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Attorneys for Complainant

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

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| In the Matter of: |) | |
| |) | 1. DESIST AND REFRAIN ORDER; |
| THE COMMISSIONER OF FINANCIAL |) | |
| PROTECTION AND INNOVATION, |) | 2. CLAIM FOR ANCILLARY RELIEF; |
| |) | |
| Complainant, |) | AND |
| v. |) | |
| |) | 3. NOTICE OF INTENT TO ISSUE ORDER |
| CAPITALJ, INC. D/B/A JUNO, |) | ASSESSING ADMINISTRATIVE |
| |) | PENALTIES |
| Respondent. |) | |
| |) | (Cal. Fin. Code § 90012) |
| |) | |

The Commissioner of Financial Protection and Innovation (Commissioner) of the Department of Financial Protection and Innovation (Department), is informed and believes, and based on such information and belief, finds as follows:

I.

Introduction

1. CapitalJ, Inc. dba Juno (Juno), is and was at all relevant times a Delaware corporation with a principal office in San Francisco, California.

2. Juno has engaged in business in California but is not registered to do business in California with the California Secretary of State.

3. Juno maintains a website at <https://juno.finance/>.

4. Juno operates as a financial technology company that has, at all relevant times, offered California consumers high-interest personal checking accounts that can be managed through its mobile application (App).

II.

Factual Background

A. Checking Accounts

5. Beginning in at least 2020, Juno advertised to California consumers on its website that it provided a “cutting-edge digital platform” that served as a “complete bank replacement” for various financial services, including direct deposit, automated bill pay, money transfers through Automated Clearing House (ACH), wire, Cash App, Apple Pay, and Google Pay.

6. Juno marketed its services as safe and secure, stating “your money is safe and covered against all risks” and assuring customers that they could enjoy the benefits of a Juno account, such as higher interest earnings, deposit bonuses, all with the “security of a bank account.”

7. Juno represented to consumers that their cash deposits were protected because the funds were insured by the Federal Deposit Insurance Corporation (FDIC), first up to \$250,000, then later stating consumers had the potential to gain enhanced FDIC insurance coverage on cash balances up to \$500,000.

8. Since at least May of 2020 and through today, Juno has promised California customers that their money was protected against loss because it was insured up to at least \$250,000. The Juno website has advertised FDIC insurance through statements such as:

- a. “We have got you covered[.] Your money is safe and covered against all risks[.] Your money is FDIC insured up to \$250,000 through our partner bank.”
- b. “Our aim is to create a cross-border digital banking platform that provides our members with an FDIC Insured high yield checking account. We wish to completely phase out the use of savings accounts for our members . . .”.

- c. “Use Our Checking Account to Achieve Your Financial Goals . . . Deposits up to \$250,000 are FDIC insured through our banking partner Evolve Bank and Trust. Grow your idle money faster with our checking account and start saving . . .”.
- d. “A complete bank replacement . . . FDIC Insured[.] USD cash balances are covered by FDIC insurance up to \$250,000.”
- e. “Juno offers a free FDIC-Insured checking account that returns more on your deposits than traditional alternatives.”
- f. “Cash deposits are FDIC insured up to \$250,000 through our partner, Evolve Bank and Trust, Member FDIC.”
- g. “Juno is the easiest and fastest on and off-ramp to crypto from an FDIC Insured checking account that earns 5%.”
- h. “While the fed fights inflation, you can access the fed rate directly from an FDIC insured checking account.”
- i. “Buy and sell crypto for zero fees[.] Trade 35+ cryptocurrencies from an FDIC insured checking account that earns 5% yearly bonus.”
- j. “Are cash deposits safe? Since FDIC insurance was created, no depositor has lost a single dollar of insured funds due to bank failure.”

9. Juno’s services were offered and marketed in California and Juno received and accepted California consumers’ funds into Juno accounts and transmitted these funds to third-party financial institutions and third-party affiliates.

10. California consumers with Juno checking accounts were issued Evolve Bank and Trust (Evolve Bank) routing and account numbers. These customers have maintained these routing and account numbers from at least 2021 through today.

11. Evolve Bank is FDIC-insured. On its website, <https://www.getevolved.com/>, it states: “Backed by the full faith and credit of the U.S. Government.”

