

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:

Voyager Digital LTD.;
Voyager Digital Holdings, Inc.; and
Voyager Digital LLC

Respondents

)
)
)
)
)
)
)

ORDER TO CEASE AND DESIST
I-2022-00073

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:6-613.

LEGAL AUTHORITY AND JURISDICTION
NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of
RSA 421-B:6-613.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to RSA 421-B:6-604(a), whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of the chapter or any rule under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter.

Pursuant to RSA 421-B:5-508, any person who willfully violates a cease and desist order issued pursuant to RSA 421-B:6-603 or RSA 421-B:6-604, or who violates RSA 421-B:5-501(a)(2) knowing that the statement was false or misleading in any material respect, shall be guilty of a class B felony.

Pursuant to RSA 421-B:6-604(d), the Secretary of State has the authority to impose administrative penalties of up to \$2,500 for a single violation.

Pursuant to RSA 421-B:6-604(g), the Secretary of State may charge the actual cost of an investigation or proceeding for a violation of this chapter or an order issued under this chapter.

Pursuant to RSA 421-B:6-604(d), the secretary of state may permanently bar a person from any securities licensure and registration in N.H.

Pursuant to RSA 421-B:6-604(e), the secretary of state may order payment of restitution to N.H. investors,

NOTICE OF RIGHT TO REQUEST A HEARING

Pursuant to RSA 421-B:6-604, Respondents have a right to request a hearing. The request must be made within 30 days from receipt of this Order. If the Respondents fail to request a hearing on this Order within 30 calendar days of receipt, the order shall become final.

Pursuant to RSA 421-B:6-613, upon request for a hearing, said hearing shall be held no later than fifteen days after such request is received by the Bureau.

Any such request for a hearing shall be in writing, signed by the Respondents or by the duly authorized agent of the above named Respondents, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301. Respondents have the right to be represented by counsel.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated January 19, 2023 (a copy of which is attached hereto) are incorporated by reference hereto.

ORDER

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the New Hampshire securities laws, and

WHEREAS, finding that the public interest would be irreparably harmed by delay in issuing an order of suspension, and

WHEREAS, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested,

THEREFORE, IT IS HEREBY ORDERED, THAT:

Respondents shall immediately cease and desist from further violations of RSA 421-B.

Respondents are permanently barred from any securities licensure and registration.

Respondents shall jointly and severally pay a fine totaling \$1,000,000 for violations of the New Hampshire Securities Act RSA 421-B.

Respondents shall jointly and severally pay restitution to New Hampshire investors in the amount of \$7,880,507.

**SIGNED,
DAVID M. SCANLAN
SECRETARY OF STATE
BY HIS DESIGNEE:**

Date: January 25, 2023



**Barry J. Glennon, Director
N.H. Bureau of Securities Regulation**

STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION
25 CAPITOL STREET
CONCORD, NH 03301

STAFF PETITION FOR RELIEF

IN THE MATTER OF:

VOYAGER DIGITAL LTD.; VOYAGER
DIGITAL HOLDINGS, INC.; AND
VOYAGER DIGITAL LLC

I-202200073

STATEMENT OF FACTS

- I. The State of New Hampshire, Department of State, Bureau of Securities Regulation (hereinafter referred to as “the Bureau”), hereby petitions the Director, and makes the following statement of facts:
1. Voyager Digital Ltd. is incorporated in British Columbia, Canada, and its shares trade on the Toronto Stock Exchange under the symbol VOYG. Voyager Digital Ltd. is also the parent company for certain subsidiaries, including Voyager Digital Holdings, Inc.
 2. Voyager Digital Ltd. owns Voyager Digital Holdings, Inc., a Delaware company, and Voyager Digital Holdings, Inc., owns Voyager Digital LLC.
 3. Voyager Digital, LLC is incorporated in Delaware and is providing Voyager’s userfacing products and services for customers in the United States. The above entities will be referred to collectively as “Voyager.”
 4. Respondents are illegally offering and selling unregistered securities in the form of investments in interest-earning digital asset accounts referred to as Voyager’s “Interest Program” or “Rewards Program” or “Earn Program” (“Voyager Interest Accounts”). Respondents have done this from approximately November 1, 2019 through July 1, 2022 (the “Relevant Period”)
 5. As of July 1, 2022, Voyager had nearly \$1.7 billion in assets under management in more than

