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**DISTRICT OF COLUMBIA  
DEPARTMENT OF INSURANCE, SECURITIES AND  
BANKING**

IN THE MATTER OF:

Voyager Digital Ltd.,  
Voyager Digital Holdings, Inc., and  
Voyager Digital, LLC

Respondents.

**ADMINISTRATIVE ORDER  
ORDER NO: SB-CO-04-22**

**CONSENT ORDER**

**PRELIMINARY STATEMENT**

WHEREAS, pursuant to the authority granted to the Commissioner (“the Commissioner”) of the D.C. Department of Insurance, Securities and Banking (“DISB” or the “Department”) under the D.C. Securities Act of 2000 (D.C. Official Code § 31-5601.01 et seq.) and the regulations promulgated thereunder, D.C. Mun. Regs. tit. 26, § 26-B100 *et. seq.* (collectively, the “Act”), the Department conducted an investigation into the securities-related activities of Voyager Digital, Ltd., Voyager Digital Holdings, Inc., and Voyager Digital, LLC (collectively, “Voyager” or the “Respondents”); and

WHEREAS, Voyager was a cryptocurrency brokerage that allowed customers to buy, sell, trade, and store cryptocurrency; and

WHEREAS, Voyager offered interest-bearing digital asset accounts called the Voyager Earn Program (the “Voyager Earn Program”), which allowed customers to earn interest on digital assets; and

WHEREAS, the Department commenced this matter on July 19, 2022, with a Summary Cease and Desist Order (the “C&D Order”) against Respondents and the C&D Order set forth violations of the Act by Respondents, specifically violations of the Act’s provisions related to the offering and selling of unregistered securities; and

WHEREAS, on July 5, 2022, the Respondents filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code; and

WHEREAS, on March 10, 2023, the United States Bankruptcy Court for the Southern District of New York entered the Corrected and Amended Order (I) Approving the Second Amended Disclosure Statement and (II) Confirming the Third Amended Joint Plan of Voyager Digital Holdings, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [D.I. 1166] whereby the Bankruptcy Court approved the Third Amended Joint Plan of Voyager Digital Holdings, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [D.I. 1166-1] (the “Plan”); and

WHEREAS, the Plan is a liquidating Plan. Mr. Paul R. Hage was appointed under the Plan to serve as the Plan Administrator on May 19, 2023 and is charged with liquidating the assets of the Respondents and making distributions to creditors. For the avoidance of doubt, Mr. Hage was not affiliated with the Respondents at the time of any of the alleged violations referenced herein, had no personal involvement in any such alleged violations, and is not culpable nor responsible for any such alleged violations; and

WHEREAS, on May 18, 2023, the United States Bankruptcy Court for the Southern District of New York entered an Order (I) Approving the Liquidation Procedures and (II) Granting Related Relief ordering Voyager to take all actions necessary to effectuate an orderly liquidation of Voyager’s assets; and

WHEREAS, consistent with the Plan, the Plan Administrator is in the process of liquidating the assets of the Respondents for the benefit of creditors. The Respondents have no ongoing business operations; and

WHEREAS, without admitting or denying the Findings of Fact and Conclusions of Law set forth below, except as to the jurisdiction of the Department over the Respondents and the subject matter of this proceeding, which are admitted only for the purposes of this Consent Order, 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 Statement of Charges; and

WHEREAS, the Respondents elect to waive permanently any right to a hearing and appeal under under any applicable statutes and regulations, including D.C. Official Code § 31-5606.02; D.C. Mun. Regs. tit. 26, §26-B300 *et. seq.*; and D.C Official Code § 2-501 *et. seq.* with respect to this Consent Order; and

WHEREAS, nothing in this Agreed Order affects Respondents' right to take legal or factual positions in litigation or other legal proceedings in which the Department is not a party. The Agreed Order shall not be effective until signed by both the Respondents and the Commissioner, and shall not be used as evidence of the Respondents' admission to any factual or legal conclusion in any other proceeding.

