

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING
5 Whether there has been a violation of the
6 Securities Act of Washington by:

7 Nexo Capital Inc.;
8 Nexo Inc.;
9 Antoni Trenchev;

10 Respondents.

Order No. S-21-3225-23-CO01

CONSENT ORDER

11 **INTRODUCTION**

12 WHEREAS the Nexo Group, Nexo Inc., Nexo Capital Inc., Nexo Financial LLC, and their affiliates, successors,
13 and assignees are financial services companies, and affiliates thereof;

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

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

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

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

This matter commenced on September 26, 2022 with the entry of a Statement of Charges and Notice of Intent

CONSENT ORDER

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Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 to Enter Order to Cease and Desist, to Impose a Fine, and to Charge Costs (“Statement of Charges”) by the Securities
2 Division against Nexo Inc., Nexo Capital Inc., and Antoni Trenchev. The Statement of Charges set forth violations of
3 the Securities Act of Washington by these respondents; and

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

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

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

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

18 Nexo Capital Inc. elects to waive permanently any right to a hearing and appeal under Chapter 34.05 RCW with
19 respect to the entry of this Order; and

20 Nexo Capital Inc. admits the jurisdiction of the Securities Division in this matter; and

21 Solely for the purpose of terminating the NASAA Working Group’s securities investigation and in settlement
22 of the issues contained in this Order and the Statement of Charges, Nexo Capital Inc., without admitting or denying the
23 findings of fact or conclusions of law contained in this Order, consents to the entry of this Order. Notwithstanding the
foregoing, Nexo Capital Inc. will admit the findings of fact and conclusions of law for the purposes of exceptions to

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1 discharge in bankruptcy proceedings under any jurisdiction, including the proceedings set forth in Sections 523 and
2 1192 of the Bankruptcy Code, 11 U.S.C. §§ 523; 1192.

3 NOW, THEREFORE, the Securities Administrator, as administrator of the Securities Act of Washington,
4 hereby enters this Order:

5 **I. FINDINGS OF FACT**

- 6 1. The Securities Division has jurisdiction over this matter pursuant to the Securities Action of Washington, chapter
7 21.20 RCW.
- 8 2. Nexo Inc. is a Cayman Islands corporation formed in 2018 which provides virtual currency-related financial
9 services to retail and institutional borrowers in the United States, including trading, borrowing, and lending services.
10 Nexo Inc. wholly owns Nexo Capital, Inc. Nexo Inc. is not registered to do business in Washington and is not
11 registered with the Securities Division in any capacity.
- 12 3. Nexo Capital Inc. (“Nexo Capital Inc.”) is a Cayman Islands corporation formed in 2018 with its principal place of
13 business in Grand Cayman, Cayman Islands. Nexo Capital Inc. is not registered to do business in Washington and
14 is not registered with the Securities Division in any capacity.
- 15 4. Nexo Financial LLC is a Delaware limited liability company formed in 2018 with its principal place of business in
16 London, United Kingdom. Nexo Financial LLC holds certain licenses, including money transmitter licenses and
17 lending licenses in some states but is not registered with the Securities Division in any capacity.
- 18 5. Nexo Group comprises business entities organized primarily in European countries and territories, including but
19 not limited to Nexo Inc., Nexo Capital Inc., and Nexo Financial LLC. The Nexo Group is not registered to do
20 business in Washington and is not registered with the Securities Division in any capacity.
- 21 6. Antoni Trenchev is a co-founder and Managing Partner of the Nexo Group and a director and manager of certain
22 companies within the Nexo Group, including Nexo Capital Inc. Antoni Trenchev is responsible for supervising
23 day-to-day business activities of the Nexo Group companies, including ensuring their compliance with applicable
legislation, rules, and regulations. Antoni Trenchev is not registered with the Securities Division in any capacity.
7. On September 26, 2022, Washington filed a Statement of Charges alleging Nexo Capital Inc., and its parent and

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1 director, Nexo Inc. and Antoni Trenchev, were offering and selling unregistered securities in the form of the EIP,
2 were making untrue statements of material fact or omitting to state material facts necessary to make the statements
3 made, in light of the circumstances in which they were made, not misleading, and Antoni Trenchev offered and sold
4 securities while not being registered as a securities salesperson or broker-dealer.

