IN THE CIRCUIT COURT OF THE SEVENTH JUDICIAL CIRCUIT
SANGAMON COUNTY, ILLINOIS

BLOCKCHAIN ASSOCIATION; CRYPTO COUNCIL FOR INNOVATION, Plaintiffs, v. DAVID HARRIS, in his official capacity as the Director of the Illinois Department of Revenue; KWAME RAOUL, in his official capacity as the Illinois Attorney General; and JOHN MILHISER, in his official capacity as the State's Attorney of Sangamon County, Defendants.	Case No. 2026 MR 000312

DECLARATION OF RACHEL ANDERIKA
IN SUPPORT OF PLAINTIFFS'
MOTION FOR A PRELIMINARY INJUNCTION

Pursuant to Section 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, I, Rachel Anderika, declare as follows:

1. I submit this declaration in support of Plaintiffs' Motion for a Preliminary Injunction.

2. I am over the age of eighteen and competent to make this declaration. The statements in this declaration are true and are based on my personal knowledge and on information that I have reviewed or obtained in the course of my responsibilities.

3. I am the Head of Global Operations at Anchor Labs, Inc. Anchor Labs, Inc. is the parent company of Anchorage Digital Bank, National Association, a national trust bank that provides digital-asset custody, staking, settlement, and stablecoin services. Anchor Labs, Inc. is also the parent company of Anchorage Hold LLC, which provides digital-asset trading services.

For ease of reference, I generally refer to these entities collectively as "Anchorage Digital" in this declaration.

4. I have held my current role since 2022. In my current role, I oversee Anchorage Digital's operations, including the custody, compliance, and systems functions that the Illinois Digital Asset Tax Act (the "Act") would directly affect. As a result of my position, I am familiar with Anchorage Digital's products and services, the clients who use them, the systems and personnel needed to deliver them, and the associated legal and compliance obligations.

5. Anchorage Digital is a member of Plaintiff the Blockchain Association.

6. Anchorage Digital is primarily in the business of providing digital-asset custody services for institutional clients. Because Anchorage Digital Bank, National Association holds a banking charter from the Office of the Comptroller of the Currency, it is a "qualified custodian" under the rules of the U.S. Securities and Exchange Commission. That allows Anchorage Digital to provide custody services to clients that are required to use qualified custodians by regulation or their commitments to customers, such as registered investment advisers, registered funds, and sponsors of exchange-traded products.

7. When Anchorage Digital custodies a digital asset for a customer, it holds and secures the private key for that asset on the customer's behalf. Custody is not a discrete event. Instead, it is a continuous service that persists for as long as the customer leaves its assets with Anchorage Digital. Customers monitor their custodied digital assets by logging into Anchorage Digital's online platform.

8. Anchorage Digital also facilitates the transfer of digital assets in its custody. When a client instructs Anchorage Digital to transfer digital assets to a destination account or wallet, Anchorage Digital's processing of that instruction depends on where the destination sits. If the

destination is another vault or wallet within the same client's own account at Anchorage Digital, Anchorage Digital updates its internal ledger to reflect the transfer, and no transaction is broadcast to the blockchain. If the destination is a different client's account at Anchorage Digital, or is outside Anchorage Digital's platform entirely, Anchorage Digital submits the transfer request to the blockchain for processing. Again, the entire service consists of computers exchanging messages over the internet.

9. Anchorage Digital's customers transfer digital assets between accounts for a variety of reasons. For example, customers may wish to transfer digital assets between accounts that hold digital assets used in day-to-day trading and wallets that are used for longer-term storage. That kind of transfer serves a similar function to a transfer between a checking and a savings account at a traditional bank.

10. Today, Anchorage Digital provides custody services for digital assets worth tens of billions of dollars. Anchorage Digital also serves customers in nearly every U.S. State, including Illinois.

11. Anchorage Digital charges fees for its custodial services based on the value of the digital assets in its custody, and those fees decrease as the volume of digital assets increases. Anchorage Digital typically charges these fees on a monthly basis, calculated as an annualized percentage of assets under custody.

