agreed Upon
17 Procedures, that limit the report’s ability to provide assurances of Nexo’s financial
18 stability. These limitations include 1) a failure to identify non-Customer Liabilities; 2) a
19 failure to identify whether Customer Liabilities include the collateral that Nexo holds for
20 over-collateralized retail loans; 3) a failure to identify the liquidity of Nexo’s assets; 4) a
21 failure to identify doubtful loan accounts (e.g. a distressed or non-paying borrower
22 accounts); and 5) a failure to identify whether Nexo’s deposit liabilities are secured or
23 otherwise collateralized by Nexo’s assets.
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25 48. As such, this report is of limited value and cannot be used to support Nexo’s claims
26 that “Nexo’s assets exceed their liabilities by more than 100%”.



1 **Failure to Comply with Registration Requirements**

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

4 50. During the Offering Period, Nexo Capital Inc. offered and sold securities in Oregon
5 that were not registered or permitted for sale in Oregon as required by ORS 59.055.

6 **II. CONCLUSIONS OF LAW**

7 51. The offer and/or sale of Nexo’s Earn Interest Product described above constitutes
8 the offer and/or sale of a security as defined in ORS 59.015(19)(a).

9 52. During the Offering Period, Nexo Capital Inc.’s offer and sale of securities in
10 Oregon that were not registered or permitted for sale in Oregon violated ORS 59.055.

11 53. The foregoing violations of ORS 59.055 constitute the basis for the assessment of
12 civil penalties against Nexo Capital Inc. pursuant to ORS 59.995(1).

13 **III. ORDER**

14
15 On the basis of the Findings of Facts, Conclusions of Law, and Nexo Capital Inc.’s
16 consent to the entry of this Order, IT IS HEREBY ORDERED:

17 54. This Order concludes the securities investigation by the Division with respect to
18 Nexo’s Earn Interest Product and resolves any other securities action the Division could
19 commence against Nexo Capital Inc. and its affiliates concerning the Findings of Fact and
20 Conclusions of Law, including as it relates to the offer and sale of the EIP without
21 registration, qualification, or otherwise complying with an exemption and the above-
22 referenced statements regarding Nexo Capital Inc.’s material misrepresentations and
23 omissions made thereto during the Offering Period.

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

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

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

- 13
- 14 a. Offering or selling the EIP or any security that is not registered, qualified, or
15 exempt to new investors in Oregon.
 - 16 b. Accepting further investments or funds in the EIP by current Oregon investors,
17 unless and until the EIP or other securities are registered or otherwise exempt
18 in Oregon.
 - 19 c. Intentionally providing interest or other returns on any existing Oregon
20 investors’ EIP accounts until such securities are registered, qualified, or
21 otherwise exempt. This means that Nexo Capital Inc. shall diligently endeavor
22 to ensure that interest payments are not provided to residents of Oregon after
23 April 1, 2023.

24 58. Nexo Capital Inc. is hereby ORDERED to pay a civil penalty in the amount of
25 \$424,528.30 to the Department of Consumer and Business Services, including civil
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1 penalties totaling \$382,075.47 to be allocated for the General Fund of the State Treasury
2 and \$42,452.83 to be allocated for the DCBS Consumer Financial Education Account. If
3 timely payment is not made, additional interest shall accrue at a rate of nine percent per
4 annum pursuant to the mandatory interest requirement in ORS 82.010.

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

- 7 a. \$141,509.44 immediately upon entry of this Order;
- 8 b. \$94,339.62 90 days upon entry of this Order;
- 9 c. \$94,339.62 180 days upon entry of this Order; and
- 10 d. \$94,339.62 270 days upon entry of this Order.

11 60. Payments shall be applied first to post-Order interest, which accrues pursuant to
12 ORS 82.010. Prior to making the final payment set forth herein, Nexo shall contact the
13 staff of the Division for the amount due.

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

18 62. Payment must be made in one of the following ways:

- 19 a. Nexo may transmit payment electronically to the Division, which will provide
20 detailed ACH transfer instructions upon request; or
- 21 b. Nexo may pay by certified check or cashier's check made payable to the
22 Department of Consumer and Business Services and hand delivered or mailed
23 to: Department of Consumer and Business Services, 350 Winter Street NE,
24 Salem OR 97301. Payments must be accompanied by a cover letter and a
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1 Payment Coupon identifying Nexo, relevant tax identification numbers and the
2 file number of these proceedings. A copy of the cover letter, certified check or
3 cashier's check, and payment coupon must also be sent to Colin Benson at the
4 mailing address referenced below, as well as to the following email addresses:
5 DFR.ReportEnforcement@oregon.gov and colin.d.benson@dcbs.oregon.gov.

6 Colin Benson
7 Oregon Dept. of Consumer & Business Services
8 Division of Financial Regulation
9 350 Winter St NE Room 410
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10 63. Nexo Capital Inc. is further ORDERED to require verification of the identity of all
11 new account holders to ensure that it does not provide services to Oregon, and to implement
12 IP-based geo-blocking restricting access by prospective new account holders from Oregon
13 to Nexo's app, websites, and services.

14 64. This Order shall be binding upon Nexo Capital Inc., its parent and affiliates, and
15 their respective successors and assigns with respect to the provisions above and all future
16 obligations, responsibilities, undertakings, commitments, limitations, restrictions, events,
17 and conditions.

18
19 SIGNED AND ENTERED this 23rd day of February 2023.

20 Andrew R. Stolfi, Director
21 Department of Consumer and Business Services

22 /s/ Dorothy Bean
23 Dorothy Bean, Chief of Enforcement
24 Division of Financial Regulation

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

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

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

- 12 a. US Legacy Account assets shall be segregated from other assets under the
13 management and control of Nexo.
- 14 b. By April 1, 2023, all digital assets held in Legacy Accounts shall be free
15 of counterparty obligations, and after that date Nexo will not convert,
16 pledge, rehypothecate, sell, lend, stake or otherwise transfer, dispose of or
17 use any amount of digital assets held in Legacy Accounts.
- 18 c. No interest will accrue in or otherwise be applied to Legacy Accounts.
- 19 d. Nexo Capital Inc. will continue to allow Legacy Account holders to have
20 access to their Legacy Accounts for the sole purpose of making
21 withdrawals by any such Legacy Account holder or their representative.
22 Withdrawals may be in the form of transfers of digital assets to personal
23 wallets or by selling the digital assets and transferring the fiat proceeds, at
24 the discretion of the Legacy Account holder.
25
26



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

4 Antoni Trenchev represents that s/he is a managing director of Nexo Capital Inc.
5 and that, as such, has been authorized by Nexo Capital Inc. to enter into this Order for and
6 on behalf of Nexo Capital Inc.

7
8 Dated this 20th day of February 2023.

9 Nexo Capital Inc.

10 By: /s/ Antoni Trenchev

11 Title: Managing Director

12
13 Approved as to form by:

14 /s/ Schulte Roth & Zabel
15 Schulte Roth & Zabel

16
17 Division of Financial Regulation
18 Labor and Industries Building
19 350 Winter Street NE, Suite 410
20 Salem, OR 97301-3881
21 Telephone: (503) 378-4387

