

ALABAMA SECURITIES COMMISSION

Post Office Box 304700 Montgomery, Alabama 36130-4700
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Alabama Securities Commission, States, and SEC Settle with TradeStation for \$3 Million over Crypto Program

Montgomery, Alabama (February 7, 2024) - The Alabama Securities Commission (ASC), a taskforce of state securities regulators, and the U.S. Securities and Exchange Commission (SEC) announced today a \$3 million settlement in principle with TradeStation Crypto, Inc. over its unregistered crypto interest earning program. The settlement resolves allegations that TradeStation violated state and federal securities laws by offering and selling securities without proper registration or disclosure to investors.

The settlement stems from a comprehensive investigation led by state securities regulators in Alabama, California, Mississippi, North Carolina, Ohio, South Carolina, Washington, and Wisconsin and coordinated by the North American Securities Administrators Association (NASAA) Enforcement Section Committee.

“This settlement sends a clear message that crypto-related businesses, which are operating like our brick-and-mortar firms, must comply with the same laws as those followed by Alabama’s financial firms or face serious consequences,” said ASC Director Amanda Senn. “The ASC is committed to protecting investors and ensuring the integrity of the financial markets in Alabama.”

TradeStation, a Florida corporation formed in 2018, provided crypto-asset-related financial services to retail and institutional customers in the United States, including investing and trading services. From around August 2020 to on or about June 2022, TradeStation offered a crypto interest earning program which allowed investors to passively earn interest on crypto assets through loans to TradeStation. TradeStation maintained total discretion over the revenue-generating activities utilized to earn returns for investors. The company offered and promoted their crypto interest earning program in Alabama and across the United States via its website and various platforms.

TradeStation is alleged to have failed to comply with state registration requirements and, as a result, investors were sold unregistered securities in violation of state laws. For the states participating in the settlement, TradeStation will pay each state a fine of \$29,411.76 and cease offering, selling, or renewing its crypto interest earning program until such activities are compliant with applicable state and federal securities laws. TradeStation has repaid investors, including interest and earnings.

26 NASAA jurisdictions are signatories to the term sheet for the settlement: Alabama, Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Indiana, Kansas, Kentucky, Maine, Minnesota, Mississippi, Montana, New Hampshire, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Washington, and Wisconsin.

The ASC urges investors to exercise caution when dealing with crypto-related businesses and to report any suspicious activities to the ASC’s Enforcement Division at 1-800-222-1253. Investors can also visit the ASC’s website at www.asc.alabama.gov to learn more about crypto investing and how to protect themselves from fraud and scams.

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

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