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B. Transition to Cash Management Accounts

12. On or around October 2023, Juno informed checking account holders that Juno would be transitioning its checking accounts to cash management accounts with Synapse Brokerage LLC (Synapse Brokerage), a subsidiary of Synapse Financial Technologies, Inc. (Synapse).

13. In an email sent to customers announcing the transition to cash management accounts, Juno stated that the change “will help improve the functionality of the platform including the potential to provide enhanced FDIC Insurance coverage on balances up to \$500,000. This change comes at no additional fee to you. No actions by you are necessary at this time.”

14. Although Juno checking accounts were transitioned to Synapse Brokerage accounts, account holders retained their pre-transition Evolve Bank routing and account numbers and were able to continue services such as direct deposit and bill pay using their Evolve Bank account information.

C. Loss of Access to Funds

15. On April 22, 2024, six months after the transition to cash management accounts, Synapse filed for Chapter 11 bankruptcy.

16. As a result of the bankruptcy filing, on May 11, 2024, at least 3,657 California consumers with Juno accounts lost access to their funds. These losses total at least six million dollars.

17. Believing their cash deposits with Juno were protected against loss, consumers reached out to the FDIC to file insurance claims for their lost funds, only to find out that FDIC insurance was not available to cover the consumers’ losses.

18. As of April 2025, thousands of California consumers with Juno cash management accounts have been unable to recover the funds in these accounts.

III.**Desist and Refrain Order**

19. The Commissioner has jurisdiction over persons who engage, have engaged, or propose to engage in offering or providing a consumer financial product or service in California and has jurisdiction over affiliated service providers under the California Consumer Financial Protection Law (CCFPL) (Cal. Fin. Code §§ 90000-90019).

1 20. Under the CCFPL, it is unlawful for a “covered person” to “[e]ngage, have engaged,
2 or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with respect to
3 consumer financial products or services.” Cal. Fin. Code § 90003(a)(1).

4 21. A “covered person” includes “[a]ny person that engages in offering or providing a
5 consumer financial product or service to a resident of this state.” Cal. Fin. Code § 90005(f)(1).

6 22. A “consumer financial product or service” is generally a “financial product or service
7 that is delivered, offered, or provided for use by consumers primarily for personal, family, or
8 household purposes.” Cal. Fin. Code § 90005(e)(1).

9 23. A “financial product or service” includes, among other things, “[e]ngaging in deposit-
10 taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any
11 financial instrument for use by or on behalf of a consumer.” Cal. Fin. Code § 90005(k)(4).

12 24. “Deposit-taking activity” includes (1) the acceptance of deposits, maintenance of
13 deposit accounts, or the provision of services related to the acceptance of deposits or the maintenance
14 of deposit accounts; and (2) the receipt of funds or the equivalent thereof, received or held by a
15 covered person for the purpose of facilitating a payment or transmitting funds between a consumer
16 and a third party. *See* Cal. Fin. Code § 90005(i).

17 25. Based on the foregoing findings, the Commissioner is of the opinion that Juno
18 engaged in deposit-taking activities, transmitting or exchanging funds, or otherwise acted as a
19 custodian of funds or any financial instrument for use by or on behalf of a consumer in California as
20 defined in Financial Code section 90005(k)(4), and is therefore a covered person or service provider
21 under the CCFPL.

22 26. Further, based on the foregoing findings, the Commissioner is of the opinion that
23 Juno’s advertising and marketing to consumers as set forth above, including but not limited to Juno’s
24 misrepresentations that any FDIC coverage of cash deposits in Juno accounts meant the funds were
25 “safe,” and “covered against all risks,” constitute deceptive acts or practices with respect to a
26 consumer financial product or service in violation of Financial Code section 90003(a)(1).

27 27. Under Financial Code section 90015(d)(1), if, in the opinion of the Commissioner, any
28 person engages, has engaged, or proposes to engage in any activity prohibited by section 90003 or

1 90004, the Commissioner “may issue an order directing the person to desist and refrain from
2 engaging in the activity, act, practice, or course of business.”

