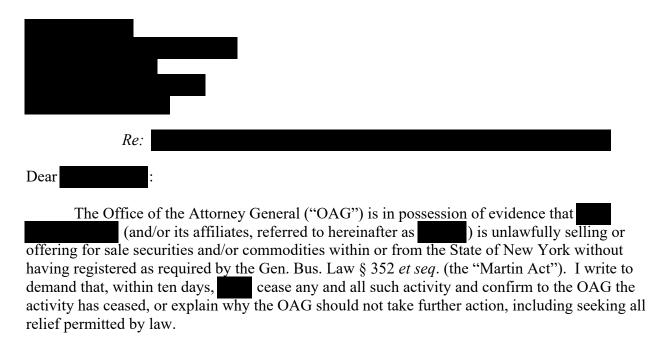


LETITIA JAMES ATTORNEY GENERAL DIVISION OF ECONOMIC JUSTICE INVESTOR PROTECTION BUREAU

October 18, 2021



The OAG has, for several years, expressed its concern that virtual currency businesses – including trading platforms, issuers, and those engaging in purchase or sale of assets on behalf of clients – are exposing New Yorkers to significant undisclosed risks. Recently, the OAG reminded industry players that if they conduct activity within or from the State, they must be properly registered with this office, and/or other applicable governmental authorities.²

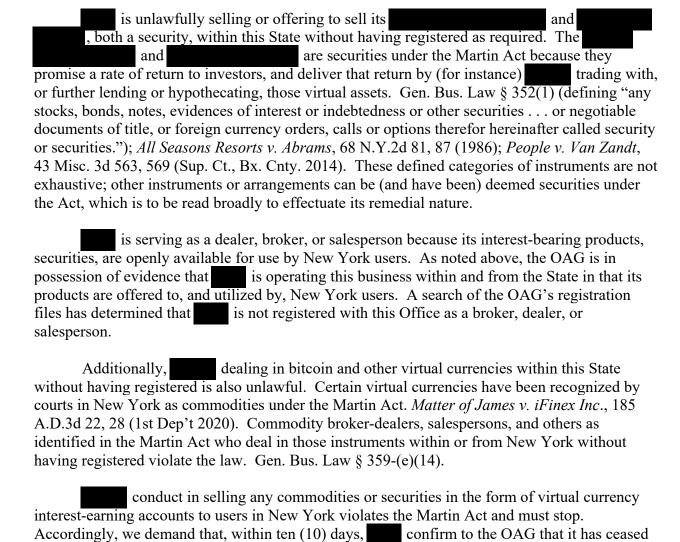
The Martin Act imposes registration requirements on those who offer or sell securities or commodities within or from the State. With respect to securities, it provides that "[i]t shall be unlawful for any dealer, broker or salesman to sell or offer for sale to or purchase or offer to purchase from the public within or from this state, any securities issued or to be issued, unless and until such dealer, broker or salesman shall have filed with the department of law a registration statement as provided herein." Gen. Bus. Law § 359-(e)(3). Those engaged in such

Office of the Attorney General, <u>Virtual Markets Integrity Initiative Report</u> (2018); Office of the Attorney General, <u>Investor Alert: Virtual Currency Risks</u> (2021).

Office of the Attorney General, <u>Industry Alert: Registration of Commodity Brokers-Dealers, Salespersons</u>, and <u>Investment Advisors Doing Business Relating to Virtual or "Crypto" Currency</u> (2021).

relief as permitted under the law.

unregistered activity have committed a fraudulent practice under the Act, which may lead to the imposition of civil remedies. Gen. Bus. Law § 352(1).



Finally, you and your employees, and other persons or entities under your control, should take all necessary steps to preserve all physical and electronic records and data pertaining to the matters raised in this letter, including but not limited to the provision of any product or service within or from New York, or known or possible New York users or clients. The information that should be preserved includes active data (readily accessible today), archived data (stored on backup media), and deleted data (still recoverable through the use of computer forensics). You should also take affirmative steps to prevent anyone with access to your data systems and archives from seeking to modify or destroy electronic evidence on network or local hard drives or servers.

all such activity, or explain why the OAG should not take further action, including seeking such

Page 3 of 3

Should you have any questions, please contact John D. Castiglione, an attorney in the Investor Protection Bureau, by email at john.castiglione@ag.ny.gov or telephone at 212-416-8413.

Sincerely,

John D. Castiglione

Senior Enforcement Counsel

Office of the New York State Attorney General

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