12. I am familiar with the Illinois Digital Asset Tax Act (the "Act"), which was enacted in June 2026. The Act imposes a tax on exchanging, transferring, or storing a digital asset by Illinois customers using a digital-asset broker. The taxes imposed under the Act take effect on January 1, 2027.

13. The Act also requires digital-asset brokers to register with the Illinois Department of Revenue (the "Department") by January 1, 2027; to collect the tax from covered customers and to itemize the tax as a distinct line item separate from the purchase price for digital-asset services starting on January 1, 2027; to file returns and remit collected taxes to the Department beginning in February 2027; and to keep records of covered transactions.

14. Anchorage Digital provides services to Illinois customers that involve exchanging, transferring, and storing digital assets as defined under the Act. Anchorage Digital's provision of those services to customers that we believe to be subject to the tax have generated more than $100,000 in gross receipts within the last 12 months. As a result, I anticipate that one or more Anchorage Digital entities will qualify as "digital asset broker[s]" subject to the Act's registration, collection, remittance, and recordkeeping requirements, as well as its civil and criminal penalties.

15. Anchorage Digital is incurring substantial costs simply to ascertain the full extent of its obligations under the Act. For example, because Anchorage Digital's primary business is providing custodial services for digital assets, Anchorage Digital will need to collect storage taxes and remit them to the Department. But the Act provides no guidance on how the storage tax will be assessed. The Act taxes each "single occurrence" of storing a digital asset, but it does not say what constitutes a single occurrence of storage. As noted, custody is not a series of discrete events, but a continuous state that lasts for as long as a customer leaves its assets with the custodian. The Act does not provide guidance on how Anchorage Digital and other service providers should address this situation. Without a defined taxable event there's a risk that we either under collect and owe the shortfall ourselves or over collect and expose ourselves to customer disputes and refund claims.

16. Given the Act's many unanswered questions, Anchorage Digital has engaged, and anticipates that it will need to continue engaging, outside legal and tax advisors to help Anchorage Digital analyze the Act's provisions and their application to Anchorage Digital's businesses. Those advisors are likely to spend at least 150 hours on this work in 2026 alone, at a cost of at least $150,000. In addition, Anchorage Digital personnel—including in its tax, legal, and compliance functions—have already devoted, and will continue to devote, substantial time to interpreting the Act and planning for compliance with its requirements.

17. To comply with the Act's many requirements, Anchorage Digital also will be required to build new systems and processes. Industry estimates put the cost of building compliance infrastructure of this scope at several hundred thousand dollars to over $1 million for a firm of Anchorage Digital's size. Today, Anchorage Digital is not responsible for collecting and remitting any Illinois taxes on behalf of its customers. Beginning on January 1, 2027, Anchorage Digital will have an obligation to withhold federal taxes for a small number of customers that will be subject to federal backup withholding upon notification by the IRS. Anchorage Digital has spent years building the systems necessary to support these federal backup withholding and remittance requirements. But Anchorage Digital cannot easily convert these systems for withholding and remitting federal income taxes into systems for calculating, collecting, and remitting the new Illinois state taxes imposed by the Act. Instead, for the reasons explained below, Anchorage Digital would need to incur substantial expense to build new systems in order to operationalize the Act's requirements.

18. The Act will require Anchorage Digital to design new systems just to identify the customers subject to the tax. Anchorage Digital will need to determine, among other things, when the Act's presumption of an Illinois location is triggered and when it is overcome by other

evidence. For example, the Act's sourcing rule for determining the location of customers appears to require Anchorage Digital to presume that transactions from internet protocol (IP) addresses in Illinois occurred in Illinois and are subject to taxes. IP addresses are not always reliable indicators of location. Some customers use virtual private networks (VPNs) or other tools that may make an IP address a poor proxy for customer location. To avoid taxing customers who are not covered by the Act—and failing to tax those who are—Anchorage Digital will need to create new methods for evaluating IP data and for weighing IP data against other evidence of a customer's location (such as a customer's address).