NOW, THEREFORE, the Commissioner of the Department, as administrator of the Act, hereby enters this Consent Order:

**FINDINGS OF FACT**

**I. JURISDICTION**

1. The Commissioner has jurisdiction over this matter pursuant to D.C. Official Code §§ 31-5606.02(a) and 31-5607.01.

**II. RESPONDENTS**

2. Voyager Digital, Ltd. (“the Voyager Parent Company”) was incorporated on June 25, 1993, pursuant to the British Columbia Business Corporations Act under the entity name 392838 B.C., Ltd. Thereafter, the Voyager Parent Company changed its name to UC Resources, Ltd. on

October 31, 2001; to Voyager Digital (Canada), Ltd. on February 6, 2019; and to Voyager Digital, Ltd. on July 16, 2020. The notice address for each of the Respondents is: Attn: Paul R. Hage, 27777 Franklin Road, Suite 2500, Southfield, Michigan 48034.

3. Voyager Digital Holdings, Inc. (“the Voyager Holding Company”) is a Delaware corporation incorporated on January 12, 2018. It is a wholly owned subsidiary of the Voyager Parent Company. The Voyager Holding Company, formerly known as CryptoTrading Technologies, Inc. and then CryptoTrading Holdings, Inc., served as the holding company for the Voyager Parent Company’s subsidiaries formed and operating in the United States, including the Subsidiary.

4. Voyager Digital, LLC (“the Voyager Subsidiary”) is a Delaware Limited Liability Company formed on January 23, 2018. It is a wholly owned subsidiary of the Voyager Holding Company.

5. On July 5, 2022, the Respondents filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code.

6. The Respondents are not presently registered, and they have never been registered, in any capacity, with the Department.

### **Voyager’s Business Operations**

7. Voyager operated as a cryptocurrency and other digital asset broker that provided retail and institutional customers with access to its digital platform to buy and sell cryptocurrency and other digital assets (the “Voyager Platform”), and Voyager offered trade execution, market data, and custody services on that platform.

8. The Voyager Subsidiary provided Voyager’s user-facing products and services for its customers in the United States.

9. Voyager conducted its business through Voyager’s proprietary smartphone application and, in addition, maintained an informational website accessible to the general public at

<https://www.investvoyager.com> (the “Voyager Website”), which was also accessible through Voyager’s own proprietary application via smartphone.

10. Voyager generated revenue through cryptocurrency and digital asset trading by customers, staking, and lending.

11. According to the Voyager Website, Voyager offered accounts to its customers (the “Voyager Accounts”) with the following features:

- a. Custody Feature – provided customers the ability to custody their digital assets on the Voyager Platform;
- b. Trading Feature – provided customers the ability to trade “spot transactions” between fiat and digital assets through the Voyager Platform;
- c. Data Feature – provided customers access to a news feed containing cryptocurrency market news and headlines, as well as cryptocurrency performance, tracking, and charting tools;
- d. Referral Feature – provided customers the ability to earn \$25 worth of Bitcoin for each individual customer referred to Voyager who successfully opened and funded a Voyager Account with a minimum of \$100; and
- e. Rewards Program – operated as a payment-in-kind program whereby customers earned digital assets for maintaining a monthly minimum balance of certain digital assets of the same type in their Voyager Account.

12. The Voyager Accounts were subject to certain terms and conditions as set forth in the Customer Agreement (the “Customer Agreement”).

### **The Voyager Earn Program Accounts**

13. On October 23, 2019, Voyager launched the aforementioned rewards program, initially referred to as the “Voyager Interest Program,” then the “Voyager Rewards Program,” and then subsequently the “Voyager Earn Program” (collectively, the “Voyager Earn Program

Accounts”), as a feature of all Voyager Accounts, unless the account holder opted out. As the name suggests and as detailed below, the Voyager Earn Program Accounts offered Voyager Earn Program participants “Rewards” in the form of interest rate incentives for maintaining balances of certain cryptocurrencies in their Voyager Account.

