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Attorneys for Complainant

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

| | |
|----------------------------|---------------------------------|
| In the Matter of: |) CFL LICENSE NO.: 60DBO-119768 |
| |) |
| |) SETTLEMENT AGREEMENT |
| ANCHORAGE LENDING CA, LLC, |) |
| |) |
| |) |
| Anchorage. |) |
| |) |
| |) |
| |) |
| |) |
| |) |

SETTLEMENT AGREEMENT

This Settlement Agreement (Agreement) is entered into between the Commissioner of Financial Protection and Innovation of the State of California (Commissioner) and Anchorage Lending CA, LLC (Anchorage) as of the Effective Date (as defined herein).

RECITALS

A. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of finance lending or brokering under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.).

B. Anchorage is a Delaware limited liability company with a principal place of business at 101 S. Reid Street, Suite 329, Sioux Falls, South Dakota 57103.

C. Anchorage obtained a finance lender license under the CFL with main license number 60DBO-119768 on November 2, 2020.

D. Anchorage operates no branch offices in California.

E. Under Anchorage's loan program, borrowers provide crypto assets as collateral, receive crypto assets or fiat money as loans, and make payments in accordance with the terms of their loan agreements.

F. On January 5, 2023, the Commissioner commenced a regulatory examination of Anchorage as of January 1, 2023, the findings and conclusions of which were communicated to Anchorage on or about August 1, 2023.

G. The Commissioner's investigation and examination concluded that prior to issuance of the CFL license on November 2, 2020, starting on October 5, 2020, Anchorage began to offer commercial loans to California borrowers, and contracted for or funded at least four loans with California borrowers in violation of California Financial Code ("Financial Code") section 22100.

H. The Commissioner's investigation and examination further concluded that from October 5, 2020, through November 4, 2020, Anchorage entered into at least five loans with California borrowers under the name "Anchorage Lending, LLC", rather than under the CFL licensee name "Anchorage Lending CA, LLC" in violation of Financial Code Section 22161(a).

- 1 I. Anchorage disagreed with the Commissioner’s findings and conclusions.
- 2 J. From October 5, 2020, through 2022, Anchorage contracted for and funded a total of
- 3 49 commercial loans to California borrowers of which approximately 4 were made without a CFL
- 4 license and 5 contained an incorrect name as described in paragraphs G and H.
- 5
- 6 K. Anchorage voluntarily ceased making commercial loans during the summer of 2023.
- 7 L. It is the intention of the parties to this Agreement to resolve this matter amicably
- 8 without the necessity of a hearing or other litigation. Anchorage admits to the jurisdiction of the
- 9 Commissioner, and neither admits nor denies any findings or allegations of the Commissioner or
- 10 stated in this Agreement.
- 11
- 12 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
- 13 forth herein, the Parties agree as follows:
- 14 **TERMS AND CONDITIONS**
- 15 1. Purpose. This Agreement resolves the issues before the Commissioner, set forth in
- 16 paragraphs G and H above, in a manner that avoids the expense of a hearing and other possible court
- 17 proceedings, protects consumers, is in the public interest, and is consistent with the purposes,
- 18 policies, and provisions of the CFL.
- 19
- 20 2. Conditions to Resumption of Lending. Pursuant to the California Financing Law (Cal.
- 21 Fin. Code § 22000 et seq.) and related regulations (10 C.C.R. § 1404 et seq.), Anchorage shall:
- 22 a. not engage in the business of a finance lender under its CFL license number
- 23 60DBO-119768 without first complying with the provisions of paragraph 4 of this
- 24 Agreement;
- 25 b. transact business and make loans provided for by this division only under the
- 26 name listed on its CFL License in compliance with Financial Code section 22155,
- 27 should it resume the business of a finance lender under its CFL license; and
- 28

- 1 c. ensure that statements and representations made to a borrower about the terms or
2 conditions of that borrower's loan are accurate in all material respects and in
3 compliance with Financial Code section 22161(a)(1).
4

5 3. Administrative Fee. Anchorage shall pay an administrative fee of \$22,500 (United
6 States dollars) on or within 3 business days after receipt of notification of the Effective Date of this
7 Agreement as defined in paragraph 20. The administrative fee shall be made payable in the form of a
8 single or separate cashier's checks or Automated Clearing House deposits to the Department of
9 Financial Protection and Innovation and transmitted to the attention of Accounting – Litigation,
10 Department of Financial Protection and Innovation, 651 Bannan Street, Sacramento, California
11 95811. Notice of the payment must be concurrently sent to Kelly Suk, Senior Counsel, Department
12 of Financial Protection and Innovation, via electronic mail at Kelly.Suk@dfpi.ca.gov.
13

14 4. Resumption of Operations. Anchorage represents and warrants that it does not
15 currently make loans under its CFL license. Should Anchorage elect to resume lending operations
16 under its CFL license, Anchorage agrees to:
17

- 18 a. Provide written notice to the Commissioner of Anchorage's intent to resume
19 lending operations under its CFL License at least 30 days before resuming said
20 lending operations.
21
22 b. Submit to the Commissioner updated underwriting policies and procedures
23 reflecting compliance with 10 C.C.R. § 1452, including but not limited to
24 assessing the borrower's ability to repay loans in the time and manner provided in
25 loan contracts.
26
27 c. Submit to the Commissioner updated policies and procedures with regard to
28 Anchorage's practice of liquidating borrowers' collateral upon the event of the

