

**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES**

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| COMMONWEALTH OF PENNSYLVANIA | : | |
| DEPARTMENT OF BANKING AND | : | |
| SECURITIES, BUREAU OF SECURITIES | : | |
| COMPLIANCE AND EXAMINATIONS | : | Docket No. : 230005 (SEC-CAO) |
| | : | |
| v. | : | |
| | : | |
| NEXO CAPITAL, INC. | : | |

CONSENT AGREEMENT AND ORDER

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;

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

Antoni Trenchev (“Trenchev”) is the 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.;

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

Nexo 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

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

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

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

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

Nexo elects to waive permanently any right to a hearing and appeal with respect to the entry of this Order; and

Nexo admits the jurisdiction of the Department of Banking and Securities (“Department”), Bureau of Securities Compliance and Examinations (“Bureau”) in this matter; and

Solely for the purpose of terminating the NASAA Working Group’s securities investigation and in settlement of the issues contained in this Order, Nexo, without admitting or denying the findings of fact or conclusions of law contained in this Order, consents to the entry of this Order. Notwithstanding

the foregoing, Nexo will admit the findings of fact and conclusions of law for the purposes of exceptions to discharge in bankruptcy proceedings under any jurisdiction, including the proceedings set forth in Sections 523 and 1192 of the Bankruptcy Code, 11 U.S.C. §§ 523; 1192.

I. FINDINGS OF FACT

1. The Department is the Commonwealth of Pennsylvania’s administrative agency authorized and empowered to administer and enforce the Pennsylvania Securities Act of 1972 (“1972 Act”).

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. Nexo Inc., a Cayman Islands corporation, incorporated in 2018, provides virtual currency-related financial services to retail and institutional borrowers in the United States, including trading, borrowing, and lending services. Nexo Inc. wholly owns Nexo Capital, Inc. Nexo Inc. is not registered to do business in Pennsylvania and is not registered with the Department in any capacity.

4. Nexo Capital Inc. (“Nexo Capital”), a Cayman Islands corporation, incorporated in 2018, with its principal place of business in Grand Cayman, Cayman Islands. Nexo Capital is not registered to do business in Pennsylvania and is not registered with the Department in any capacity.

5. Nexo Financial LLC (“Nexo Financial”), a Delaware limited liability company, incorporated in 2018, with its principal place of business in London, United Kingdom. Nexo Financial holds certain licenses, including money transmitter licenses and lending licenses in some states but is not registered with the Department in any capacity.

6. Nexo Group comprises business entities organized primarily in European countries and territories, including but not limited to Nexo Inc., Nexo Capital Inc., and Nexo Financial LLC. The Nexo

Group is not registered to do business in Pennsylvania and is not registered with the Department in any capacity.

7. Antoni Trenchev is a co-founder and managing partner of the Nexo Group and a director and manager of certain companies within the Nexo Group, including Nexo Capital. Antoni Trenchev is responsible for supervising 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 Department in any capacity.

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

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

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

11. On September 26, 2022, Maryland filed a summary order to cease and desist and order to show cause alleging Nexo Capital Inc., and its parent and director, Nexo Inc. and Antoni Trenchev, were offering and selling unregistered securities in the form of the EIP, were transacting business as an unregistered broker-dealer or agent and, in this business, employed an unregistered agent, making an

untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaging in dishonest or unethical practices in the securities or investment advisory business.

12. On September 26, 2022, New York filed a civil complaint alleging Nexo Capital Inc. and its parent, Nexo Inc., were offering and selling unregistered securities and unregistered commodities in the form of the EIP and by facilitating the purchase and sale of virtual currencies on Nexo's virtual marketplace known as the "Exchange," and making materially false and misleading representations, statements, and omissions relating to the sale, purchase or exchange of securities or commodities.

13. 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.

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

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

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

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

The Offer and Sale of Securities Nationwide

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

19. As of July 31, 2022, there were 2,994 Pennsylvania EIP accounts earning interest with a total EIP savings wallet value of \$18,930,000. Nationally, there were 93,318 EIP accounts earning interest with a total EIP savings wallet value of \$800,260,000.

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

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

22. Nexo has allowed, with certain limitations, anyone either 18 years or older, depending on the jurisdiction, to open an EIP account and access Nexo wallet services. When opening a Nexo account,

an investor will go through several user identity-verification protocols, including, at a minimum, the provision of an investor's legal name, date of birth, and address. An investor will then transfer fiat currency (EUR, GBP, and USD) from a bank account to their Nexo account. Investors can also add cryptocurrency to their Nexo wallet by transferring assets from another crypto exchange or wallet.

Nexo's Earn Interest Product

23. On August 2, 2021, Nexo ceased offering its EIP to new investors in Pennsylvania. From approximately August 2, 2021, until approximately February 19, 2022, existing Pennsylvania 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.

24. 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.

25. 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.

26. 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.

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

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

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

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

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

Deployment and Income-Generating Activities

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

...understand and agree that we [Nexo] might convert, pledge, re-pledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, dispose of or use any amount of any Digital Assets in regard to which 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 thereof or any other assets, at our [Nexo’s] sole and absolute discretion.

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

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

Nexo's Representations Regarding the Offer and Sale of EIPs

35. In offering the EIP to Pennsylvania investors, Nexo has failed to disclose material information related to Nexo's EIP interest generation, Nexo's regulatory compliance, and Nexo's financial representations.

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

37. Nexo's website represents to EIP investors that "Nexo has gone the extra mile in ensuring compliance with the applicable regulatory frameworks. Together with our top-tier legal counsel and engaging proactively with the regulatory decision-makers we ensure the sustainability of our products for years to come."

