



**BRIAN E. FROSH, MARYLAND ATTORNEY GENERAL**

# PRESS RELEASE

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## **Attorney General Frosh Brings Action Against Crypto Interest Account Provider**

**BALTIMORE, MD (September 27, 2022)** – The Office of the Attorney General’s Securities Division today announced that it has filed a [Cease and Desist](#) against a cryptocurrency interest account provider, Nexo Group and its co-founder Antoni Trenchev (collectively, “Nexo”), ordering them to cease and desist violating Maryland law in connection with the offer and sale of Nexo’s Earn Interest Product (EIP) accounts. The Securities Division alleges that Nexo, operating as an unregistered broker-dealer, offered and sold unregistered securities in the form of its EIP accounts. In the course of offering these accounts, the Securities Division also alleges that Nexo misrepresented and omitted material facts such as its regulatory compliance and information related to interest generation.

Nexo’s EIP accounts enabled customers to deposit crypto assets with Nexo. In exchange, customers passively earned interest on those deposits. Nexo offered investors interest rates of up to 36% on their deposited crypto assets, significantly higher than rates offered for short-term, investment grade, fixed-income securities or bank savings accounts. Over 93,300 US residents have EIP accounts, of which more than 1,800 were Maryland residents. These accounts collectively hold assets totaling approximately \$800 million dollars nationally and \$15 million in Maryland.

“Unregistered interest-bearing cryptocurrency accounts are risky investments in any circumstances. Here, neither Nexo nor the securities are registered as the law requires. Moreover, we believe that Nexo failed to inform its investors of important facts related to the investments,” said Attorney General Frosh. “These particular crypto-interest accounts are securities products, and investors should be aware of the risk involved. Oversight and regulation protects investors without stifling true innovation.”

Maryland has been participating in a working group of state securities regulators focused on interest-bearing cryptocurrency accounts. Through this coordinated effort, Maryland participated in the investigation of Nexo. The Nexo Order follows a string of similar state actions filed against BlockFi, Celsius, and Voyager. Celsius and Voyager are currently in Chapter 11 bankruptcy following a sharp decline in the cryptocurrency market over the summer.

Maryland is continuing to consider enforcement actions against firms that offer interest-bearing cryptocurrency accounts without complying with state law. Firms that need to register and deal with past unregistered activity should reach out to the Securities Division. In addition, investors should reach out to the Securities Division to check the registration status of a firm before investing their money in an interest-bearing cryptocurrency account.

If you are a client of Nexo with complaints about an EIP account, please email the Securities Division at [securities@oag.state.md.us](mailto:securities@oag.state.md.us) to file a complaint related to your Nexo account.

<https://www.marylandattorneygeneral.gov/press/2022/092722.pdf>