

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

BlockFi Inc.,
BlockFi Lending, LLC, and
BlockFi Trading, LLC,

Respondents.

**SUMMARY CEASE AND
DESIST ORDER –
FIFTH EXTENSION**

WHEREAS, the Chief of the New Jersey Bureau of Securities (“Bureau”) is charged with the administration of the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -89 (“Securities Law”);

WHEREAS, N.J.S.A. 49:3-67(a) provides, in part, that, “[t]he bureau chief may from time to time make, amend and rescind such rules, forms, and orders as are reasonably necessary to carry out the provisions of this law”;

WHEREAS, on July 19, 2021 the Bureau Chief entered a Summary Cease and Desist Order (“BlockFi Order”) as to BlockFi Inc., BlockFi Lending, LLC, and BlockFi Trading, LLC, (together “BlockFi”) which, among other things, ordered that as of July 22, 2021, BlockFi “and any person, agent, employee, broker, partner, officer, director, affiliate, successor, or stockholder thereof, under any of their direction or control shall **CEASE AND DESIST** from:

- a) offering for sale any security, including any BlockFi Interest Account (“BIA”), to or from New Jersey unless the security is registered with the Bureau, is a covered security, or is exempt from registration under the Securities Law; and
- b) violating any other provisions of the Securities Law and any rules promulgated thereunder for the sale of any security in New Jersey” (“Cease and Desist Provisions”);

WHEREAS, to avoid any potential harm to BlockFi’s existing BIA investors, the Bureau’s BlockFi Order stated that the BlockFi Order did not “preclude [BlockFi] from paying interest on the existing BIAs or refunding principal to the BIA Investors consistent with the BIA Terms and BlockFi Terms and Conditions”;

WHEREAS, on July 21, 2021, the Bureau Chief entered a Summary Cease and Desist Order-Extension (“BlockFi Extension Order”) as to BlockFi, which, among other things, ordered that:

1. The BlockFi Order effective date shall be extended until July 29, 2021; and

2. All deadlines for BlockFi's response to the BlockFi Order pursuant to N.J.S.A. 49:3-69(a)(1) shall run from July 29, 2021.

WHEREAS, BlockFi asserted that it required an extension of the effective date to September 2, 2021, to prevent irreparable harm to BlockFi's business, clients, and investors;

WHEREAS, BlockFi agreed to add language to BlockFi's website advising BIA investors of the BlockFi Order, which ordered BlockFi to cease offering and selling the BIA;

WHEREAS, on July 27, 2021, the Bureau Chief entered a Summary Cease and Desist Order-Second Extension ("BlockFi Second Extension Order") as to BlockFi, which, among other things, ordered that:

1. The BlockFi Order effective date shall be extended until September 2, 2021; and
2. All deadlines for BlockFi's response to the BlockFi Order pursuant to N.J.S.A. 49:3-69(a)(1) shall run from July 29, 2021.

WHEREAS, on September 1, 2021 the Acting Bureau Chief entered a Summary Cease and Desist Order-Third Extension ("BlockFi Third Extension Order") as to BlockFi, which, among other things, ordered that:

1. The BlockFi Order effective date shall be extended until September 22, 2021; and
2. All deadlines for BlockFi's response to the BlockFi Order pursuant to N.J.S.A. 49:3-69(a)(1) shall run from July 29, 2021.

WHEREAS, on September 21, 2021 the Acting Bureau Chief entered a Summary Cease and Desist Order-Fourth Extension ("BlockFi Fourth Extension Order") as to BlockFi, which, among other things, ordered that:

1. The BlockFi Order effective date shall be extended until December 1, 2021; and
2. The time periods for BlockFi to respond to the BlockFi Order pursuant to N.J.S.A. 49:3-69(a)(1) began to run on July 29, 2021.

WHEREAS, subsequent to entry of the BlockFi Fourth Extension Order, BlockFi and the Bureau have engaged in settlement discussions and the parties believe that additional time for such discussions is warranted;

WHEREAS, the parties continue to make substantial progress toward a resolution and believe that an extension of the effective date of the BlockFi Order would advance that process;

WHEREAS, nothing in this order shall modify the BlockFi Order in any respect other than to change the effective date of the BlockFi Order as indicated below.

THEREFORE, IT IS on this 22d day of November 2021, HEREBY ORDERED that:

1. The BlockFi Order effective date shall be extended until February 1, 2022; and
2. The time periods for BlockFi to respond to the BlockFi Order pursuant to N.J.S.A. 49:3-69(a)(1) began to run on July 29, 2021.

s/ Sean P. Neafsey

Sean P. Neafsey
Acting Bureau Chief

NOTICE OF RIGHT TO HEARING

Pursuant to N.J.S.A. 49:3-69(a)(1)(i), the Bureau Chief shall entertain on no less than three days' notice a written application to lift the Order to Cease and Desist- Extension on written application of the person subject thereto and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the person subject thereto a written statement of the reasons for the Order to Cease and Desist-Extension.

Pursuant to N.J.S.A. 49:3-69(a)(1)(ii), upon service of notice of the Order to Cease and Desist-Extension issued by the Bureau Chief, the person subject thereto shall have up to 15 days to respond to the Bureau in the form of a written answer and written request for a hearing. The Bureau Chief shall, within five days of receiving the answer and request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing or schedule a hearing at the Bureau of Securities.

Orders issued pursuant to N.J.S.A. 49:3-69 shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the Order shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the Order shall toll the time for filing an answer and written request for a hearing.

Pursuant to N.J.S.A. 49:3-69(a)(1)(iii), if any person subject to the Order fails to respond by filing a written answer and written request for a hearing with the Bureau or moving to vacate the order within the 15 day prescribed period, that person shall have waived the opportunity to be heard. The Order will be a Final Order and shall remain in effect until modified or vacated.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.