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**IN THE MATTER OF:** \*  
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**BLOCKFI TRADING LLC** \*  
**d/b/a BLOCKFI TRADING** \*  
**d/b/a BLOCKFI** \*  
**NMLS # 1873137** \*  
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**(“BLOCKFI TRADING”)** \*  
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**CONSENT ORDER**

**WHEREAS**, the Banking Commissioner (“Commissioner”) is charged with the administration of Part V of Chapter 668, Sections 36a-595 to 36a-614, inclusive, of the Connecticut General Statutes, known as the “Money Transmission Act”;

**WHEREAS**, BlockFi Inc. (together with its subsidiaries, “BlockFi” or the “Wind-Down Debtors”) operated a Delaware limited liability company that previously had a primary business address of 201 Montgomery Street, Suite 263, Jersey City, New Jersey, and engaged in the business of exchanging virtual and fiat currency through a trading platform and hosting custodial wallets (“Wallet Accounts”) of virtual currency through various other entities and platforms through the entity BlockFi Trading LLC (“BlockFi Trading”);

**WHEREAS**, BlockFi Trading was licensed to engage in the business of money transmission in Connecticut from April 2, 2020 through January 1, 2024;

**WHEREAS**, on November 10, 2022, BlockFi suspended the ability of its customers, including Connecticut purchasers, to withdraw virtual and fiat currency from its trading platform (“Platform Suspension”);

**WHEREAS**, on November 28, 2022, BlockFi filed a petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of New Jersey (the “Bankruptcy Court”), *In re BlockFi, Inc.*, Case No. 22-19361 (the “Bankruptcy Case”);

**WHEREAS**, the Commissioner, through the Consumer Credit Division of the Department of Banking, conducted an investigation into the activities of BlockFi Trading, including the Platform Suspension, pursuant to Section 36a-17 of the Connecticut General Statutes to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner;

**WHEREAS**, as a result of such investigation, on February 14, 2023, the Commissioner issued a *Notice of Automatic Suspension, Notice of Intent to Revoke Money Transmission License, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing* (collectively, “Notice”) against BlockFi Trading, which Notice is incorporated by reference herein;

**WHEREAS**, the Commissioner alleged in the Notice that as a result of the Platform Suspension, BlockFi Trading’s failure to transmit monetary value received from Connecticut residents with BlockFi wallet accounts (“Wallet Accounts”) is conduct that is likely to materially prejudice the interests of purchasers, which constitutes an unsafe or unsound practice within the meaning of Section 36a-608(a) of the Connecticut General Statutes and forms the basis to issue an order to cease and desist pursuant to Section 36a-608(c) of the Connecticut General Statutes and Section 36a-52(a) of the 2022 Supplement to the General Statutes, and to impose a civil penalty of up to One Hundred Thousand Dollars (\$100,000) per violation pursuant to Section 36a-608(c) of the Connecticut General Statutes and Section 36a-50(a) of the 2022 Supplement to the General Statutes;

**WHEREAS**, the Commissioner also alleged in the Notice that BlockFi Trading’s failure to maintain a surety bond that runs concurrently with the period of its money transmission license, as required pursuant to Section 36a-602(a) of the Connecticut General Statutes, constitutes sufficient grounds for the Commissioner to revoke BlockFi Trading’s license to engage in the business of money

transmission in Connecticut pursuant to Section 36a-602(c) of the Connecticut General Statutes and subsections (a) and (b) of Section 36a-51 of the Connecticut General Statutes;

**WHEREAS**, on February 14, 2023, the Notice was sent by certified mail, return receipt requested, to BlockFi Trading (Certified Mail No. 70221670000209233064);

**WHEREAS**, on March 7, 2023, counsel for BlockFi Trading filed an Appearance and requested a hearing, which is currently stayed pending the outcome of the Bankruptcy proceeding;

**WHEREAS**, on May 30, 2023, the Commissioner filed an unliquidated Proof of Claim No. 31767 against BlockFi Trading in the Bankruptcy Court for anticipated civil penalties;

**WHEREAS**, on December 6, 2023, BlockFi Trading filed an objection to the Commissioner's unliquidated proof of claim in the Bankruptcy Court and such matter is currently scheduled for hearing on May 1, 2024;

**WHEREAS**, the Commissioner and BlockFi Trading have agreed to a Stipulation between the Wind-Down Debtors and the State of Connecticut Department of Banking Resolving Claim Number 31767 to resolve the Bankruptcy proceeding;

