



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • COMMISSIONER **Clothilde V. Hewlett**

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California DFPI Revokes Crypto Lender BlockFi's Finance Lending License

SACRAMENTO –The California Department of Financial Protection and Innovation (DFPI) today announced it has revoked crypto lender BlockFi Lending LLC's California Financing Law (CFL) license. BlockFi also entered into a [settlement](#) agreeing to the license revocation, to desist and refrain from the violations, and to discontinue unsafe or injurious practices.

The action is the result of the DFPI's examination and follows a [license suspension](#) in November 2022. The Department found that the company violated the CFL by failing to consider borrowers' ability to repay their loans, charging borrowers interest before the loan proceeds were disbursed, failing to provide consumers with credit counseling, failing to report payment performance to credit bureaus, and failing to accurately disclose annual percentage rates (APRs) in loan disclosure documents.

BlockFi filed for bankruptcy in 2022, shortly after the collapse of the cryptocurrency exchange FTX Trading Co. (FTX). BlockFi's bankruptcy plan administrator recently announced that it has recovered sufficient assets to make all customers whole.

"While we encourage innovation in our financial marketplace, companies must comply with laws and protect consumers in accordance with those laws to continue doing business in California" said DFPI Commissioner Clothilde V. Hewlett.

Under the settlement agreement, the Commissioner levied a \$175,000 fine for BlockFi's CFL violations but waived payment of the fine to prioritize consumer recovery and because the company is in bankruptcy, is no longer operating, and will not operate in the future.

In February 2022, the DFPI entered into a [consent order](#) with BlockFi to resolve allegations that the company offered and sold unqualified, non-exempt securities.

The DFPI expects any person offering securities, lender, or other financial services provider that operates in California to comply with our financial laws. Consumers may submit a complaint with the DFPI online ([dfpi.ca.gov/submit-a-complaint](https://www.dfpi.ca.gov/submit-a-complaint)) or call toll-free at (866) 275-2677.

About DFPI

The California Department of Financial Protection and Innovation (DFPI) licenses and regulates financial services, including state-chartered banks and credit unions, money transmitters, securities

broker-dealers, investment advisers, non-bank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, franchisors, and more. For more information about the DFPI, visit their website at dfpi.ca.gov.

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