

MARY ANN SMITH
Deputy Commissioner
SEAN M. ROONEY
Assistant Chief Counsel
DANIELLE A. STOUMBOS (State Bar No. 264784)
Senior Counsel
DANIEL LEWIS (State Bar No. 336685)
Senior Counsel
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
Telephone: (213) 503-2046
Danielle.Stoumbos@dfpi.ca.gov

Attorneys for Complainant

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

In the Matter of:)	
)	
THE COMMISSIONER OF FINANCIAL)	
PROTECTION AND INNOVATION,)	
)	CONSENT ORDER
Complainant.)	
)	
v.)	
)	
RESTITUTION BRANDS LLC dba)	
TERRAPASS)	
)	
Respondent.)	
)	
)	

The Commissioner of Financial Protection and Innovation (Commissioner) and Restitution Brands LLC dba Terrapass (Terrapass), collectively referred to herein as the Parties, enter into this Consent Order (Consent Order) with respect to the following findings of the Commissioner:

///

///

CONSENT ORDER

I.**Recitals**

A. The Commissioner is the head of the Department of Financial Protection and Innovation (Department) and is responsible for administering and enforcing the California Commodity Law of 1990 (CCL) (Cal. Corp. Code §§ 29500-29567).

B. Restitution Brands LLC dba Terrapass is a Texas limited liability company. Terrapass' principal business address is 5444 Westheimer Rd., Suite 1000, Houston, Texas.

C. Terrapass offers carbon credits to the public on its website at www.terrapass.com.

D. A carbon credit is a tradeable intangible market-based instrument that typically is designed to represent greenhouse gas emissions reduced by, or removed from, the atmosphere equivalent to one metric ton of carbon dioxide. The terms carbon credits and carbon offsets are at times used interchangeably.

E. Carbon credits are commodities under California Corporations Code section 29504.

F. From at least February of 2024 through at least March of 2025, Terrapass represented on its website that "Terrapass customers fund projects across North America and the world that reduce and remove greenhouse gases from the atmosphere."

G. In its FAQ section, in response to the question, "Where does my money go when I buy a Terrapass carbon offset?" Terrapass stated:

When you buy carbon offsets from Terrapass your purchase is supporting emissions reduction projects in communities across the [sic] North America and the world. These projects include reforestation, renewable energy produced by wind power and methane capture at dairy farms, landfills, and abandoned coal mines. Carbon offsets help fund the development and operation of these projects. All Terrapass projects meet the highest standards for quality, monitoring, and independent verification. . . .

H. Notwithstanding these representations, Terrapass did not disclose, from February 1, 2024, to March 30, 2025, that on average, the company retained 40% of each dollar of sales on its platform to pay for its operating expenses and as net profits and on average, allocated 60% of each dollar to fund emissions reduction projects. On average, Terrapass previously has incurred approximately 30% of sales as business operating costs and retained less than 10% of sales as net profits. Operating and transactional costs include but are not limited to registry fees, credit

retirement and transfer fees, annual purchase and retirement audits, payment processing fees, website hosting and maintenance fees, carbon calculator hosting and development, legal fees, employee salaries, and marketing costs.

I. The Commissioner finds that Terrapass’ material omissions violate CCL section 29536.

J. Terrapass neither admits nor denies any of the findings contained in this Consent Order.

The Commissioner finds that entering into this Consent Order is in the public interest and consistent with the purposes fairly intended by the policies and provisions of the CCL.

NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set forth herein, the Parties agree as follows:

II.

Terms and Conditions

1. Purpose. This Consent Order resolves the issues before the Commissioner in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies and provisions of the CCL.

2. Finality of Consent Order. Terrapass agrees to comply with this Consent Order and stipulates that this Consent Order and the Orders herein are deemed final.

3. Desist and Refrain Order. Pursuant to Corporations Code section 29542, Terrapass is hereby ordered to desist and refrain from violating Corporations Code section 29536.

4. Policies and Procedures. As part of the resolution for this matter, Terrapass has submitted to the Commissioner procedures implemented to remove the foregoing FAQ response from its website and to add new language to its online Terms & Conditions and agreements with its California business customers.