14. Since October 23, 2019, Voyager paid for interest owed to the Earn Program participants by, among other things, using their deposits to issue high-yield loans to other entities in the crypto industry. Voyager sought to use Earn Program Investor deposits to earn interest on loans which exceeded the rewards owed to those Earn Program Investors. The Voyager Earn Program generally operated at a deficit.

15. Voyager offered its Voyager Earn Program Accounts to all U.S. residents, including residents of the District of Columbia, over the age of eighteen, except residents of the State of New York.

16. Voyager offered its Voyager Earn Program Accounts by soliciting investors to open a Voyager Account by depositing U.S. dollars, eligible cryptocurrencies, or other digital assets into their Voyager Accounts to invest in the Voyager Earn Program Accounts (the “Earn Program Investors”).

17. Voyager only accepted certain types of cryptocurrencies for deposit in connection with the Voyager Earn Program.

18. The Voyager Website stated that Voyager required the Earn Program Investors to maintain a specified minimum average monthly cryptocurrency balance for an Earn Program Investor to earn interest on the Voyager Earn Program Account balances. Specific minimum balances for particular types of cryptocurrencies were listed on the Voyager Website and updated on a monthly basis.

19. In exchange for their deposits into Voyager Earn Program Accounts, Voyager offered to pay lucrative interest rates to the Earn Program Investors who deposited certain eligible

cryptocurrencies in the Voyager Earn Program Accounts denominated in the same type of cryptocurrency or digital asset originally deposited. Voyager promoted the interest rates through the Voyager Website, which at one point advertised an annual return of “up to 12% Rewards” on certain cryptocurrencies or digital assets for retail investors.

20. The Voyager Earn Program Account “Rewards” rates Voyager advertised were generally well in excess of the interest rates offered for short-term, investment grade, fixed income securities or for bank savings accounts.

22. Although Voyager referred to its payments as “Rewards,” the term “Rewards” was simply a substitute for interest. The Earn Program Investors earned a variable interest rate on their investment account balances and could withdraw their digital assets at any time, subject to certain restrictions, including discretionary decisions by Voyager to “delay, modify or prohibit, in whole or in part, any requested [w]ithdrawal,” and withdrawals within sixty days of a cryptocurrency or cash deposit.

23. The Customer Agreement described the interest calculation and payment methodology:

10. Rewards Program. By entering into this Customer Agreement, and subject to clause (F) of this Section 10, Customer understands, acknowledges and agrees that Customer is opting into the Voyager Earn Program (the “Rewards Program”). The Rewards Program allows Customer to earn additional Cryptocurrency of the same kind of Cryptocurrency held in Customer’s Account (the “Rewards”). The terms and conditions governing the Rewards Program are as follows:

(B) How Rewards Are Calculated. Rewards earned on Cryptocurrency are variable. Voyager will typically publish anticipated rewards rates once per month on or before the first business day of each month. Reward rates may be tiered, with specified rates in effect at any time only applied to specified portions of amounts of Cryptocurrency held in the Account. Rewards will be payable in arrears and added to the Account on or before the fifth business day of each calendar month for the prior calendar month. Voyager uses the daily balance method to calculate the Rewards on the Account. This method applies a daily periodic rate to the specified principal in the Account each day. The daily periodic rate is calculated by dividing the applicable interest rate

by three hundred sixty-five (365) days, even in leap years. Voyager will determine the Reward rates and tiers for each month in Voyager's sole discretion, and Customer acknowledges that such Rewards may not be equivalent to benchmark interest rates observed in the market for bank deposit accounts.

24. Voyager set the interest rates it paid on eligible cryptocurrencies and digital assets in advance, on a monthly basis, and at its sole discretion.

25. The accrual of interest was calculated using a daily periodic rate applied to the principal in a Voyager Earn Program Account and interest was paid the month after it accrued. Interest was payable on or before the fifth business day of each calendar month for the interest accrued the prior month.

