



Via Electronic Mail and Overnight Mail

Cryptonews.com
News 3.0 Limited
Suite 205 A
Saffrey Square, Bank Lane & Bay Street
Nassau, Bahamas
info@cryptonews.com

August 18, 2022

RE: Potential Violations of Section 18(a)(4) of the Federal Deposit Insurance Act

To Whom It May Concern,

The Federal Deposit Insurance Corporation (FDIC) has reason to believe that Cryptonews.com, by and through its officers, directors, and employees (collectively referred to herein as “Cryptonews”), has made false and misleading statements, directly or by implication, concerning FDIC deposit insurance in violation of section 18(a)(4) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. § 1828(a)(4), and its implementing regulation, 12 C.F.R. Part 328, Subpart B (Part 328). We hereby demand that you cease and desist, and take immediate corrective action to address these false and misleading statements, as more fully set forth below.

Section 18(a)(4) of the FDI Act, 12 U.S.C. § 1828(a)(4), and Part 328 prohibit any person from using the FDIC’s name or logo, or similar terms, to represent or imply that an uninsured deposit liability, obligation, certificate, or share is insured, or from knowingly misrepresenting the extent and manner in which a deposit liability, obligation, certificate or share is insured under the FDI Act. The FDIC has the authority to enforce these provisions against any person or entity. Enforcement tools available to the FDIC include the authority to issue cease-and-desist orders and to assess civil money penalties for violations of Section 18(a)(4) and Part 328.

Among other false and misleading statements, Cryptonews has published reviews of cryptocurrency exchanges that make representations about the availability of deposit insurance. For example:

- “Coinbase is one of a few exchanges which is actually regulated and insured by FDIC,” *available at* <https://cryptonews.com/reviews/coinbase/>
- “Coinbase is FDIC insured exchange, meaning that all the funds that are kept online (remaining 2%) are protected against theft,” *available at* <https://cryptonews.com/reviews/coinbase/>
- “eToro’s US users will be glad to know that their cash funds up to USD 250,000 are FDIC-insured, meaning you are guaranteed to get your funds back even in the event of eToro’s failure,” *available at* <https://cryptonews.com/reviews/etoro/>
- Gemini is described as “one of the biggest regulated crypto exchanges with FDIC insurance for USD deposits, a user-friendly platform, and zero publicly known large scale hacks,” *available at* <https://cryptonews.com/reviews/gemini/>

Legal Division
550 17th Street NW, Washington, D.C. 20429-9990
www.fdic.gov

- Describing Crypto.com: “U.S. customer’s USD balances are protected by FDIC insurance, which covers up to USD 250,000 worth of your money. In any case, Crypto.com lets you retain ownership of your fiat funds, meaning that they can never be claimed by Crypto.com or its creditors,” available at <https://cryptonews.com/reviews/crypto-com/>

These bullets are merely examples of the misrepresentations regarding FDIC Deposit Insurance that can be found on Cryptonews, and these bullets should not be taken as an exhaustive list of such statements.

These and similar statements appear to contain false and misleading representations that uninsured products are insured by the FDIC, as well as false and misleading statements about the extent and manner of protection provided by FDIC deposit insurance and misuse the FDIC’s name. These false and misleading statements represent or imply that: (1) some cryptocurrency exchanges are FDIC-insured; (2) FDIC insurance is available for cryptocurrency; (3) the FDIC regulates cryptocurrency exchanges; and (4) FDIC insurance would protect against losses caused by the failure of a cryptocurrency exchange. In fact, the FDIC does not insure any cryptocurrency exchanges; FDIC insurance does not cover cryptocurrency; the FDIC only insures deposits held in insured banks and savings associations (insured institutions); and FDIC insurance only protects against losses caused by the failure of insured institutions. Accordingly, your statements are likely to mislead, and potentially harm consumers.

Based on the information available to the FDIC, it appears that the statements discussed above regarding deposit insurance violate Section 18(a)(4) of the FDI Act and Part 328. Consequently, the FDIC hereby demands the following corrective action:

1. You shall immediately remove any and all statements, representations, or references that suggest in any way, explicitly or implicitly, that: (a) any cryptocurrency or cryptocurrency exchanges are FDIC-insured; (b) any funds held in cryptocurrency or other financial products such as stocks, bonds, money market mutual funds, other types of securities or commodities are or can be protected by FDIC insurance; (c) FDIC insurance may provide coverage for any event other than the failure of an insured institution; or (d) FDIC insurance provides protection or coverage in any manner or extent other than those set forth in the FDI Act from the Cryptonews website (including any pop-ups, hyperlinks, or chatbots), and any other websites, Twitter and any other social media platforms (including both corporate accounts and personal accounts of senior management of Cryptonews), mobile app, online outlet, and any other form (electronic or hard copy) of marketing, advertising or other consumer-facing publication or materials of any kind that you control.
2. You shall cease and desist from making any statements, representations, or references that suggest in any way, explicitly or implicitly, that: (a) any cryptocurrency or cryptocurrency exchanges are FDIC-insured; (b) any funds held in cryptocurrency or other financial products such as stocks, bonds, money market mutual funds, other types of securities or commodities are or can be protected by FDIC insurance; (c) FDIC insurance may provide coverage for any event other than the failure of an insured institution; or (d) FDIC insurance provides protection or coverage in any manner or extent other than those set forth in the FDI Act.

3. Within fifteen (15) business days of receipt of this letter, Cryptonews shall provide written confirmation to the FDIC that it has fully complied with the requests set forth above. Such confirmation shall detail all efforts undertaken to comply with this letter, including all efforts to identify and locate all misrepresentations and the scope of the removal of such material.

If you believe that any statement Cryptonews has made related to FDIC deposit insurance as it relates to cryptocurrency exchanges is true and accurate, please provide a full listing of all such statements about deposit insurance on any medium or platform, together with information and documentation supporting the basis for your belief in the accuracy of all such statements, not later than fifteen (15) days from the date of this letter.

Failure to respond to this letter may result in the FDIC taking appropriate action as authorized by the Federal Deposit Insurance Act and any other applicable law or regulation.

Should you have any questions about the contents of this letter, please contact the undersigned.

Sincerely,

Seth P. Rosebrock
Assistant General Counsel, Enforcement
Federal Deposit Insurance Corporation

cc: GoDaddy Online Services Cayman Islands Ltd. (Via Certified Mail Only)
As Registrar for Cryptonews.com
94 Solaris Avenue, Camana Bay,
Grand Cayman, KY1-1108

Domains By Proxy, LLC (Via Certified Mail Only)
As Registrant for Cryptonews.com
2155 E Warner Rd
Tempe, AZ 85284