1 borrower's collateral reaching a certain loan-to-value threshold, including that
2 Anchorage will disclose all fees that may be associated with the liquidation of a
3 borrower's collateral, and will provide conspicuous risk disclosures relating to the
4 likelihood and risk of liquidation from borrowing on margin and impact of
5 collateral liquidation.
6

7 5. Waiver of Hearing Rights. Anchorage hereby waives the right to any hearings, and to
8 any reconsideration, appeal, or other right to review which may be afforded under the CFL,
9 California Administrative Procedure Act, California Code of Civil Procedure, or other provision of
10 law. By waiving such rights, Anchorage consents without a reservation of rights to the terms and
11 conditions of this Agreement, including without limitation the provisions contained in paragraphs 2
12 and 4 as of the Effective Date.
13

14 6. Information Willfully Withheld or Misrepresented. Notwithstanding paragraph 10,
15 this Agreement may be revoked and the Commissioner may pursue any and all remedies available
16 under law against Anchorage if the Commissioner discovers that Anchorage knowingly or willfully
17 withheld or misrepresented material information.
18

19 7. Future Actions by Commissioner. If Anchorage fails to comply with any terms of
20 this Agreement, the Commissioner may institute proceedings for any and all violations otherwise
21 resolved under this Agreement. The Commissioner reserves the right to bring any future actions
22 against Anchorage, or any of its partners, owners, officers, shareholders, directors, employees or
23 successors for any and all unknown violations of the CFL.
24

25 8. Assisting Other Agencies. Nothing in this Agreement limits the Commissioner's
26 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
27
28

1 administrative, civil or criminal brought by that agency against Anchorage or any other person based
2 upon any of the activities alleged in this matter or otherwise.

3 9. Headings. The headings to the paragraphs of this Agreement are inserted for
4 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
5 the provisions hereof.
6

7 10. Binding. This Agreement is binding on all heirs, assigns, and/or successors in
8 interest.
9

10 11. Reliance. Each of the parties represents, warrants, and agrees that in executing this
11 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel.
12 Each of the parties further represents, warrants, and agrees that in executing this Agreement it has
13 placed no reliance on any statement, representation, promise of any other party, or any other person
14 or entity not expressly set forth herein, or upon the failure of any party or any other person or entity
15 to make any statement, representation or disclosure of anything whatsoever. The parties have
16 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to
17 execute this Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret,
18 supplement, or contradict the terms of this Agreement.
19

20 12. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
21 this Agreement will be valid or binding unless it is in writing and signed by each of the parties. The
22 waiver of any provision of this Agreement will not be deemed a waiver of any other provision. No
23 waiver by either party of any breach of, or of compliance with, any condition or provision of this
24 Agreement by the other party will be considered a waiver of any other condition or provision or of
25 the same condition or provision at another time.
26
27
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1 13. Full Integration. This Agreement is the final written expression and the complete and
2 exclusive statement of all the agreements, conditions, promises, representations, and covenant
3 between the parties with respect to the subject matter hereof, and supersedes all prior or
4 contemporaneous agreements, negotiations, representations, understandings, and discussions
5 between and among the parties, their respective representatives, and any other person or entity, with
6 respect to the subject matter covered hereby.
7

8 14. Governing Law. This Agreement will be governed by and construed in accordance
9 with California law. Each of the parties hereto consents to the jurisdiction of such court, and hereby
10 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to
11 the maintenance of such action or proceeding in such court.
12

13 15. Counterparts. This Agreement may be executed in one or more separate counterparts,
14 each of which when so executed, shall be deemed an original. Such counterparts shall together
15 constitute a single document.
16

17 16. Effect Upon Future Proceedings. If Anchorage applies for any license, permit or
18 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future
19 action by the Commissioner to enforce this Agreement, then the subject matter hereof shall be
20 admitted for the purpose of such application(s) or enforcement proceedings(s).
21

22 17. Voluntary Agreement. Anchorage enters this Agreement voluntarily and without
23 coercion and acknowledges that no promises, threats or assurances have been made by the
24 Commissioner or any officer, or agent thereof, about this Agreement. The parties each represent and
25 acknowledge that they are executing this Agreement completely voluntarily and without any duress
26 or undue influence of any kind from any source.
27
28

1 18. Notice. Any notice required under this Agreement shall be provided to each party at
2 the following addresses:

3 To Anchorage: Legal Department
4 Anchorage Digital
5 470 Park Avenue South NY, NY 10016
6 legal@anchorlabs.com

7 To the Commissioner: Kelly Suk, Senior Counsel
8 Department of Financial Protection and Innovation
9 320 West 4th Street, Suite 750
10 Los Angeles, California 90013
11 Kelly.Suk@dfpi.ca.gov

12 19. Signatures. A fax or electronic mail signature shall be deemed the same as an
13 original signature.

14 20. Effective Date. This Agreement shall become final and effective when signed by all
15 parties and delivered by the Commissioner's agent via e-mail to Anchorage at
16 legal@anchorlabs.com.

17 21. Authority to Sign. Each signatory hereto covenants that he/she possesses all
18 necessary capacity and authority to sign and enter into this Agreement and undertakes the
19 obligations set forth herein.

20 [Signature Page Follows]

Dated: May 14, 2025

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By:

MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: May 14, 2025

ANCHORAGE LENDING CA LLC

By:

SIGNATURE

PRINTED NAME

TITLE