5. Retail Customer Partial Refunds. Pursuant to California Financial Code section 29540, Terrapass hereby agrees to pay \$30,987.91 in pro rata partial refunds to California retail

1 customers who purchased carbon credits from February 1, 2024, through March 31, 2025.

2 a. Notice to Retail Customers. At least 30 days after the Effective Date of the Consent
3 Order as defined in paragraph 29 (Effective Date), Terrapass shall send a notice to
4 each retail customer owed a partial refund (Consumer Notice). Such Consumer
5 Notice shall be sent to the customer's last known e-mail address, inform the customer
6 that they are owed a pro rata partial refund, and invite the customer to update their
7 contact information. Terrapass has filed a copy of the Consumer Notice with the
8 Commissioner and the Commissioner does not have any objections to the Consumer
9 Notice. The Consumer Notice shall be accompanied by a copy of the Consent Order
10 and shall not be accompanied by any other documents or text when emailed to
11 customers unless first approved by the Commissioner.

12 b. Partial Refunds. Within 90 days of the Effective Date, Terrapass shall directly or
13 through an agent, send a partial refund check by first class mail to the retail
14 customer's last known postal mail address listed in Terrapass' records, unless new
15 address information has been provided by the customer. Each partial Refund check
16 shall be mailed with a request for address correction on the outside of each envelope.
17 Terrapass, directly or through an agent, shall re-send all partial Refund checks
18 returned by the United States Postal Service with a forwarding or corrected address.

19 6. Business Customer Partial Refunds. Pursuant to California Financial Code section
20 29540, Terrapass hereby agrees to provide \$37,571.47 in pro rata partial refunds to California
21 business customers who purchased carbon credits from February 1, 2024, through March 31, 2025.

22 a. Notice to Business Customers. At least 30 days after the Effective Date, Terrapass
23 shall send a notice to each business customer owed a partial refund (Business Notice).
24 Such Business Notice shall be sent to the customer's last known e-mail address and
25 inform the customer that they are owed, at the customer's option, either a credit
26 towards a future purchase or a pro rata partial refund. Terrapass has filed a copy of
27 the Business Notice with the Commissioner and the Commissioner does not have any
28 objections to the Business Notice. The Business Notice shall be accompanied by a

copy of the Consent Order and shall not be accompanied by any other documents or text when emailed to business customers unless first approved by the Commissioner.

- b. Partial Refunds. Terrapass shall credit a business customer's account within 30 (thirty) days of the customer electing a credit towards a future purchase. For any business customer who elects a partial refund in lieu of a credit towards a future purchase, Terrapass will provide a credit chargeback to the customer's credit/bank account listed in Terrapass' records. Should the credit chargeback be rejected or otherwise fail to process within ninety (90) days of the Effective Date, Terrapass, directly or through an agent, shall send a partial refund check by first class mail to the business customer's last known postal mail address listed in Terrapass' records, unless new address information has been provided by the customer. Each partial Refund check shall be mailed with a request for address correction on the outside of each envelope. Terrapass, directly or through an agent, shall re-send all partial Refund checks returned by the United States Postal Service with a forwarding or corrected address.

7. Partial Refund Report. No later than 150 days after the Effective Date, notice of the partial refund payments shall be sent to the Commissioner at the Notice address in Paragraph 26. With this notice, Terrapass shall also provide a report containing the customer's name, address, amount of the partial refund or credit, date of partial refund or credit, how the partial refund was made, and if made by check, whether it's been cashed.

8. No Consumer Waiver. Payment to any consumer under this Consent Order may not be conditioned on that consumer waiving any right.

9. Handling of Uncashed Checks. Terrapass shall escheat any returned or unclaimed payments to the California State Controller's Office within the period provided by Code of Civil Procedure section 1520 of the Unclaimed Property Law (Cal. Civ. Proc. §§ 1500-1582). In the event of escheat, notice shall be sent within five business days to the Commissioner at the Notice address in Paragraph 26, and shall include a copy of any escheatment report(s) submitted to the California State Controller.

