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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

Voyager Digital LLC,

Respondents

Order No.: S-21-3218-22-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENT TO
ENTER ORDER TO CEASE AND DESIST,
TO IMPOSE FINES,
AND TO CHARGE COSTS

THE STATE OF WASHINGTON TO:

Voyager Digital Ltd.

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Voyager Digital LLC has violated the Securities Act of Washington. The Securities Administrator believes those violations justify the entry of an order against the Respondent to cease and desist from such violations and to charge costs pursuant to RCW 21.20.390, and under RCW 21.20.395 to impose a fine. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondent

1. Voyager Digital LLC (“Voyager”) is a Delaware limited liability company, originally formed on January 23, 2018. Voyager operates a cryptocurrency trading platform and accompanying iOS and Android applications. In connection with its cryptocurrency trading services, Voyager holds money transmitter licenses in 13 states, including Washington.

Related Persons

1 2. Voyager Digital Ltd. is a British Columbia company, originally formed on June 25, 1993, with
2 its principal place of business in Vancouver, British Columbia, Canada.¹ Voyager Digital Ltd. is the sole
3 owner of Voyager, along with several other related entities under the Voyager name.

4 **Nature of the Conduct**

5 **Overview**

6 3. Since October 2019, Voyager has offered Voyager Earn, a cryptocurrency investment program
7 which advertises high rates of return for investors. In this program, Voyager customers essentially “deposit”
8 their cryptocurrency with Voyager, assign control rights for the cryptocurrency to Voyager, and earn in-kind
9 interest on the deposited cryptocurrency (for instance, a customer who deposits Bitcoin will receive their
10 interest payments in Bitcoin). Voyager, in turn, lends cryptocurrencies to large borrowers and earns interest
11 on these loans, partly funding the interest payments to Voyager Earn participants.

12 4. As of approximately September 2021, over 46,000 Washington residents had established
13 Voyager accounts, which held a collective total of approximately \$199 million worth of cryptocurrency. Of
14 these users, slightly over 28,000 have participated in the Voyager Earn program.

15 **Background Concepts**

16 5. “Cryptocurrency” refers to a type of digital asset which is designed as a store of value and can
17 be used for various types of transactions with other users of the cryptocurrency. The best-known
18 cryptocurrency ecosystems are Bitcoin and Ethereum. In most cases, transactions involving a particular
19 cryptocurrency are recorded on a “blockchain,” a publicly available ledger system which relies on users’
20 collective computing power to record transactions.

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23 ¹ Voyager Digital Ltd. was originally formed under the name 393838 B.C. Ltd.” It adopted the Voyager name in February 2019.

1 6. Some cryptocurrency networks, most prominently Ethereum, operate on a “proof of stake”
2 principle, meaning that in order to participate in processing transactions on a particular cryptocurrency’s
3 blockchain, a user must lock in, or “stake” a certain minimum amount of that cryptocurrency within the
4 network. Several companies which offer staking and related services have described staking as analogous to
5 a bank account deposit.² In exchange for staking their cryptocurrency and participating in the blockchain, the
6 user generally receives in-kind payment of the staked cryptocurrency. In recent years, many cryptocurrency
7 companies have begun offering staking services which streamline or automate staking-related functions and
8 offer the user in-kind interest payments.

9 **Voyager Earn Program**

10 7. Since October 2019, Voyager has offered the Voyager Earn program, in which users deposit
11 their cryptocurrency in a Voyager account and provide Voyager with the rights to use the deposited
12 cryptocurrency for various business purposes. In exchange, Voyager Earn customers receive passive income
13 generated either by Voyager staking cryptocurrency on its customers’ behalf or by lending the cryptocurrency
14 to large institutional borrowers. Although these payments function similarly to banks or pooled investment
15 vehicles, Voyager and its affiliated entities are not registered in these capacities with any relevant authority
16 and are not protected by organizations such as the Federal Deposit Insurance Corporation (which protects
17 bank accounts) or the Securities Investor Protection Corporation (which insures brokerage accounts).

18 8. On its social media accounts, Voyager has repeatedly characterized the Earn Program as an
19 investment and the accompanying payments as interest payments. For instance, in a June 2021 post on its
20 Twitter account, @InvestVoyager, Voyager advertised that “[t]he voyage to wealth doesn't have to be
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23 ² See Coinbase, “What is staking?,” available at <https://www.coinbase.com/learn/crypto-basics/what-is-staking>; SoFi, “Guide to
Crypto Staking: What It Is, How It Works, and How to Get Started,” Oct. 22, 2021, available at
<https://www.sofi.com/learn/content/crypto-staking/>.

