



Commonwealth of Kentucky
Public Protection Cabinet
Department of Financial Institutions

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FOR IMMEDIATE RELEASE

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KENTUCKY TO BLOCKFI: ‘CEASE AND DESIST’
DEPARTMENT OF FINANCIAL INSTITUTIONS INSTRUCTS VIRTUAL CURRENCY
COMPANY TO STOP SELLING UNREGISTERED SECURITIES

Frankfort, Ky. (7/30/2021) – The Kentucky Department of Financial Institutions (DFI) issued an [Emergency Cease and Desist Order](#) today against Blockfi Inc. and its affiliates, Blockfi Lending LLC and Blockfi Trading LLC. The order instructs the Delaware corporation to refrain from soliciting or selling any security in Kentucky unless that security is registered with the department.

A recent DFI investigation found Blockfi is offering securities in the form of investment contracts in relation to the deposit of virtual currencies with the company. The firm, which is headquartered in New Jersey, has not registered these securities with the Kentucky DFI or the Securities and Exchange Commission, as required by law.

“The Securities Act of 1933 along with the Securities Act of Kentucky have set up a registration regime that requires companies selling securities to disclose all material information necessary for an investor to make an informed decision,” said Commissioner Charles A. Vice. “The Department of Financial Institutions is responsible for protecting Kentucky’s investors, and Blockfi’s actions are not consistent with Kentucky statute and decades of legal precedent. The emergency nature of this order is essential to protect the citizens of the commonwealth.”

“Blockfi’s website offers cryptocurrency lending and borrowing services through ‘Blockfi Interest Accounts’ (BIAs) advertised on its website,” according to the order. “Through these accounts, investors may deposit certain cryptocurrencies with the company in exchange for a specified interest rate.” The company has accepted nearly \$15 billion in these accounts from investors.

Virtual currencies have demonstrated high-risk characteristics and extreme price volatility. Blockfi Interest Accounts are not insured by the Federal Deposit Insurance Corporation or any other government entity.

Kentucky joins New Jersey, Alabama, Texas and Vermont, which also recently took actions against Blockfi.

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DFI, <http://kfi.ky.gov>, is an agency in the Public Protection Cabinet. For more than 100 years, it has supervised the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI's mission is to serve Kentucky residents by promoting access to a stable financial industry, implementing effective and efficient regulatory oversight, enforcing consumer protections, encouraging economic opportunities and encouraging sound financial decisions through financial empowerment programs.