

Attorney General James Sues Cryptocurrency Platform for Failing to Register in New York

CoinEx Allowed Investors in New York to Buy and Sell Crypto without Registering with the State

NEW YORK – New York Attorney General Letitia James [sued a cryptocurrency platform, COINEX \(CoinEx\), for failing to register as a securities and commodities broker-dealer and for falsely representing itself as a crypto exchange](#). The Office of the Attorney General (OAG) was able to buy and sell cryptocurrencies on CoinEx in New York, although the company is unregistered in the state, which is a violation of New York’s Martin Act. Through this enforcement action, Attorney General James seeks to permanently stop CoinEx from operating in New York through its website and mobile apps.

“Our laws are designed to protect New Yorkers, and when companies ignore them, they put residents, investors, and businesses at risk,” said **Attorney General James**. “The days of crypto companies like CoinEx acting like the rules do not apply to them are over. My office will continue to protect New York investors and ensure our state’s laws are followed.”

CoinEx is a virtual currency trading platform that allows investors to buy and sell cryptocurrency through its website and app. On its platform, CoinEx investors can buy and sell popular virtual currencies, including AMP, LUNA, LBC, and \$RLY, which are securities and commodities. New York law requires securities and commodities brokers to register with the state, which CoinEx failed to do. The OAG was able to create an account with CoinEx using a computer with a New York based IP address to buy and sell digital tokens, which CoinEx charged a fee for.

In addition, CoinEx claimed to be an exchange, but is not registered with the Securities and Exchange Commission (SEC) as a national securities exchange or appropriately designated by the Commodity Futures Trading Commission (CFTC) as is required under New York law. CoinEx also failed to comply with a subpoena issued by OAG to provide more information about its digital asset trading activities in the state.


Through her lawsuit, Attorney General James seeks a court order that stops CoinEx from misrepresenting that it is an exchange, prevents the company from operating in New York, and directs CoinEx to implement geo-blocking based on IP addresses and GPS location to prevent access to CoinEx’s mobile app, website, and services from New York.

This action continues Attorney General James' efforts to enforce New York laws in the cryptocurrency industry and protect New York investors. Last month, Attorney General James and a multistate coalition [recovered \\$24 million from the cryptocurrency platform Nexo](#) for operating illegally. Also in January, Attorney General James [sued the former CEO of Celsius for defrauding investors](#) and concealing the company's dire financial condition. In June 2022, Attorney General James [warned New Yorkers of the dangerous risks](#) of investing in cryptocurrencies after the market reached then-record lows. Also in June, Attorney General James reached a nearly [\\$1 million settlement with crypto platform BlockFi Lending LLC](#) for offering unregistered securities. Last March, Attorney General James [issued a taxpayer notice to virtual currency investors](#) and their tax advisors to accurately declare and pay taxes on their virtual investments. In October 2021, Attorney General James [directed unregistered crypto lending platforms](#) to cease operations for not fulfilling their legal obligations.

Attorney General James once again urges New Yorkers who have been affected by deceptive conduct in the virtual assets market to [report these issues to OAG](#). Attorney General James also encourages workers in the cryptocurrency industry who may have witnessed misconduct or fraud to file a [whistleblower complaint with her office](#), which can be done anonymously.

The case is being handled by Assistant Attorney General Shantelee Christie of the Investor Protection Bureau, with assistance from Legal Assistants Charmaine Blake and Edward Jaffe, and Detective Investigator Brian Metz of the Investigations Division. The Investor Protection Bureau is led by Bureau Chief Shamiso Maswoswe and Deputy Bureau Chief Kenneth Haim and is a part of the Division for Economic Justice, which is overseen by Chief Deputy Attorney General Chris D'Angelo and First Deputy Attorney General Jennifer Levy.

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