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

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

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

18 11. On September 26, 2022, New York filed a civil complaint alleging Nexo Capital Inc. and its parent, Nexo Inc., were
19 offering and selling unregistered securities and unregistered commodities in the form of the EIP and by facilitating
20 the purchase and sale 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 sale, purchase or exchange
22 of securities or commodities.

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

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- 1 13. On September 26, 2022, Kentucky filed an emergency cease and desist order alleging Nexo Capital Inc. and its
2 parent and collective business group, Nexo Inc. and Nexo Group, were offering and selling unregistered securities
3 in the form of the EIP, and were making untrue statements of material fact or omitting to state material facts
4 necessary in order to make those statements not misleading in light of the circumstances in which they were made.
- 5 14. On September 26, 2022, South Carolina filed an order to cease and desist alleging Nexo Capital Inc. and its parent,
6 Nexo Inc., were offering and selling unregistered securities in the form of the EIP, and were making untrue
7 statements of a material fact or omitting to state material facts necessary in order to make the statements made, in
8 light of the circumstances under which they were made, not misleading.
- 9 15. On September 28, 2022, Indiana filed an order to cease and desist alleging Nexo Capital Inc. and its parent, Nexo
10 Inc., were offering and selling unregistered securities in the form of the EIP.
- 11 16. On November 3, 2022, Wisconsin filed an order to cease and desist alleging Nexo Capital Inc., and its parent, Nexo
12 Inc., were offering and selling unregistered securities in the form of the EIP.

The Offer and Sale of Securities Nationwide

- 13 17. Between about June 17, 2020 and December 6, 2022 (“Offering Period”), Nexo Capital Inc. (“Nexo”) offered and
14 sold its EIP accounts to new and/or existing Washington investors. The EIP enables investors to passively earn
15 interest by loaning certain digital assets (“Eligible Earn Assets”) to Nexo. Nexo’s EIP investors have no part in
16 selecting, monitoring, or reviewing the revenue-generating activities that Nexo utilizes to earn this interest.
- 17 18. As of July 31, 2022, there were 2,368 Washington EIP accounts earning interest with a total Washington EIP savings
18 wallet value of \$32,740,000. Nationally, there were 93,318 EIP accounts earning interest with a total EIP savings
19 wallet value of \$800,260,000.
- 20 19. Nexo promoted their financial services, including the EIP, to investors primarily through their website at
21 <http://www.nexo.io/> and their mobile Nexo app. On its website, Nexo provided information about its EIP and a list
22 of supported virtual currencies and their corresponding interest rates. Nexo additionally promoted the EIP on social
23 media through various platforms including Twitter, Instagram, and YouTube. Through Nexo’s website, blog, and
social media accounts, Nexo represented interest rates on these EIP accounts of up to 36%, significantly higher than

1 the rates offered for short-term, investment grade, fixed-income securities or for bank savings accounts.

2 20. In offering its EIP, Nexo failed to disclose material information about the investment, including, but not limited to,
3 Nexo's EIP interest generation deployment activities, Nexo's legal and regulatory compliance, and the limitations
4 of Nexo's financial representations.

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

10 **Nexo's Earn Interest Product**

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

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

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

- 1 25. For a Flex Term Investment, there is no required “holding” time for an investor to lend their Eligible Earn Assets,
2 and these investors are able to withdraw their Eligible Earn Assets at any time subject to the terms and conditions
3 of a Nexo wallet.
- 4 26. For a Fixed Term Investment, investors are unable to withdraw their Eligible Earn Assets for the duration of a
5 defined term. When investing in a Fixed Term Investment, an investor can elect to utilize Nexo’s “automatic
6 renewal” feature to rollover their investment at the end of the defined term.
- 7 27. The interest rate Nexo pays an investor on their invested Eligible Earn Assets is determined by several factors,
8 including the length of the Eligible Earn Assets loan, the type of cryptocurrency loaned, and whether the investor
9 has a Flex Term Investment or a Fixed Term Investment. Generally, the longer that an investor agrees to maintain
10 their Eligible Earn Assets with Nexo, the higher the rate of return.
- 11 28. After February 19, 2022, while Nexo disallowed additional deposits into existing EIP savings wallets, Nexo
12 continued to allow existing investors enrolled in a Fixed Term Investment to rollover their EIP Eligible Earn Assets
13 into a new Fixed Term Investment.
- 14 29. In actions from September through November 2022, the NASAA Working Group concluded that Nexo’s offer to
15 an investor the option to automatically renew their Fixed Term Investment for another identical term, along with
16 the investor’s decision to enroll, constitutes an offer and sale of a security.
- 17 30. On December 6, 2022, Nexo ceased to offer the EIP to investors within the NASAA Working Group.