1 complicated with our easy to navigate app. With over 55 digital assets to choose from and up to 10% interest
2 APR on investments, you can focus on watching your assets grow.” Throughout 2021, Voyager regularly
3 advertised its industry-leading interest rates. On its website, Voyager provides customers with a list of
4 cryptocurrencies it currently transacts in, along with the interest rate and required minimum balance which
5 customers must maintain in their account in order to receive monthly interest payments. As of February 2022,
6 Voyager offered the Voyager Earn program for approximately three dozen cryptocurrencies, with annual
7 interest rates ranging from 0.5% to 12%, substantially higher than a fiat-currency savings account.

8 9. In its customer agreement, Voyager requires customers to provide it with the authority to
9 “move, transfer, store, control, and rehypothecate digital assets” in their accounts. Voyager generally pools
10 customers’ cryptocurrency into an omnibus account, which it uses to (a) stake cryptocurrency on customers’
11 behalf, and (b) facilitate institutional loans to large cryptocurrency borrowers. Although Voyager gives
12 customers the right to opt out of the Voyager Earn program, there is no similar opt-out provision for this
13 pooling or for Voyager’s control rights over the cryptocurrency in their accounts.

14 10. Voyager Earn participants do not engage in substantive Voyager Earn-related activities beyond
15 depositing their cryptocurrency with Voyager, and depend mostly or entirely on Voyager and its business
16 efforts to receive these payments. Voyager sets its interest rates on a month-to-month basis with no customer
17 input, and has represented to the Securities Division that it generally sets these rates based on “customer
18 acquisition considerations.” Voyager funds the Voyager Earn program through its business activities,
19 including revenue from cryptocurrency trading services, revenue from lending to large borrowers, revenue
20 from staking, and revenue from its affiliated cryptocurrency payments services. As a result, Voyager Earn
21 participants’ ability to receive interest payments is dependent on the success of Voyager’s business.

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1 **Registration & Failures to Disclose**

2 11. Voyager is not, and has never been, registered to sell its securities in the State of Washington.

3 12. Voyager’s failure to register its securities offerings with the appropriate authorities has
4 deprived its customers of material information necessary for a fully informed investment decisions. In
5 particular, Voyager failed to disclose any specifics of its institutional lending activities, including how it
6 locates and evaluates potential borrowers, the interest rate(s) at which it lends to institutional borrowers, the
7 steps it takes to guard against the risk of default, and whether any borrowers have previously defaulted.
8 Voyager also failed to disclose information about the total pool of investor funds used in Voyager Earn, its
9 methods for setting interest rates in Voyager Earn, and the circumstances under which a depositor might be
10 unable to withdraw their funds.

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

12 **CONCLUSIONS OF LAW**

13 1. The offer and/or sale of the Voyager Earn program, as described above, constitutes the offer
14 and/or sale of a security as defined in RCW 21.20.005(14) and (17).

15 2. Voyager Digital LLC has violated RCW 21.20.140, because, as set forth in the Tentative
16 Findings of Fact, it offered and sold securities for which no registration is on file with the Securities
17 Administrator.

18 **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

19 Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities
20 Administrator intends to order, pursuant to RCW 21.20.390(1), that Voyager Digital LLC, and its agents and
21 employees, each shall cease and desist from violations of RCW 21.20.140.

1 **NOTICE OF INTENT TO IMPOSE FINES**

2 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,
3 the Securities Administrator intends to order that Respondent Voyager Digital LLC shall be liable for and
4 shall pay a fine of \$2,800,000.

5 **NOTICE OF INTENT TO CHARGE COSTS**

6 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,
7 the Securities Administrator intends to order that Respondent Voyager Digital LLC shall be liable for and
8 shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this
9 matter, in an amount not less than \$5,000.

10 **AUTHORITY AND PROCEDURE**

11 This Statement of Charges is entered pursuant to the provisions of Chapter 21.20 RCW and is subject
12 to the provisions of Chapter 34.05 RCW. The Respondent, Voyager Digital LLC, may make a written request
13 for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR
14 HEARING accompanying this Order. If a Respondent does not make a hearing request in the time allowed,
15 the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law
16 as final and to enter a permanent order to cease and desist as to that Respondent, to impose any fines sought
17 against that respondent, and to charge any costs sought against that Respondent.

1 Signed and Entered this 29th day of March, 2022.

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William M. Beatty
Securities Administrator

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Approved by:

Presented by:

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Brian J. Guerard
Chief of Enforcement

Adam N. Yeaton
Financial Legal Examiner

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