

ALABAMA SECURITIES COMMISSION

Post Office Box 304700 Montgomery, Alabama 36130-4700
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ALABAMA SECURITIES COMMISSION ISSUES SHOW CAUSE ORDER TO CRYPTO CURRENCY COMPANY VOYAGER AND AFFILIATES

Montgomery, AL (March 29, 2022) – Alabama Securities Commission (ASC) Director Joseph Borg announced today that the ASC issued a show cause order to cryptocurrency company Voyager Digital LTD., Voyager Digital Holdings, Inc. and Voyager Digital, LLC¹. The order gives the companies 28 days to show cause why they should not be directed to cease and desist from selling unregistered securities in Alabama. Securities issued by Voyager are interest-earning cryptocurrency accounts referred to as *Voyager Rewards Program* or *Voyager Earn Program*. The Voyager programs hold more than \$5 billion as of March 1, 2022, with over \$26 million from more than 21,000 Alabamians.

“This is the third firm ASC has issued an order against that offers interest-bearing financial products that look like traditional financial platforms. However, they lack a protective scheme and offer absolutely no regulatory oversight. This subjects investors to substantial risks of which they may be totally unaware,” said Borg.

The Alabama show cause order alleges that Voyager Digital has been funding its cryptocurrency lending operations and proprietary trading, at least in part, through the sale of unregistered securities in violation of Alabama securities law.

Voyager allows investors to enter a “Rewards” or “Earn” program by depositing certain eligible cryptocurrencies into accounts with Voyager. Voyager then pulls these cryptocurrency deposits together to fund its cryptocurrency lending operations and proprietary trading. In exchange for investing in the program, investors are promised an attractive interest rate that is paid monthly in cryptocurrencies. Voyager fails to disclose to investors that its “Rewards” and “Earn” program are not registered by the ASC or any other securities regulator.

“The ASC supports new technology and new developments in the decentralized finance and cryptocurrencies space, but of utmost importance is ensuring that proper disclosures of risk and full protections under the law are in place,” said ASC Chief Deputy Director Amanda Senn.

The action comes amidst rising concerns over the proliferation of decentralized finance platforms, like Voyager, that seek to reinvent traditional financial systems such as banks and

¹ Voyager Digital LTD. is incorporated in British Columbia, Canada; its mailing address is 33 Irving Plaza Suite 3060 New York, NY 10003. Voyager Digital Holdings, INC. is incorporated in Delaware; its mailing address is 33 Irving Plaza, Suite 3060 New York, NY 10003. Voyager Digital, LLC. is also incorporated in Delaware; its mailing address is 185 Hudson Street, Suite 2500, Jersey City, NJ 07311.

brokerages for digital asset investors. Unlike traditionally regulated banks and brokerage firms, investor's losses are not insured against or protected by the Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC).

Previous coordinated multi-state investigations have resulted in actions by the ASC to bring unregistered firms into compliance. In July 2021, ASC issued an order against Block-Fi and in September 2021 an order was issued against Celsius Network LLC. On February 14, 2022, Block-Fi entered into a \$50 million settlement with the ASC and other state regulators, and also a \$50 million settlement with the United States Securities and Exchange Commission (SEC). The consent order requires Block-Fi to cease any further offers or sales until properly registered with state and federal securities regulators.

The ASC cautions investors to thoroughly research any investment opportunity. Call the ASC at 1-800-222-1253 and ask for the registration department to check out persons offering investment opportunities, investment advice for a fee and any products they offer. Contact the ASC to report suspected fraud, inappropriate securities business practices, or to obtain consumer information. Free investor education and fraud prevention materials are available at www.asc.alabama.gov

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For further information contact 1-800-222-1253 and ask for Public Affairs.

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