Deployment and Income-Generating Activities

18 31. In accordance with the EIP terms and conditions, the EIP savings wallet interest rate is subject to revision from time
19 to time, at Nexo’s sole and absolute discretion. Included in the EIP terms and conditions, investors are required to
20 acknowledge that they:

21 ...understand and agree that we [Nexo] might convert, pledge, re-pledge, hypothecate, rehypothecate,
22 sell, lend, or otherwise transfer, dispose of or use any amount of any Digital Assets in regard to which
23 you use the Nexo Earn Interest Product, separately or together 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

1 about June 30, 2021, Nexo Co-Founder Trenchev appeared on a Yahoo Finance Live broadcast titled, “Crypto-
2 focused banking: Nexo Co-Founder discusses his company’s growth and business model.” On this broadcast,
3 Trenchev stated that he “would argue, from a financial perspective... that [Nexo is] safer, especially for the larger
4 clients, than your average bank.” On July 1, 2021, Nexo re-posted this broadcast to its YouTube channel, and re-
5 named it, “Nexo is Safer than your Average Bank...”

6 39. Nexo Capital Inc. is the entity that operates Nexo’s website and conducts the EIP offering. This is not disclosed on
7 the website; instead, the website often uses the name “Nexo” without further clarification. Of the licenses and
8 registrations identified on Nexo’s website, Nexo Capital Inc. only held two—a money service business registration
9 license in Canada and a registration as a foreign company in Australia. Notably, none of the entities in the Nexo
10 Group hold securities licenses in Washington.

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

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

21 42. Further, on or about June 10, 2021, Nexo advertised a forthcoming “real-time audit” of Nexo’s custodial assets by
22 Armanino LLP,¹ which they represented would show that the company’s assets exceed liabilities. In a Daily Hodl
23 article published on June 10, 2021, Antoni Trenchev stated, “We are happy to have opened our books to allow

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

1 Armanino...to verify that our company’s assets exceed liabilities at all times and demonstrate how seriously we
2 treat Nexo’s commitments to our customers.”

3 43. In a Nexo blog post published on September 23, 2021, Nexo presented the Armanino report, which purports to
4 offers a “real-time audit of Nexo’s custodial assets, showing the company’s assets always exceed liabilities.” This
5 Armanino report is updated daily and Nexo claims that it provides the following assurances: 1) “Fully Backed:
6 Your holdings on Nexo’s platform are backed by assets by more than 100%”; 2) “Properly Managed: Third-party
7 assurance that your funds on the Nexo platform are properly managed and accounted for”; and 3) “Always
8 Available: 24/7 proof of Nexo’s ability to meet all liabilities owed to you at any time.” This Armanino report is
9 publicly available online at <https://real-time-attest.trustexplorer.io/nexo>.

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

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

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

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

20 47. Despite representations by Nexo, the data and figures set forth in the Armanino report contain several material
21 shortcomings, as described in the report’s Agreed Upon Procedures, that limit the report’s ability to provide
22 assurances of Nexo’s financial stability. These limitations include 1) a failure to identify non-Customer Liabilities;
23 2) a failure to identify whether Customer Liabilities include the collateral that Nexo holds for over-collateralized
retail loans; 3) a failure to identify the liquidity of Nexo’s assets; 4) a failure to identify doubtful loan accounts (e.g.
a distressed or non-paying borrower accounts); and 5) a failure to identify whether Nexo’s deposit liabilities are

1 secured or otherwise collateralized by Nexo's assets.