- 1.5 million Voyager Interest Accounts, including \$19,746,151 held in 6,090 Voyager Interest Accounts belonging to New Hampshire residents.
6. New Hampshire residents may purchase investments in Voyager Interest Accounts through Voyager's website or smartphone application.
 7. Investors open accounts by transferring certain fiat currency, cryptocurrency, or other digital assets to Voyager.
 8. Investors thereafter use their principal to buy and trade more than 90 defi coins, stablecoins, altcoins, and other digital assets. Voyager represents its trades are "commission-free."
 9. Investors then earn interest on their purchase of certain digital assets. Voyager sets the interest rates it pays on these digital assets.
 10. The annual interest rates are lucrative – as high as 12 percent – and generally in excess of annual interest rates currently being offered for short-term, investment grade, or fixed-income securities, or for bank savings accounts.
 11. Voyager pays an even higher rate of interest, referred to as a "boost," to investors purchasing certain amounts of VGX, Voyager's native digital token.
 12. The accrual of interest is calculated using a daily periodic rate applied to the principal in a Voyager Interest Account. Voyager pays the interest the month after it accrues in the same type of cryptocurrency or digital asset originally invested.
 13. Investors may withdraw their funds at any time, subject to certain processing times, minimum deposit term, and minimum balance requirements. Voyager, in its sole discretion, may delay, modify, or prohibit any requested withdrawal.
 14. On July 5, 2022, Voyager commenced voluntary Chapter 11 bankruptcy proceedings in the U.S. Bankruptcy Court for the Southern District of New York.

Use of Principal

15. After investors provide principal to Voyager, their principal is comingled in omnibus accounts, they relinquish control of their principal and Voyager takes legal and beneficial ownership of the principal.
16. Voyager is thereafter able to use principal consistent with the terms of use, and as such it may transfer principal to foreign jurisdictions, lend principal, pledge principal, sell principal,

rehypothecate principal, transfer principal to unidentified third parties and engage in any other transaction at Voyager's discretion and the depositing investor's sole risk.

17. Voyager earns revenue through the aforementioned transactions. However, in 2021, around 88 percent of Voyager's revenue was generated by providing investors price quotes for digital assets and then executing the transaction on an exchange for a different amount and keeping the difference between the two prices as its fee or by charging a fee to investors who withdraw digital assets.

Misleading Statements about Compliance and Regulation

18. Voyager claims it is a "fully compliant and licensed crypto broker" and touts its status as a public company, its listing on the Toronto Stock Exchange, and the "trust and transparency" resulting from its being a public company in Canada. These statements are materially misleading or otherwise likely to deceive the public because:
- a. Respondents are not licensed, registered, or qualified, nor are their securities notices filed, with the United States Securities and Exchange Commission;
 - b. Respondents are not registered with the New Hampshire Bureau of Securities Regulation to offer or sell securities in New Hampshire, and the Voyager Interest Accounts are not registered or permitted for sale in New Hampshire;
 - c. The Voyager Interest Accounts are not protected by the Securities Investor Protection Corporation, otherwise known as the SIPC, a federally mandated, non-profit, member-funded United States corporation under the Securities Investor Protection Act of 1970 that mandates membership of most US-registered broker-dealers;
 - d. The Voyager Interest Accounts are not insured by the Federal Deposit Insurance Corporation, otherwise known as the FDIC, an agency that provides deposit insurance to depositors in the United States, or the National Credit Union Administration, otherwise known as the NCUA, an agency that regulates and insures credit unions;
 - e. Although Voyager's stock is listed on the Toronto Stock Exchange, the Voyager Interest Accounts are not registered, qualified, or permitted in Canada and Voyager represents Canadian investors cannot invest in the Voyager Interest Accounts;
 - f. The Canadian laws that apply to Voyager's securities listed on the Toronto Stock

- Exchange do not provide the same regulation or protection as domestic laws that apply to Voyager Interest Accounts Voyager sells exclusively to United States residents; and
- g. Voyager is not disclosing material risks relevant to these statements, material information including the amount of principal used to fund subsequent transactions, the identity, nature, and creditworthiness of borrowers, the type, nature, and counterparties for transactions involving digital asset exchanges, digital assets, staking, arranging for staking, or proprietary trading, the risks associated with digital asset exchanges, individual digital assets, staking protocols, or proprietarily traded assets, and the profits and/or losses derived from transactions.

