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SECURITIES COMMISSIONER



CRISTI RAMÓN OCHOA
DEPUTY SECURITIES COMMISSIONER

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Texas State Securities Board

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E. WALLY KINNEY
CHAIR

ROBERT BELT
MEMBER

MELISSA TYROCH
MEMBER

EJIKE E. OKPA II
MEMBER

DAVID B. MONTGOMERY
MEMBER

IN THE MATTER OF	§	
CELSIUS NETWORK INC., CELSIUS	§	
NETWORK LIMITED, CELSIUS US	§	Order No. ENF-24-CDO-1885
HOLDING LLC, CELSIUS NETWORK	§	
LLC, AND CELSIUS LENDING LLC	§	

CONSENT ORDER

PRELIMINARY STATEMENT

WHEREAS, pursuant to the authority granted to the Texas State Securities Board (the "TSSB") under the Texas Securities Act, Tex. Gov't Code Ann. §§ 4001.001-4008.105, and the regulations and rules promulgated thereunder (collectively, "the Act"), the TSSB conducted an investigation into the securities-related activities of Celsius Network Inc., Celsius Network Limited, Celsius US Holding LLC, Celsius Network LLC, and Celsius Lending, LLC (collectively, "Celsius");

WHEREAS, Celsius, a cryptocurrency firm, offered and sold interest-bearing digital asset accounts called the Celsius Earn Program ("Celsius Earn Program Accounts"), which allowed clients to earn interest on digital assets;

WHEREAS, state securities regulators ("the States") conducted an investigation into whether Celsius Earn Program Accounts involved the offer and sale of unregistered securities by Celsius to retail investors, among other things;

WHEREAS, Celsius has reached an agreement with the States to resolve the investigation;

WHEREAS, the TSSB commenced this matter on September 17, 2021, with the entry of a Notice of Hearing (the "NOH")¹ against the Respondents. The NOH set forth violations of the Act by the Respondents, specifically violations of the Act's provisions related to the offering and selling of an unregistered security and the making of material misrepresentations and omissions in the offering and selling of a security;

WHEREAS, in light of the fact that the Respondents have agreed to this Consent Order, are proposing to distribute or manage substantially all of their assets (including all assets of Celsius Network Inc.), to or for the benefit of their account holders, and are no longer operating Celsius Network Inc. or any customer-facing business (and will not do so in the future), the TSSB has conditionally agreed that although it would have fined Respondents at least \$5,000,000.00, the TSSB has instead agreed to refrain from imposing any administrative fines, subject to the reservation of rights set forth herein;

WHEREAS, on July 13, 2022, Respondents filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code ("the Chapter 11 Cases");²

WHEREAS, without admitting or denying the Findings of Fact and Conclusions of Law set forth below, except as to the jurisdiction of the TSSB over the Respondents and the subject matter of this proceeding, which are admitted, the Respondents, having been advised of their rights to counsel, expressly consent to the entry of this Consent Order, which fully resolves the allegations against them set forth herein and in the NOH; and

¹ SOAH Docket No. 312-22-0160

² *In re Celsius Network LLC*, Ch. 11 Case No. 22-10964-MG (Bankr. S.D.N.Y. filed July 13, 2022) (also available at <https://cases.stretto.com/celsius>); *In re Celsius Network Inc.*, Ch. 11 Case No. 22-10965-MG (Bankr. S.D.N.Y. filed July 13, 2022) (also available at <https://cases.stretto.com/celsius>).

WHEREAS, the Respondents elect to waive permanently any right to a hearing and appeal under the Act and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903, with respect to this Consent Order.

NOW, THEREFORE, the Commissioner of the Texas State Securities Board ("Commissioner"), the Administrator of the Act, hereby enters this Consent Order:

FINDINGS OF FACT

Jurisdiction

1. The TSSB has jurisdiction over this matter pursuant to the Act.

Respondents

2. Celsius Network Inc. is a Delaware corporation and the ultimate parent company of Respondents.
3. Celsius Network Limited is incorporated in England and Wales and wholly owns many subsidiaries, including Celsius US Holding LLC.
4. Celsius US Holding LLC is the holding company for Celsius's subsidiaries in the United States, and two of its wholly owned subsidiaries are Celsius Network LLC and Celsius Lending LLC.
5. Celsius Network LLC is a Celsius company incorporated in Delaware and is the subsidiary that, during certain times relevant herein, provided Celsius's user-facing services and activities for customers in the United States.
6. Celsius Lending LLC is a Celsius company incorporated in Delaware and is the subsidiary that, during certain times relevant herein, provided consumer fiat and stablecoin loans secured by cryptocurrency deposits to Celsius's customers in the United States.