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

4 **Failure to Comply with Registration Requirements**

5 49. Nexo Capital Ins. is not currently registered to sell its securities in the state of Washington and has not previously
6 been so registered, nor has it filed a claim of exemption from registration.

7 **II. CONCLUSIONS OF LAW**

8 50. The offer and/or sale of the Earn Interest Product described above constitutes the offer and/or sale of a security as
9 defined by RCW 21.20.005(14) and RCW 21.20.005(17).

10 51. Nexo Capital Inc. violated RCW 21.20.140, the securities registration section of the Securities Act of Washington,
11 by offering and selling securities for which no registration is on file with the Securities Administrator.

12 52. The foregoing violation of RCW 21.20.140 constitutes the basis for the assessment of an administrative fine against
13 Nexo Capital Inc. pursuant to RCW 21.20.395.

14 **III. ORDER**

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

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

23 54. This Order resolves the matter commenced by the Securities Division on September 26, 2022 with the entry of a
Statement of Charges against Nexo Capital Inc., Nexo Inc. and Antoni Trenchev.

55. This Order is entered into solely for the purpose of resolving the referenced multistate securities investigation with

1 respect to the EIP and the Statement of Charges, and is not intended to be used for any other purpose. Other than
2 the obligations and provisions set forth herein, this Order does not limit or create liability for Nexo Capital Inc. nor
3 limit or create defenses for Nexo Capital Inc. to any claims.

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

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

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

19 58. Nexo Capital Inc. is hereby ORDERED to pay an administrative fine in the amount of \$424,528.30 to the
20 Washington State Department of Financial Institutions.

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

- 22 a. \$141,509.44 immediately upon entry of this Order;
- 23 b. \$94,339.62 90 days from entry of this Order;
- c. \$94,339.62 180 days from entry of this Order; and
- d. \$94,339.62 270 days from entry of this Order.

1 60. If Nexo Capital Inc. fails to make any payment by the date agreed and/or in the amount agreed according to the
2 schedule set forth above, all outstanding payments under this Order, minus any payments made, shall become due
3 and payable immediately at the discretion of the staff of the Securities Division.

4 61. Payment must be made in the following way:

5 a. Nexo Capital Inc. shall pay by guaranteed funds (U.S. postal money order, certified check, bank cashier's
6 check, or bank money order) made payable to the Washington State Treasurer and hand delivered or mailed
7 to: Department of Financial Institutions, 150 Israel Rd SW, Tumwater, WA 98501.

8 b. Payments must be accompanied by a cover letter that identifies the case name as Nexo Capital Inc., the case
9 number as S-21-3225, and includes a U.S. tax identification number if applicable.

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

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

16 SIGNED AND ENTERED this 13th day of February, 2023.



17
18 /s/
19 William M. Beatty
20 Securities Administrator

21 Approved by:

22 Presented by:

23 /s/
Brian J. Guerard
Chief of Enforcement

/s/
James Kane
Financial Legal Examiner

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1 in bankruptcy proceedings under any jurisdiction, including the proceedings set forth in Sections 523 and
2 1192 of the Bankruptcy Code, 11 U.S.C. §§ 523; 1192.

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

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

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

- 13 a. US Legacy Account assets shall be segregated from other assets under the management and
14 control of Nexo.
- 15 b. By April 1, 2023, all digital assets held in Legacy Accounts shall be free of counterparty
16 obligations, and after that date Nexo will not convert, pledge, rehypothecate, sell, lend, stake
17 or otherwise transfer, dispose of or 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 access to their Legacy
20 Accounts for the sole purpose of making withdrawals by any such Legacy Account holder or
21 their representative. Withdrawals may be in the form of transfers of digital assets to personal
22 wallets or by selling the digital assets and transferring the fiat proceeds, at the discretion of the
23 Legacy Account holder.

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

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

5
6 Dated this 8th day of February, 2023.

7 Nexo Capital Inc.

8
9 /s/
10 Antoni Trenchev
11 Managing Director

12 Approved as to form by:

13 /s/
14 Schulte Roth & Zabel