

North Carolina Department of the Secretary of State

NEWS

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Elaine F. Marshall
Secretary of State

For Immediate Release

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NC Secretary of State Joins \$1.5 Million Multistate Securities Settlement Against Crypto Platform, TradeStation

RALEIGH – North Carolina Secretary of State Elaine F. Marshall announced today that her office had entered into a [settlement with TradeStation Crypto, Inc.](#) (“TradeStation”) to resolve the North Carolina Department of the Secretary of State, Securities Division’s, investigation into TradeStation’s crypto interest-earning program.

TradeStation, a Florida corporation formed in 2018, provides crypto-asset-related financial services to retail and institutional customers in the United States, including investing and trading services. From around August 1, 2020 to June 2022, TradeStation offered a crypto interest-earning program to North Carolina investors. Under this program, investors passively earned interest on crypto assets by loaning them to TradeStation. TradeStation maintained total discretion over the revenue-generating activities utilized to earn returns for investors. The company offered and promoted its crypto interest-earning program in North Carolina and the United States at large via its website and various platforms. TradeStation is alleged to have failed to comply with state registration requirements. As a result, investors were sold unregistered securities in violation of state laws and additionally did not receive information and disclosures necessary to understand the potential risks of TradeStation’s crypto interest-earning program.

“It is vital that cryptocurrency-related investments follow the same rules and regulations as any other security – including registering with our Securities Division,” said Secretary Marshall. “It is also crucial that North Carolinians do the same due diligence with crypto related investments that they would with any other investment. Always be sure that you understand how the business model works to generate a profit, and call our Investor Hotline at (800) 688-4507 to check the official registration status before you invest.”

The \$1.5 million multistate settlement, on behalf of 51 United States jurisdictions, is the result of a North American Securities Administrators Association (NASAA) task force of eight state securities regulators from Alabama, California, Mississippi, North Carolina, Ohio, South Carolina, Washington, and Wisconsin, in addition to the United States Securities and Exchange Commission (SEC). The SEC entered into a separate settlement with TradeStation for the same amount. For each state participating in the settlement, TradeStation will pay 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.

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