7. Celsius is a network of affiliated financial services companies that generate revenue through cryptocurrency trading, lending, and borrowing, as well as engaging in propriety trading, mining, and other types of transactions.
8. The Respondents are not presently registered, and they have never been registered, in any capacity with the TSSB.

Celsius's Business Operations

9. Respondents, in part, funded their lending operations, proprietary trading, and other revenue generating activities through the sale of unregistered securities in Celsius Earn Program Accounts.
10. Investors invested in Celsius Earn Program Accounts through Celsius's website or smartphone application.
11. Investors opened accounts by transferring eligible cryptocurrency to Celsius to invest in Celsius Earn Program Accounts.
12. Celsius used investors' cryptocurrencies by commingling cryptocurrencies with cryptocurrencies deposited by other investors, investing in traditional financial assets and cryptocurrency assets, lending those cryptocurrencies to institutional and corporate borrowers, and engaging in any other activities at Celsius's discretion.
13. In exchange for customers' investments, Celsius promised lucrative interest rates.
14. Celsius set the interest rates it paid on various cryptocurrencies in advance and on a periodic basis. Celsius set its interest rates based on various considerations and prioritizing Celsius's need for particular types of cryptocurrencies.

15. Celsius incentivized smaller investors to invest in Celsius Earn Program Accounts by paying higher rates of interest on smaller investments of principal for certain cryptocurrencies.
16. The accrual of interest began as soon as any funds were credited to an investor's Celsius account.
17. In the United States, interest payments were generally denominated in the same type of cryptocurrency originally invested.

The Lack of Registration and Public Protections

18. The Respondents were not licensed, registered, qualified, or notice filed with the United States Securities and Exchange Commission.
19. The offering of Celsius Earn Program Accounts was not registered with the TSSB or any other securities regulatory authority, nor was it exempt from registration.
20. Celsius failed to disclose to investors in Celsius Earn Program Accounts that Celsius Earn Program Accounts were not registered by federal or state securities regulatory authorities.
21. The Respondents were not licensed as a Money Service Business in Texas to conduct currency exchange or money transmission activities.
22. The deposits contained in Celsius Earn Program Accounts were not protected by the Securities Investor Protection Corporation ("SIPC"), insured by the Federal Deposit Insurance Corporation, or insured by the National Credit Union Administration. This lack of a protective scheme or regulatory oversight subjected investors in Celsius Earn Program Accounts to additional risks not borne by

investors who maintain assets with most SIPC member broker-dealers, or with banks, savings associations, or credit unions.

The Undisclosed Risks

23. Celsius failed to disclose material information necessary for investors in Celsius Earn Program Accounts to make informed decisions, including critical material information about the risks associated with purchasing its unregistered securities.
24. Celsius failed to disclose to investors in Celsius Earn Program Accounts certain material facts regarding the risks associated with its unregistered Celsius Earn Program Accounts.

CONCLUSIONS OF LAW

1. Paragraphs one through twenty-four are incorporated by reference as though fully set forth herein.
2. Celsius Earn Program Accounts were securities as defined in the Act.
3. The Respondents' offer and sale of securities in Texas that were not registered or permitted for sale in Texas violated the Act.
4. The Respondents committed fraud, in violation of the Act.
5. The foregoing violations of the Act set forth above provide the basis for this Consent Order pursuant to the Act.
6. This Consent Order is appropriate and in the public interest, pursuant to the Act.

