Technology Cryptocurrencies

CoinSpot pays founder and its other investors a $700m dividend

Jessica Sier *Journalist*

Jul 30, 2023 – 3.24pm

KEY POINTS

- Why it matters: The filing is a rare look at the profits of crypto exchanges
- They show CoinSpot is likely one of the country's most profitable private firms
- Its founder, Russell Wilson, paid out $700 million in dividends over two years

Melbourne-headquartered CoinSpot has cashed in on the cryptocurrency bull market, paying out $700 million in dividends over the past two years, with the majority going to founder Russell Wilson and members of his family.

Russell Wilson, the founder of CoinSpot.

Casey Block Services, the parent company of the cryptocurrency broking services as well as an exchange platform, booked a $292 million net profit for the 2022 financial year and $334.6 million for the year before, according to documents lodged with the corporate regulator.

Retail investors poured into cryptocurrencies in 2020 and 2021, fuelled by rock-bottom interest rates and an explosion in demand for unregulated speculative investments. Bitcoin reached highs of $87,000 and other currencies gave traders ways to profit from extreme volatility.

CoinSpot, which has 2.5 million users and 223 employees, booked $503 million in revenue in the 12 months to end of June 2022, and $532.8 million the previous year.

A dividend of $336 million was paid in 2022 and $282 million in 2021. Another $81 million was declared after June 30.

The results show CoinSpot is one of Australia's most profitable private companies. Mr Wilson, who founded CoinSpot in 2013, remains the largest shareholder of Case Block Services, with a 77 per cent holding through a subsidiary company. His co-founder, Brendan Halfpenny, holds 10 per cent of the shares and Clinton and Cindy Wilson hold 3 per cent each.
But exchanges such CoinSpot and other cryptocurrency businesses have been under increased scrutiny as regulators around the world grapple [https://www.afr.com/technology/bill-to-regulate-crypto-sector-introduced-to-australian-parliament-20230329-p5cwbo] with how digital assets are defined under existing licensing regimes.

The corporate regulator has sued several cryptocurrency groups for issuing what appear to be financial products without an appropriate licence.

Sydney-headquartered Block Earner was sued last November [https://www.afr.com/companies/financial-services/asic-sues-block-earner-alleging-its-crypto-product-needs-a-license-20221123-p5c0ol] for offering a fixed-yield earning product that the Australian Securities and Investments Commission argues should have been registered as a managed investment scheme. Finder, run by businessman Fred Schebesta, is also facing a legal case from the regulator [https://www.afr.com/technology/finder-shuts-down-crypto-product-amid-ftx-meltdown-20221122-p5c0g5] for issuing a similar "earn" product through its Finder Wallet subsidiary. These programs look to leverage complex crypto-based borrowing and lending systems that often pay a type of "interest rate" to those who lend capital.

RELATED

Western Bulldogs sponsor CoinSpot hits 2m crypto investors

https://www.afr.com/companies/financial-services/western-bulldogs-sponsor-coinspot-hits-2m-crypto-investors-20210919-p58syj

RELATED

ASIC sues Block Earner alleging its crypto product needs a licence

https://www.afr.com/companies/financial-services/asic-sues-block-earner-alleging-its-crypto-product-needs-a-license-20221123-p5c0ol