38. Concurrently, Nexo makes the following statements on its website: "The Nexo Group has legal entities in various locations throughout the world...and is in compliance with all applicable global

and local regulations...rest assured that Nexo is compliant everywhere it provides services and retains top-tier legal counsels in the jurisdictions of its operation.” Further, within the footer of Nexo’s website, Nexo displays the phrase “Licensed & Regulated Digital Assets Institution.”

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

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

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

42. Nexo represents on its website and through the Nexo YouTube video, “How to Earn Crypto Interest,” that an investor’s Eligible Earn Assets are secured at all times by Nexo’s asset-backed portfolio of over-collateralized loans. Nexo also states that the platform lends to individuals and institutions only

on an over-collateralized basis, which is, in part, how Nexo states that they keep EIP interest rates consistent over time and “basically eliminate counter party risk.”

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

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

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

All Nexo products are operating normally – Borrow, Earn, Exchange...Nexo is the first and only blockchain finance company to have a real-time audit of its custodial assets, showing that the company’s assets exceed its liabilities at all times which attests to 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....

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

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

47. Nexo's provision of the Armanino report in conjunction with these claims of financial stability gives the appearance that the Armanino report can support Nexo's claims of financial stability in a turbulent market.

48. Despite representations by Nexo, the data and figures set forth in the Armanino report contain several material shortcomings, as described in the report's Agreed Upon Procedures, that limit the report's ability to provide assurances of Nexo's financial stability. These limitations include 1) a failure to identify non-Customer Liabilities; 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 secured or otherwise collateralized by Nexo's assets.

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

Failure to Comply with Registration Requirements

50. During the Offering Period, Nexo's offer and sale of the EIP was not done subject to an exception or exemption from registration.

51. During the Offering Period, Nexo offered and sold securities in Pennsylvania that were not registered in Pennsylvania as required by Section 201 of the 1972 Act, 70 P.S. §1-201.

52. During the Offering Period, Nexo offered and sold securities in Pennsylvania without being registered as a dealer or agent as required by Section 301 of the 1972 Act, 70 P.S. §1-301.

II. CONCLUSIONS OF LAW

53. The EIPs are securities as defined in Section 102(t) of the 1972 Act, 70 P.S. §1-102(t).

54. During the Offering Period, Nexo's offer and sale of securities in Pennsylvania that were not registered for sale in Pennsylvania violated Section 201 of the 1972 Act, 70 P.S. §1-201.

55. During the Offering Period, Nexo's offer and sale of securities without being registered as a dealer or agent violated Section 301 of the 1972 Act, 70 P.S. §1-301.

56. The foregoing violations of Section 201 and Section 301 constitute the basis for the assessment of an administrative assessment against Nexo pursuant to Section 602.1(c) of the 1972 Act, 70 P.S. §1-602.1(c).

III. ORDER

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

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

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

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

60. Nexo is hereby ORDERED to cease and desist from:

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

61. Nexo is hereby ORDERED to pay an administrative assessment in the amount of \$424,528.30. Payment may be made by certified check or money order made payable to the “Department of Banking and Securities” and shall be mailed or delivered, in person, to the Bureau of Securities Licensing located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101. Nexo may transmit payment electronically to the Department, which will provide detailed ACH transfer instructions upon request. Payments must be accompanied by a cover letter identifying Nexo (with relevant tax identification

numbers), the file number of these proceedings, and the confirmation number if payment is made electronically. A copy of the cover letter must be sent to RA-BNChiefCounsel@pa.gov.

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

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

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


64. Nexo is further ORDERED to require verification of the identity of all new account holders to ensure that it does not provide services to Pennsylvania, and to implement IP-based geo-blocking restricting access by prospective new account holders from Pennsylvania to Nexo's app, websites, and services.

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

SIGNED AND ENTERED BY THE DEPARTMENT OF BANKING AND SECURITIES this
3rd day of February , 2023.

FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES
BUREAU OF SECURITIES COMPLIANCE AND EXAMINATIONS

Redacted


Eric Pistilli
Deputy Secretary of Securities

Dated: 2/3/2023



CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY NEXO CAPITAL INC.

Nexo Capital Inc., on behalf of itself and the Nexo Group, Nexo Inc., Nexo Financial LLC, and Antoni Trenchev, hereby acknowledges that it has been served with a copy of this Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

Nexo attests that it has adequate funds and resources to (i) facilitate, honor, and fulfill withdrawals of all assets belonging to residents of the 53 jurisdictions, and (ii) pay the agreed-upon settlement payments to the 53 Jurisdictions. Nexo agrees to further attest that it can perform the foregoing actions and still be solvent and without material impact to its ongoing operation.

Nexo Capital Inc. admits the jurisdiction of the Securities Division, neither admits nor denies the Findings of Facts and Conclusions of Law contained in this Order, and consents to entry of this Order by the Securities Division as settlement of the issues contained in this Order. Notwithstanding the foregoing, Nexo Capital Inc. will admit the findings of fact and conclusions of law for the purposes of exceptions to discharge in bankruptcy proceedings under any jurisdiction, including the proceedings set forth in Sections 523 and 1192 of the Bankruptcy Code, 11 U.S.C. §§ 523; 1192.

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

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

Nexo Capital Inc. agrees that for any EIP accounts, savings wallets, and non-collateral wallets held by residents of the 53 Jurisdictions after April 1, 2023 (collectively, "Legacy Accounts"), (i) Legacy Account holders are the title, beneficial, and legal owners of all fiat currency and digital assets held in their

Legacy Accounts; (ii) Nexo will assist customers beyond April 1, 2023, with any withdrawals/transfers; and (iii) Nexo will implement the following:

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

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

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

Dated this 2nd day of January, 2023.

Nexo Capital Inc.

By:  Redacted

Title: Managing Director

Approved as to form by:

 Redacted

Schulte Roth & Zabel