ORDER

On the basis of the Findings of Facts, Conclusions of Law, and with Respondents' consent to the entry of this Order, **IT IS HEREBY ORDERED:**

1. This Consent Order fully resolves the matter commenced by the TSSB on September 17, 2021, with the entry of the NOH against the Respondents.
2. Respondents shall **CEASE AND DESIST** from engaging, directly or indirectly, in conduct constituting or which would constitute a violation of the Act or any regulation or order under the Act, including, without limitation, offering or selling securities in this state in contravention of the Act; *provided, however*, that nothing in this Consent Order shall restrain or enjoin the deposit, exchange, distribution, investment, or withdrawal of assets owned or held by the Respondents and being administered in accordance with the United States Bankruptcy Code and orders of the court in the Respondents' bankruptcy.
3. The TSSB shall not impose any administrative fines so long as the Plan³ becomes effective and is fully administered as proposed; *provided* that if the Chapter 11 Cases are closed, dismissed, or otherwise concluded, in each case, without the Respondents' bankruptcy estates being fully administered in accordance with the Plan and the Bankruptcy Code, the foregoing restriction on TSSB shall be lifted, and all of TSSB's and Respondents' respective rights are reserved as to the amount of any fines.
4. This Consent Order shall be binding upon the Respondents with respect to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

³ "Plan" means the Modified Joint Chapter 11 Plan of Reorganization of Celsius Network LLC and Its Debtor Affiliates (Conformed for MiningCo Transaction) [Docket No. 4289] (as may be modified, supplemented, or amended from time to time).

5. Upon execution by the Commissioner, this Consent Order fully resolves the NOH as to the Respondents. The Commissioner further acknowledges and agrees that any remaining pre-Effective Time⁴ claim⁵ against Celsius that relates to or arises out of this Consent Order or the conduct described in paragraphs nine through twenty-four shall be treated as a State Regulatory Claim⁶ under Celsius's Plan.
6. As part of this Consent Order, Respondents agree they:
 - a. will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in this Consent Order or creating the impression that this Consent Order is without factual basis; and
 - b. will not make or permit to be made any public statement to the effect that the Respondents do not admit the allegations, without also stating that the Respondents do not deny the allegations. If the Respondents breach the agreement set forth in this paragraph, the Commissioner may petition the Court to vacate this Consent Order.
7. Nothing in the preceding paragraph affects Respondents' testimonial obligations or right to take differing legal or factual positions in litigation or other legal proceedings.
8. This Consent Order should not be interpreted to waive any criminal cause of action, private cause of action that may have accrued to investors as a result of the activities detailed herein, or other causes of action that may result from activities of a Respondent not detailed in this Consent Order.

⁴ "Effective Time" shall have the meaning ascribed to it under the Plan.

⁵ "Claim" shall have the meaning ascribed to it by Section 101(5) of the Bankruptcy Code. 11 U.S.C.A. § 101(5) (West).

⁶ "State Regulatory Claim" shall have the meaning ascribed to it under the Plan.

ENTERED, this the 16th day of July, 2024.



TRAVIS J. ILES
Securities Commissioner

Respondents Celsius Network Inc., Celsius Network Limited, Celsius US Holding LLC, Celsius Network LLC, and Celsius Lending LLC consent to the terms of the above Consent Order:

DocuSigned by:
By: Chris Ferraro
2C0A980C3C442488
Christopher Ferraro
Plan Administrator

Date: 5/3/2024

Reviewed by Counsel for Respondents:

By: /s/ Christopher S. Koenig
Christopher S. Koenig
Counsel for Respondents

Date: May 3, 2023

Approved as to form:

By: _____
Joseph Rotunda
Director
Enforcement Division

Date: _____

By: _____
Greta L. Cantwell
Enforcement Attorney
Enforcement Division

Date: _____

Respondents Celsius Network Inc., Celsius Network Limited, Celsius US Holding LLC, Celsius Network LLC, and Celsius Lending LLC consent to the terms of the above Consent Order:

By: _____
Christopher Ferraro
Interim Chief Executive Officer, Chief
Restructuring Officer, and Chief Financial
Officer on behalf of Celsius Network LLC
and the other Respondents

Date: _____

Reviewed by Counsel for Respondents:

By: _____
Christopher S. Koenig
Counsel for Respondents

Date: _____

Approved as to form:

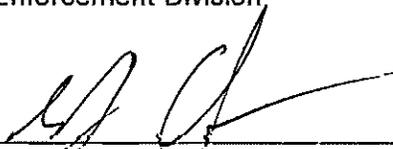
By: **Joe Rotunda** Digitally signed by Joe Rotunda
Date: 2024.05.28 16:13:00 -05'00'

Joseph Rotunda
Director
Enforcement Division

By: 

Greta L. Cantwell
Enforcement Attorney
Enforcement Division

Date: 05/10/2024

By: 

Seth Dufnac
Financial Examiner
Enforcement Division

Date: 05/23/2024