

Secretary Of State Giannoulias Charges Coinbase In Groundbreaking Suit

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SPRINGFIELD - Illinois Secretary of State Alexi Giannoulias and other state regulators have taken legal action against crypto exchange platform Coinbase Global, Inc. and Coinbase, Inc. for violations of securities laws.

“This action will protect consumers and investors to ensure they can make informed and safe decisions in Illinois and across the nation,” Giannoulias said. “Illinoisans who invest their money in Coinbase or any other digital asset trading business deserve both security and transparency and my office intends to hold crypto companies to the highest standards.”

The Illinois Secretary of State's Securities Department is a member of a task force alongside nine other state securities regulators charging Coinbase for its violation of securities laws in connection with the company's staking offerings.

Staking is the process of holding a certain number of digital assets on a blockchain to facilitate processing transactions and to earn a return on the investment. Coinbase operated staking offerings where small to mid-sized investors could turn over their assets to Coinbase, which in turn would manage the process of staking and then takes a cut of the profits before sharing them with investors.

This action alleges Coinbase failed to register its staking offerings with the Securities Department. Registration would have given Illinoisans considering investing their money with Coinbase the opportunity to evaluate the risks involved and compare Coinbase's staking offerings with other investments. Registering an offer or sale of securities ensures investors receive all material information needed to evaluate the risks of participating in an investment, including in staking offerings.

The Secretary of State Securities Department determined Coinbase offered its staking offerings to Illinois residents without registering those securities. Of Coinbase's nearly 3.5 million accounts holding staking offerings, over 140,000 were issued to Illinois investors. Additionally, Coinbase is not a member of the FDIC or SIPC, which means investors are not protected from Coinbase's losses.

A copy of the Illinois Secretary of State Securities Department's [Notice of Hearing can be reviewed here](#).

Other states on this task force include California, Kentucky, Maryland, New Jersey, Alabama, South Carolina, Vermont, Washington, and Wisconsin.

Investors of Coinbase with complaints about their staking offerings may [file a complaint with the Securities Department here](#). Investors should also reach out to the Securities Department at 1-800-628-7937 to check the registration status of a firm before investing their money in staking offerings.

The Securities Department licenses and regulates financial services, including investment advisers, loan brokers, and business brokers. For more information about the Securities Department, [visit its website here](#).