Failure to Comply with Registration Requirements

19. During the Relevant Period, Voyager's offer and sale of Voyager Interest Accounts were not done subject to an exception or exemption from securities registration.
20. During the Relevant Period, Voyager offered and sold securities in New Hampshire that were not registered or permitted for sale in New Hampshire as required by N.H. RSA 421-B:3-301.
21. During the Relevant Period, Voyager offered and sold securities in New Hampshire without being registered as a broker-dealer or agent as required by N.H. RSA 421-B:4-401 and N.H. RSA 421-B:4-402.

STATEMENTS OF LAW

- II. The Bureau hereby petitions the Director and makes the following statements of law under the New Hampshire Revised Statutes Annotated, N.H. RSA 421-B, and regulations thereunder:
22. The Voyager Interest Accounts are securities as defined in N.H. RSA 421-B:1-102(53)(A).
23. The Voyager Interest Accounts are investment contracts as defined in NH RA 421-B:1-102(29)(A)(ii) because multiple investors constituted a "common enterprise," who had an expectation of profits as represented and to be performed by the work of Voyager.

24. During the Relevant Period, Voyager's offer and sale of securities in New Hampshire that were not registered or permitted for sale in New Hampshire violated N.H. RSA 421-B:3-301.
25. During the Relevant Period, Voyager's offer and sale of securities in New Hampshire without being registered as a broker-dealer or agent violated N.H. RSA 421-B:4-401 and N.H. RSA 421-B:4-402.
26. During the Relevant Period, Voyager made material misleading statements about compliance regarding its status about a "fully compliant and licensed cryptic broker" and its status as a public company in violation of N.H. RSA 421 B:5-501 (a)(2).
27. During the Relevant Period, Voyager did not disclose material risks about how Investors funds were used in violation of RSA 421 B:5-501 (a)(2).
28. All of the Voyager entities materially aided each other in these violations pursuant to RSA 421-B:6-604.
29. The foregoing violations of N.H. RSA 421-B:3-301, N.H. RSA 421-B:4-401, N.H. RSA 421-B:4-402, and N.H. RSA 421-B:5-501(a)(2) constitute the basis for the assessment of civil penalties against Voyager pursuant to N.H. RSA 421-B:6-604 (d).

RELIEF REQUESTED

III. In view of the foregoing, The Bureau staff makes the following requests for relief, as permitted under RSA 421-B, the New Hampshire Uniform Securities Act:

30. Find as fact the allegations contained in Section I, above;
31. Make conclusions of law relative to the statements contained in Section II, the Statements of Law.
32. Pursuant to N.H. RSA 421-B:6-604(a), order Voyager to immediately cease and desist from further violations of N.H. RSA 421-B and cease and desist from omitting material information and providing misrepresentations in connection with offering securities in New Hampshire, and offering unregistered securities in New Hampshire.
33. Pursuant to N.H. RSA 421-B:6-604(d), bar Voyager permanently from any securities

licensure and registration in New Hampshire.

34. Pursuant to N.H. RSA 421-B:6-604(d), fine Voyager \$1 million for violations of N.H. RSA 421-B, discussed above.
35. Pursuant to N.H. RSA 421-B:6-604(e), order the Voyager to pay restitution to the New Hampshire investors in the amount of \$7,880,507.

RIGHT TO AMEND

The Bureau staff reserves the right to amend this Staff Petition for Relief and request the Director of the Bureau take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under this N.H. RSA 421-B or the regulations thereunder.

Respectfully submitted by:



Michael Kirwin, Staff Attorney



Date