



# KANSAS INSURANCE DEPARTMENT

*Vicki Schmidt, Commissioner*

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FOR IMMEDIATE RELEASE  
March 24, 2023

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## **Kansas joins \$22.5 million multistate securities settlement against cryptocurrency platform**

Topeka, Kan. – Kansas Insurance Commissioner Vicki Schmidt, today, announced the Office of the Kansas Securities Commissioner, a division of the Kansas Insurance Department, joined a multistate settlement against Nexo Capital, Inc, a cryptocurrency-related financial service company. A consent order against Nexo was entered for offering and selling unregistered securities.

“The securities laws of Kansas exist first and foremost to protect Kansas investors,” said Commissioner Schmidt. “While the Department does not directly regulate cryptocurrency, we do have regulatory jurisdiction over securities products that are related to cryptocurrencies and will continue to enforce state law.”

Kansas joins 27 other states in filing the order as part of a multistate taskforce with the North American Securities Administrators Association (NASAA). The order awarded \$424,528.30 to Kansas for its part of the overall settlement of \$22.5 million.

Nexo’s Earned Income Product (EIP) investors could passively earn interest on digital assets by loaning those assets to Nexo. Nexo maintained total discretion over the revenue-generating activities used to earn returns for investors. The company offered and promoted the EIP and other products to U.S. investors via its website and social media channels, suggesting that investors could obtain returns as high as 36% in some instances. Nexo was alleged to have failed to comply with state securities registration requirements, depriving investors of important information necessary to understand and evaluate the risks of investing in the EIP.

As more companies offer crypto-related securities products, the Department has increased enforcement efforts by actively participating in the NASAA multistate taskforce groups focused on crypto-interest accounts. In 2022, a consent order was entered into with BlockFi as a result of these cooperative, multistate investigations.

A copy of the Nexo consent order is available at <https://bit.ly/3TEHlor>. If you suspect you have been a victim of securities fraud, please contact the Office of the Securities Commissioner at 785-296-3071 or file a complaint online at <https://insurance.ks.gov/department/ksc/complaint/ksc-complaint.php>.

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*The Office of the Kansas Securities Commissioner, a division of the Kansas Insurance Department, regulates investment sales in Kansas--the birthplace of “Blue Sky Laws.” In 2017, the Office was merged with the Kansas Insurance Department.*