19. Anchorage Digital also will need to build new systems and processes for calculating and collecting the taxes imposed under the Act. Taxes under the Act must be calculated based on an estimate of the U.S.-dollar value of the underlying asset, even when no U.S. dollars are involved. That requires developing new methods for valuing assets that constantly fluctuate in value (and have different values on different markets) relative to U.S. dollars. Moreover, taxes must be paid to Illinois in U.S. dollars, yet many taxable activities will not involve U.S. dollars—for instance, where an Anchorage Digital customer merely transfers a digital asset to a new account. Anchorage Digital therefore must build new systems and develop new methodologies to collect a tax when a transaction or service does not involve U.S. dollars.

20. Anchorage Digital also will need to communicate changes to customers. That will require, among other things, new customer disclosures, changing customer receipts, and training customer-service representatives to answer customer inquiries about the new tax.

21. In addition to designing a new tax-collection system, Anchorage Digital will need to build new systems and processes for remitting the collected taxes to the Department and

maintaining the records required by the Act. Anchorage Digital also must prepare and submit a registration application (based on criteria yet to be announced) in advance of January 1, 2027.

22. Based on my experience, changes of this scale and complexity ordinarily would require at least 18 months to design, build, test, and deploy. For example, when the IRS required backup withholding for certain digital-asset transactions, the agency gave regulated parties years to build the systems needed to comply. The Act, by contrast, requires companies to build even more complex systems in six months. That will require the time and attention of Anchorage Digital personnel across its legal, tax, compliance, engineering, product, operations, finance, and customer-service functions—time that cannot be spent on other necessary work, including serving Anchorage Digital's customers, developing and improving its products and services, or ensuring compliance with other recently imposed tax-related initiatives.

23. If the Act takes effect and is later held invalid, Anchorage Digital would incur further costs, including a second round of communications to Illinois customers explaining that the tax no longer applies, reversing some of the system and disclosure changes described above, and determining what to do with amounts collected from customers under the Act.

24. The Act also threatens harm to Anchorage Digital's customer relationships and goodwill that could not be undone even if the Act were later invalidated. Anchorage Digital competes in part on trust and price. A tax of 0.2% of the full value of a customer's digital assets—imposed on each covered occurrence, potentially repeatedly for assets held in custody—would make digital-asset activity through Anchorage Digital more expensive for affected customers.

25. The Act would also require Anchorage Digital to bill customers a recurring "tax" line item on services that customers reasonably expect to be tax free.

26. Some customers will respond by withdrawing their digital assets from Anchorage Digital's platform to self-custodial wallets or out-of-state or offshore firms that they believe are beyond the Act's reach, or by reducing their digital-asset activity altogether. And new customers that otherwise would have used Anchorage Digital's services will go elsewhere.

27. Moreover, the compressed compliance timeline may make it impossible for Anchorage Digital to meet the Act's requirements before the Act goes into effect in January. As a result, Anchorage Digital might be forced to stop offering some or all of its services to Illinois users until the necessary systems are in place. That would cause significant losses of customers, revenue, and goodwill.

28. Customers and goodwill lost in these ways may never be regained, and Anchorage Digital will lose revenue associated with those forgone transactions and services. The extent of those losses will be difficult to calculate.

29. The lack of any guidance about the meaning of the Act will further exacerbate the harms to Anchorage Digital and its customers. Anchorage Digital is attempting to comply with the Act without any meaningful guidance on critical questions about the Act's requirements, and yet those requirements are enforced by serious civil and criminal penalties. To try to avoid those severe penalties, Anchorage Digital is likely to end up over-collecting taxes from customers whom the Department or a court might determine are not subject to taxation. That will cause serious and avoidable harm to Anchorage Digital's business and its relationships with its customers.

Under penalties as provided by law pursuant to Section 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109, I certify that the statements set forth in this declaration are true and correct, except as to matters stated to be on information and belief, and as to such matters I certify as aforesaid that I verily believe the same to be true.

Executed on 9/4/2026 | 12:26 PM PDT

Guilford, Connecticut

Signed by:
Rachel Anderika
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Rachel Anderika

Head of Global Operations, Anchorage Digital