



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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DFPI Joins Other State Securities Regulators To Bring Actions Against Another Crypto Interest Account Provider

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) announced today it has joined seven state securities regulators to bring actions against the Nexo Group (Nexo) in connection with its Earn Interest Product accounts.

“The DFPI has undertaken aggressive enforcement efforts against unregistered interest-bearing cryptocurrency accounts,” said DFPI Commissioner Clothilde Hewlett. “These crypto interest accounts are securities and are subject to investor protections under the law, including adequate disclosure of the risk involved. Collectively, these actions protect investors while ensuring that California remains an ideal setting for responsible financial innovation.”

These accounts allow investors to deposit crypto assets with Nexo; in exchange, they would earn interest on those deposits. Nexo has offered annual interest rates of up to 36% on investors’ deposited crypto assets, which are significantly higher than rates for short-term, investment-grade, fixed-income securities or bank savings accounts. The DFPI determined that Nexo offered its Earn Interest Product accounts to California residents without first qualifying these accounts as securities. Here, the purpose of securities registration, in part, is to ensure that investors receive all material information needed to evaluate whether to open crypto interest accounts, such as risks being taken by the provider with deposited funds.

Today’s [action](#) is a part of a larger DFPI effort to [investigate companies](#) that offer consumers interest-bearing crypto asset accounts (commonly referred to as “crypto interest accounts”). This order follows three similar actions issued by the DFPI to [BlockFi Lending LLC](#), [Voyager Digital LLC](#), and [Celsius Network Inc.](#) Voyager and Celsius have filed for Chapter 11 bankruptcy.

If you are a client of Nexo with complaints about your Earn Interest Product account, the Enforcement Division wants to hear your story. You can [file a complaint](#) online or call toll-free at (866) 275-2677.

The DFPI licenses and regulates financial services, including state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, franchisors, and more. For more information about the DFPI, visit their website at <https://dfpi.ca.gov/>.

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