**WHEREAS**, Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

**WHEREAS**, both the Commissioner and BlockFi Trading acknowledge the possible consequences of further administrative and bankruptcy proceedings, and BlockFi Trading voluntarily agrees to consent to the entry of the sanction imposed below without admitting or denying the allegations in the Notice and set forth herein, and solely for the purpose of obviating the need for further administrative and bankruptcy proceedings concerning the allegations in the Notice and set forth herein;

**WHEREAS**, the Commissioner and BlockFi Trading now desire to resolve the matters alleged in the Notice and set forth herein;

**WHEREAS**, BlockFi Trading represents that in August 2023, following Bankruptcy Court approval, BlockFi began allowing Wallet Account holders, including Connecticut Wallet Account

holders, to withdraw from its platform virtual or fiat currency in their Wallet Accounts subject to the Platform Suspension described in the Notice;

**WHEREAS**, by November 2023, all Connecticut Wallet Account holders had the ability to withdraw the currency in their Wallet Accounts.

**WHEREAS**, BlockFi Trading acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and executes this Consent Order freely;

**WHEREAS**, BlockFi Trading acknowledges that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on the Nationwide Multistate Licensing System and Registry, as applicable;

**AND WHEREAS**, BlockFi Trading, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including an opportunity for a hearing as it pertains to the allegations set forth in the Notice and herein, and voluntarily waives its right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

### **CONSENT TO ENTRY OF SANCTION**

**WHEREAS**, BlockFi Trading, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanction:

Issuance of a civil penalty in the amount of One Hundred Fifty Thousand Dollars (\$150,000), which shall be considered an allowed general unsecured claim against BlockFi, Inc. in BlockFi's Bankruptcy Case pending in the Bankruptcy Court, as further provided in the *Stipulation between the Wind-Down Debtors and the State of Connecticut Department of Banking Resolving Claim Number 31767* (the "Stipulation").

### **CONSENT ORDER**

**NOW THEREFORE**, the Commissioner enters the following:

1. The Sanction set forth above be and is hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against BlockFi Trading or any

surety bond issued on behalf of BlockFi Trading upon the allegations contained in the Notice and set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against BlockFi Trading based upon a violation of this Consent Order if the Commissioner determines that (i) compliance with the terms herein is not being observed or (ii) if any representation made by BlockFi Trading and reflected herein is subsequently discovered to be untrue;

3. BlockFi Trading shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceedings in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis. Except as specifically provided herein, BlockFi Trading shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects BlockFi Trading's (i) testimonial obligations, or (ii) right to take any legal or factual positions that may contradict the allegation in this Consent Order in litigation or other legal proceedings in which the Commissioner is not a party;
5. This Consent Order shall be binding upon BlockFi Trading and its successors and assigns; and
6. This Consent Order shall become final when issued following the Bankruptcy Court's entry of an order approving the Stipulation.

Issued at Hartford, Connecticut  
this 23rd day of May, 2024.

/s/  
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Jorge L. Perez  
Banking Commissioner

I, Mohsin Y. Meghji, state on behalf of BlockFi Trading LLC d/b/a BlockFi Trading d/b/a BlockFi that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of BlockFi Trading LLC d/b/a BlockFi Trading d/b/a BlockFi; that BlockFi Trading LLC d/b/a BlockFi Trading d/b/a BlockFi agrees freely and without threat or coercion of any kind to comply with the sanction entered and terms and conditions ordered herein; and that BlockFi Trading LLC d/b/a BlockFi Trading d/b/a BlockFi voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/  
Name: Mohsin Y. Meghji  
Title: Plan Administrator  
BlockFi Trading LLC  
d/b/a BlockFi Trading  
d/b/a BlockFi

State of: New York

County of: New York

On this the 15th day of May, 2024, before me, Mohsin Y. Meghji, the undersigned officer, personally appeared in New York, who acknowledged himself/~~herself~~ to be the Plan Administrator of BlockFi Trading LLC d/b/a BlockFi Trading d/b/a BlockFi, a member managed/manager managed limited liability company, and that he/she as such Plan Administrator, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself/herself as Plan Administrator.

In witness whereof I hereunto set my hand.

/s/  
Notary Public – Charles H. F. Garner  
Date Commission Expires: 11/19/24