26. The monthly interest rates were posted on the Voyager Website. Voyager's interest rates for deposits of certain cryptocurrencies in the Voyager Earn Program accounts could be "tiered" with specified rates in effect at any time and only applied to specified portions of cryptocurrency held therein. In March 2022, the annual interest rates on eligible cryptocurrencies ranged from 12% for the "Polkadot" cryptocurrency to 0.5% for the "OMG" cryptocurrency.

27. Voyager also paid interest for deposits of certain "stablecoins," which are cryptocurrencies pegged to an external measure of value such as the U.S. dollar, in the Voyager Earn Program Accounts. For example, in March 2022, according to the Voyager Website, Voyager paid 9% annual interest on deposits of the "USDC" cryptocurrency with a minimum balance of 100 USDC.

28. The Customer Agreement disclosed the status of cryptocurrency deposited by Earn Program Investors in Paragraph 5.D. of the Customer Agreement, "Consent to Rehypothecate":

Consent to Rehypothecate. Customer grants Voyager the right, subject to applicable law, without further notice to Customer, to hold Cryptocurrency held in Customer's Account in Voyager's name or in another name, and to pledge, repledge, hypothecate, rehypothecate, sell, lend, stake, arrange for staking, or otherwise transfer or use any amount of such Cryptocurrency, separately or together with other property, with all attendant rights of ownership, and for any period of time and without retaining a like amount of Cryptocurrency, and to use or invest such Cryptocurrency at Customer's sole risk.



29. Furthermore, Paragraph 10.A., “Rewards Program – Overview” of the Customer Agreement provided:

(A) Overview. Each Customer participating in the Rewards Program acknowledges and agrees that Voyager may rely on the consent to rehypothecate granted by each Customer pursuant to **Section 5(d) – Consent to Rehypothecate** with respect to Cryptocurrency held in such Customer Account. Such consent to rehypothecate expressly includes allowing Voyager to (1) stake Cryptocurrency held in an omnibus fashion through various blockchain protocols (either by delegating Cryptocurrencies to the financial institutions which, in return, stake such Cryptocurrencies or using staking service providers to stake Cryptocurrencies); and (2) lend such Cryptocurrency to various institutional third parties (each, a “Borrower”) determined at Voyager’s sole discretion (each, a “Loan”). Voyager enters into these Loans as principal and independently negotiates with each Borrower the terms of a Loan, but these Loans are generally unsecured, for a fixed term of less than one year or can be repaid on a demand basis, and provide a fee payable in Cryptocurrency based on the percentage and denominated in the Cryptocurrency lent. Voyager selects which and how much Cryptocurrencies are available for such staking and lending.

(emphasis in the original).

30. The Customer Agreement provided that the Earn Program Investor would relinquish control over their deposits and that Voyager takes legal and beneficial ownership of those deposits.

31. Voyager then commingled and pooled Earn Program Investors’ deposits together to fund its various income generating activities, including staking or lending to various third parties, including other financial institutions.

32. Having relinquished control over the deposits in their Voyager Earn Program Accounts, and in exchange for investing in the Voyager Earn Program Account, the Earn Program Investors relied on Voyager to pay the in-kind rewards.

### **The Undisclosed Risks**

33. Voyager failed to disclose to Earn Program Investors certain material facts regarding the risks associated with its unregistered Voyager Earn Program Accounts, most prominently the

identity, nature, and creditworthiness of borrowers to whom Voyager lent material amounts of cryptocurrency or digital assets.

### **Lack of Registration and Public Protections**

34. The Respondents were not licensed, registered, qualified, or notice filed with the United States Securities and Exchange Commission.

35. The Voyager Earn Program Account was not registered with the Department or any other securities regulatory authority, nor was it exempt from registration.

36. Voyager failed to disclose to Earn Program Investors that the Voyager Earn Program Account was not registered by federal or state securities regulatory authorities.

