



Search Filings

Submit Filings

Data & Research

Rules, Enforcement, & Compliance

Securities Topics

About

Submit a Tip or Complaint

NEWSROOM

Press Releases

Speeches & Statements

Meetings & Events

SEC Videos

Social Media Directory

What's New

Home / Newsroom / Press Releases / Genesis Agrees to Pay \$21 Million Penalty to Settle SEC Charges

PRESS RELEASE

Copy Link

# Genesis Agrees to Pay \$21 Million Penalty to Settle SEC Charges

FOR IMMEDIATE RELEASE | 2024-37

Washington D.C., March 19, 2024 — The Securities and Exchange Commission today announced that Genesis Global Capital, LLC agreed to a final judgment ordering it to pay a \$21 million civil penalty and imposing a permanent injunction to settle charges that it engaged in the unregistered offer and sale of securities through a crypto asset lending program known as the Gemini Earn program. Under the terms of the settlement, the SEC will not receive any portion of the penalty until after payment of all other allowed claims by the bankruptcy court, including claims by retail investors in the Gemini Earn program.

“We charged Genesis with failing to register its retail crypto lending product before offering it to the public, bypassing essential disclosure requirements designed to protect investors,” said SEC Chair Gary Gensler. “Today’s settlement builds on previous actions to make clear to the marketplace and the investing public that crypto lending platforms and other intermediaries need to comply with our time-tested securities laws. Doing so best protects investors. It promotes trust in markets. It’s not optional. It’s the law.”

“The collapse of the Gemini Earn program underscores the unknown risks that investors are exposed to when market participants fail to comply with the federal securities laws,” said Gurbir S. Grewal, Director of the SEC’s Division of Enforcement. “As this enforcement action makes clear, no amount of hype and advertising can substitute for the investor-protection disclosures required by the federal securities laws.”

The SEC [charged Genesis](#) and Gemini Trust Company, LLC (“Gemini”) on January 12, 2023. According to the SEC’s complaint, the Gemini Earn program was a purported investment opportunity where Gemini customers, including retail investors in the United States, loaned their crypto assets to Genesis in exchange for Genesis’ promise to pay interest earned from Genesis’ use of the loaned crypto assets. The complaint alleges that, in November 2022, Genesis announced that it would not allow the Gemini Earn investors to withdraw their crypto assets because Genesis lacked sufficient liquid assets to meet withdrawal requests following volatility in the crypto asset market. At the time, Genesis held approximately \$900 million in crypto assets from 340,000 Gemini Earn investors.

Genesis and two affiliates filed voluntary Chapter 11 petitions in the U.S. Bankruptcy Court for the Southern District of New York on January 19, 2023. Investors have been unable to access or withdraw the crypto assets they invested with Genesis via Gemini Earn.

The SEC’s complaint, filed in the U.S. District Court for the Southern District of New York, charged Genesis and Gemini with violating Sections 5(a) and 5(c) of the Securities Act of 1933. In addition to the civil penalty referenced above, Genesis, without admitting or denying the allegations in the SEC’s complaint, consented to the entry of a final judgment permanently enjoining Genesis from violating Section 5 of the Securities Act.

The SEC’s investigation was conducted by Jonathan Austin and Ashley Sprague and supervised by Deborah Tarasevich and Stacy Bogert. The litigation in the bankruptcy court was conducted by Therese Scheuer and William Uptegrove and supervised by Alistaire Bambach. The ongoing district court litigation against Gemini is being led by Edward Reilly and Laura Meehan and supervised by James Connor and Olivia Choe.

###

Last Reviewed or Updated: March 19, 2024

RESOURCES

- Final Judgment

[Return to top](#)

About the SEC

[Budget & Performance](#)

[Careers](#)

[Commission Votes](#)

[Contact](#)

[Contracts](#)

Transparency

[Accessibility & Disability](#)

[Diversity, Equity, Inclusion, & Accessibility](#)

[FOIA](#)

[Inspector General](#)

[No FEAR Act & EEO Data](#)

[Ombuds](#)

Websites

[Investor.gov](#)

[Related Sites](#)

[USA.gov](#)

Site Information

[Plain Writing](#)

[Privacy & Security](#)

Stay connected. Sign up for email updates.

Your email address

SIGN UP