1 10. Waiver of Notice and Hearing Rights. Terrapass acknowledges that the
2 Commissioner is ready, willing, and able to proceed with the filing of an administrative action on the
3 charges contained in this Consent Order. Terrapass hereby waives the right to any hearings, and to
4 any reconsideration, appeal, or other right to review which may be afforded pursuant to the CCL, the
5 California Administrative Procedures Act, the California Code of Civil Procedure, or any other
6 provision of law. Respondents further expressly waive any requirement for the filing of an
7 Accusation pursuant to Gov't. Code § 11415.60, subdivision (b). By waiving such rights, Terrapass
8 fully consent to this Consent Order becoming final.

9 11. Full and Final Settlement. The parties hereby acknowledge and agree that this
10 Consent Order is intended to constitute a full, final, and complete resolution of the matter described
11 herein, and that no further proceedings or actions will be brought by the Commissioner in connection
12 with the allegations in the Consent Order relating to the time period of February 1, 2024, to the
13 Effective Date, excepting therefrom any proceeding to enforce compliance with the terms of this
14 Consent Order.

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

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

24 14. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
25 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
26 administrative, civil or criminal action brought by that agency against Terrapass, or any other person
27 based on any of the activities alleged in this matter or otherwise.

28 15. Headings. The headings to the paragraphs of this Consent Order are inserted for

1 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
2 the provisions hereof.

3 16. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
4 interest.

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

15 18. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
16 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
17 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
18 provision. No waiver by either party of any breach of, or of compliance with, any condition or
19 provision of this Consent Order by the other party will be considered a waiver of any other condition
20 or provision or of the same condition or provision at another time.

21 19. Full Integration. This Consent Order is the final written expression and the complete
22 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
23 between the parties with respect to the subject matter hereof, and supersedes all prior or
24 contemporaneous agreements, negotiations, representations, understandings, and discussions
25 between and among the parties, their respective representatives, and any other person or entity, with
26 respect to the subject matter covered hereby.

27 20. Governing Law. This Consent Order will be governed by and construed in
28 accordance with California law. Each of the parties hereto consents to the jurisdiction of such court

and thereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such court.

21. Effect Upon Future Proceedings. If Terrapass applies for any license, permit or qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be admissible for the purpose of such application(s) or enforcement proceeding(s).

22. No Admission of Fault. Excepting paragraph 21 (Effect Upon Future Proceedings), this Order is not intended to be deemed or used as (a) an admission of, or evidence of, the validity of any alleged wrongdoing or liability; or (b) an admission of, or evidence of, any such alleged fault or omission of Terrapass in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or other tribunal.

23. Third Party Actions. This Consent Order does not create any private rights or remedies against Terrapass, create any liability for Terrapass, or limit defenses of Terrapass for any person or entity not a party to this Consent Order.

24. Voluntary Agreement. Terrapass hereby enters into this Consent Order voluntarily and without coercion and acknowledges that no promises, threats, or assurances have been made by the Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent and acknowledge that he, she or it is executing this Consent Order completely voluntarily and without any duress or undue influence of any kind from any source.

25. Counterparts. This Consent Order may be executed in one or more separate counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall together constitute a single document.

26. Notice. Any notice required under this Consent Order shall be provided to each party at the following addresses:

To Terrapass:

David Meckley
Restitution Brands LLC dba Terrapass
5444 Westheimer Rd. #1000
Houston, TX 77056

To the Commissioner: Danielle Stoumbos, Senior Counsel
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
Danielle.Stoumbos@dfpi.ca.gov

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

28. Public Record. Terrapass hereby acknowledges that the Consent Order is and will be a matter of public record.

29. Effective Date. This Consent Order shall become final and effective when signed by all parties and delivered by the Commissioner's agent via e-mail to Terrapass' outside counsel, Douglas Sprague at the following email address: dsprague@cov.com.

30. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

Dated: July 2, 2025

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division

Dated: July 1, 2025

RESTITUTION BRANDS LLC dba TERRAPASS

By: _____
David Meckley
CEO