37. The deposits contained in the Voyager Earn Program Accounts were not protected by the Securities Investor Protection Corporation (“SIPC”), insured by the Federal Deposit Insurance Corporation (“FDIC”), or insured by the National Credit Union Administration (“NCUA”). This lack of a protective scheme or regulatory oversight subjected the Earn Program Investors to additional risks not borne by investors who maintain assets with most SIPC member broker-dealers, or with banks, savings associations, or credit unions.

### **District of Columbia Investors**

38. As of March 1, 2022, Voyager had approximately 1,530,000 Voyager Reward Program Accounts representing approximately \$5 billion in assets, of which approximately 52,800 were DC-based accounts representing approximately \$197 million in assets.

39. After Voyager filed for bankruptcy on July 5, 2022, Voyager proposed and obtained court approval to enter into sale transactions with FTX and Binance.US, which were ultimately not completed. Through the court-approved liquidation process set forth in the Plan, Voyager has made an initial distribution of recoveries in the amount of approximately 35.72% of creditor claims. Customer creditors were provided with the opportunity to receive their distributions either in-kind or

in fiat. The Plan Administrator plans to make additional distributions to creditors, but the timing and amount is currently unknown.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

### **CONCLUSIONS OF LAW**

1. Paragraphs 1 through 39 are incorporated by reference as though fully set forth herein.

The Respondents neither admit nor deny the following Conclusions of Law.

2. The Voyager Earn Program Accounts were securities as defined in D.C. Official Code § 31-5601.01 (31).

3. The Respondents' offer and sale of unregistered securities in the District of Columbia violated D.C. Official Code § 31-5603.01.

4. The foregoing violations of the Act set forth above provide the basis for this Consent Order pursuant to D.C. Official Code § 31-5606.02.

Based upon the foregoing and finding it in the public interest:

### **CONSENT ORDER**

A. Upon execution by the Plan Administrator on behalf of the Respondents and the Commissioner, this Consent Order resolves the matter commenced by the Department on July 19, 2022, with the entry of the C&D Order against Respondents.

B. Each Respondent and every successor and affiliate of each of the Respondents, and every entity owned, operated, or indirectly or directly controlled by or on behalf of each of the Respondents, shall **CEASE AND DESIST** from transacting business in the District in violation of the Act.

C. Respondents are hereby ordered to pay a fine in the amount of \$2.8 million to the District of Columbia, to be subordinated to claims in the Respondents' bankruptcy proceeding

referenced herein, and is only payable in the event that the Respondents violate the terms of this Consent Order.

D. This Consent Order shall be binding upon the Respondents, their affiliates, and their respective successors and assigns with respect to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events, and conditions.

E. Notwithstanding this Agreed Order, the Respondents are permitted to make subsequent distributions to creditors in the District of Columbia and to take any other action contemplated in the Plan.

F. This Agreed Order does not concern activities that occurred while the Plan Administrator was a “control person.”

G. As part of this Consent Order, the Respondents agree that they: (i) 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 (ii) 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 vacate this Consent Order. Nothing in this paragraph affects the Respondents’: (i) testimonial obligations or (ii) right to take differing legal or factual positions in litigation or other legal proceedings. This Consent Order should not be interpreted to waive any (i) criminal cause of action, (ii) private cause of action that may have accrued to third parties as a result of the activities detailed herein, or (iii) other causes of action that may result from activities of a Respondent not detailed in this Consent

Order **ENTERED**, this the 19<sup>th</sup> day of September, 2024.

Karima M. Woods, Commissioner

Respondents Voyager Digital, LLC, Voyager Digital, Ltd. And Voyager Digital Holdings, Inc.

consent to the terms of the above Consent Order:

By: Paul R. Hage  
Paul R. Hage,  
Bankruptcy Plan Administrator on behalf of  
Respondents Voyager Digital, LLC,  
Voyager Digital, Ltd. and  
Voyager Digital Holdings, Inc.

Date: August 20, 2024

Reviewed by Counsel for Respondents:

By: \_\_\_\_\_  
NAME:  
TITLE:

Date: \_\_\_\_\_