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# PRESS RELEASE

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## Attorney General Brown Brings Action Against Crypto Interest Account Provider

**BALTIMORE, MD (September 6, 2023)** – Maryland Attorney General Anthony G. Brown’s Securities Division announced that it has filed an [action](#) against various companies, known collectively as “Abra,” and against William John “Bill” Barhydt, the founder and CEO of Abra, ordering them to cease and desist violating Maryland law in connection with the offer and sale of investments in two interest-bearing crypto depository accounts: Abra Earn (“Earn Offerings”) and Abra Boost (“Boost Offerings”). The Securities Division alleges that Abra and Barhydt committed fraud in connection with these Offerings. The Division further alleges that Abra failed to register their Earn Offerings.

“Marylanders are entitled to honesty and integrity when dealing with investment entities so that they can make informed decisions about where to entrust their hard-earned money,” **said Attorney General Brown**. “Misleading customers while promising high returns cheats investors and undermines public confidence in financial services. We will seek justice for those impacted by the harmful and far-reaching consequences of Abra’s alleged wrongdoing.”

Abra’s Earn and Boost Offerings enabled investors to deposit crypto assets, which are virtual currencies, into accounts with Abra. In exchange, customers automatically earned interest on those deposits. Abra offered investors interest rates of up to 13% annually on their deposited crypto assets, significantly higher than rates offered for short-term, investment grade, fixed-income securities, or bank savings accounts. Unlike these traditional investments, Abra’s unregistered accounts are not insured and not subject to regulatory oversight designed to ensure the organization’s safety and soundness.

The Division alleges that Abra and Barhydt misrepresented and failed to disclose important information about the Earn and Boost Offerings to its investors; most fundamentally, they failed to disclose and in fact misrepresented Abra’s own solvency (or lack thereof). In addition, Abra and Barhydt misrepresented the actual custodian in possession of certain Earn and Boost assets and failed to disclose that it instead transferred many of these assets to an entity currently subject to multiple government regulatory lawsuits and to a requested asset freeze. Finally, Abra and Barhydt failed to disclose basic information about: the identities, responsibilities, and histories of Abra, its subsidiaries, and officers and directors; the specific types of profit-generating activities

that Abra engaged in; the identities, creditworthiness, solvency, and risks associated with institutional investors that borrowed from Abra Earn and Boost; the Earn Offerings' lack of registration; the lack of registration of Abra's custodians of Earn and Boost assets; and numerous government orders and investigations.

Abra and Barhydt initially offered Abra Earn to accredited and unaccredited investors residing throughout the United States, including Maryland. After being notified by regulators that Abra Earn was an unregistered securities offering, Abra and Barhydt supposedly voluntarily stopped making Earn Offerings available, but they did not return all assets to investors as required. Abra and Barhydt then began making the Boost Offerings available to accredited investors. As recently as August 2022, Abra Earn had over 20,000 investors nationally with investments over \$1.3 billion, including 370 Maryland investors with \$4.8 million invested. Investments have since declined. As a result, as of May 2023, Abra Earn and Boost investments combined totaled over \$116 million from over 9,000 investors, with over \$700,000 from 162 Marylanders.

Maryland has been participating in a working group of state securities regulators focused on interest-bearing crypto asset accounts. Through this coordinated effort, Maryland participated in the investigation of Abra. The Abra Order follows similar state actions filed against [Coinbase](#), Nexo, BlockFi, Celsius, and Voyager. Maryland has previously entered orders against Coinbase, BlockFi, and Nexo. BlockFi, Celsius, and Voyager are currently in Chapter 11 bankruptcy following a sharp decline in the cryptocurrency market over the summer.

Maryland continues to consider enforcement actions against firms that offer interest-bearing crypto asset accounts without complying with state law. Firms that need to register and deal with past unregistered activity should reach out to the [Securities Division](#). In addition, investors should reach out to the Securities Division to check the registration status of a firm before investing their money in an interest-bearing crypto asset account.

If you are a client of Abra with complaints about your Earn or Boost account, please email the Securities Division at [securities@oag.state.md.us](mailto:securities@oag.state.md.us) to file a complaint.

<https://www.marylandattorneygeneral.gov/press/2023/090623b.pdf>