3 28. Pursuant to Financial Code section 90015(d)(1), CapitalJ, Inc. dba Juno, is hereby
4 ordered to desist and refrain from engaging in, or proposing to engage in, deceptive acts or practices
5 in violation of Financial Code section 90003(a)(1), including representing that FDIC coverage of
6 cash deposits means that funds are protected against risks.

7 29. This Order is necessary, in the public interest, for the protection of consumers, and is
8 consistent with the purposes, policies, and provisions of the CCFPL

9 30. This Order is effective immediately and shall remain in full force and effect until
10 further order of the Commissioner.

11 IV.

12 Claim for Ancillary Relief

13 31. Under Financial Code section 90015(e), if any person engages, has engaged, or
14 proposes to engage in any activity prohibited by section 90003 or 90004, the Commissioner may
15 include in his administrative action a claim for ancillary relief, as provided in section 90012(b).

16 32. Relief may include, but is not limited to, “[r]efund of moneys,” “restitution,”
17 “payment of . . . monetary relief” and “[m]onetary penalties.” Cal. Fin. Code § 90012(b)(2), (3), (5),
18 and (8).

19 33. Based on the foregoing and pursuant to California Financial Code section 90012(b)(3),
20 Juno is hereby ordered to identify customers owed funds and pay restitution consisting of the
21 outstanding unpaid balances remaining in the cash management accounts of California customers.

22 34. Restitution shall be paid directly to the respective California customers by mailing a
23 check to the California customer’s last known mailing address. Payment of restitution shall not be
24 conditioned upon the waiver of any rights customers may have. Juno shall complete restitution no
25 later than 60 days from the date of this Order.

26 35. Juno shall submit evidence acceptable to the Commissioner of restitution payments to
27 Melissa Acevedo, Senior Counsel, Department of Financial Protection and Innovation, Enforcement
28 Division, 1455 Frazee Road, Suite 315, San Diego, CA 92108, and by email at

Melissa.Acevedo@dfpi.ca.gov, no later than 15 days after the final restitution payment has been issued. Juno shall escheat any unclaimed restitution payments to the California State Controller's Office within the period provided by Code of Civil Procedure section 1520 of the Unclaimed Property Law (Code Civ. Proc. § 1500 et seq.).

V.

Notice of Intent to Issue Order Assessing Administrative Penalties

36. In any administrative action brought pursuant to the CCFPL, the Commissioner may, by order, assess penalties, as provided in section 90012(c). Cal. Fin. Code, § 90015

37. Pursuant to Financial Code section 90012(c), any person that violates, through any act or omission, any provision of the CCFPL shall forfeit and pay a penalty not exceeding the greater of either \$5,000 for each day during which the violation or failure to pay continues, or \$2,500.00 for each act or omission in violation of the CCFPL. Cal. Fin. Code § 90012(c)(1)(A)(i).

38. Based on the foregoing findings, the Commissioner finds that Juno engaged in deceptive deposit-taking activities in its advertising and marketing to consumers in violation of California Financial Code section 90003(a)(1).

39. NOTICE IS HEREBY GIVEN, pursuant to California Financial Code section 90015(c), of the intention of the Commissioner to issue an order assessing administrative penalties against Juno for the statutory amount of two thousand five hundred dollars (\$2,500.00) for each violation of the CCFPL.

40. WHEREFORE, good cause showing, and pursuant to California Financial Code sections 90015(c) and 90012(b), the Commissioner intends to issue an order assessing administrative penalties against Juno in the amount of \$9,142,500.00, or according to proof.

VI.

Conclusion

Based upon the foregoing, the Commissioner finds that grounds exist, and that it is in the public interest, to issue the following orders against CapitalJ, Inc. dba Juno: (1) a desist and refrain order pursuant to California Financial Code section 90015(d)(1); (2) an order for ancillary relief pursuant to California Financial Code section 90012(b)(3); and (3) an order assessing administrative

penalties in the amount of \$9,142,500.00, or according to proof, pursuant to California Financial Code section 90015(c). The Commissioner notifies CapitalJ, Inc. dba Juno of his intention to make his orders final.

These Orders are necessary, in the public interest, for the protection of consumers, and consistent with the purposes, policies, and provisions of the CCFPL.

DATED: August 27, 2025
San Diego, California

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By:

MARY ANN SMITH
Deputy Commissioner
Enforcement Division