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10 Attorneys for Complainant

11
12 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
13 OF THE STATE OF CALIFORNIA

14 In the Matter of:) CFL LICENSE NO.: 60DBO-78867
15 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,) CONSENT ORDER
16)
17 Complainant,)
18 v.)
19 UNCHAINED CAPITAL, INC.,)
20 Respondent.)
21)

22 The Commissioner of Financial Protection and Innovation (Commissioner) and Unchained
23 Capital, Inc. (Unchained) (collectively the Parties) enter this Consent Order with respect to the
24 following facts:

25 I.

26 **RECITALS**

27 A. The Commissioner has jurisdiction over the licensing and regulation of persons and
28 entities engaged in the business of finance lending or brokering under the California Financing Law

1 (CFL) (Cal. Fin. Code § 22000 et seq.) and the rules issued under title 10 of the California Code of
2 Regulations (Cal. Code of Regs.).

3 B. Unchained is a Delaware corporation with a principal place of business at 601
4 Congress Avenue, Suite 200, Austin, Texas 78701.

5 C. Unchained is licensed as a finance lender and broker under the CFL with license
6 number 60DBO-78867.

7 D. Unchained is a non-bank and non-depository financial institution that makes bitcoin-
8 backed commercial loans. In addition to commercial loans, Unchained previously made bitcoin-
9 backed consumer loans in California.

10 E. On or around November 14, 2022, the Commissioner commenced a regulatory
11 examination of the books and records of Unchained pursuant to Financial Code section 22701 for the
12 period from November 1, 2019, through October 31, 2022 (Examination Period).

13 F. As a result of the examination, the Commissioner makes the following findings:

14 G. Unchained did not have adequate underwriting policies in place for its loans to certain
15 California borrowers. For example, before originating a loan, during the Examination Period,
16 Unchained did not ask for or evaluate, the borrower's credit history, debt, expenses, income, or
17 documents relating to the borrower's overall financial condition and ability to make timely payments
18 on their loan.

19 H. As the primary feature of its underwriting, Unchained requires borrowers to provide
20 collateral, in the form of bitcoin, valued at 200%-250% of the principal balance of the loan.

21 I. Section 1452 of Title 10 of the California Code of Regulations provides, "When
22 making or negotiating loans, a finance company shall take into consideration, in determining the size
23 and duration thereof, the financial ability of the borrowers to repay the same, to the end that the
24 borrowers should be reasonably to repay said loans in the time and manner provided in the loan
25 contracts."

26 J. Unchained's practice of requiring California borrowers to overcollateralize loans does
27 not fully satisfy its requirements under Section 1452 of Title 10 of the California Code of
28 Regulations to evaluate a borrower's ability to repay its loan.

1 K. Based on the above, the Commissioner is of the opinion that Unchained failed to
2 adequately consider certain California borrowers’ ability to repay their loans in the time and manner
3 provided in the loan contracts, in violation of Section 1452 of Title 10 of the California Code of
4 Regulations.

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

7 **II.**

8 **TERMS AND CONDITIONS**

9 1. Purpose. This Consent Order resolves the issues before the Commissioner, set forth in
10 the Recitals, above, in a manner that avoids the expense of a hearing and other possible court
11 proceedings, protects consumers, is in the public interest, and is consistent with the purposes,
12 policies, and provisions of the CFL.

13 2. Desist and Refrain Order. Pursuant to Financial Code section 22712, subdivision (a),
14 Unchained is hereby ordered to desist and refrain from failing to consider California borrowers’
15 ability to repay their loans in the time and manner provided in the loan contracts, in violation of
16 Section 1452 of Title 10 of the California Code of Regulations.

17 3. Penalties. Unchained shall pay the Commissioner penalties in the amount of \$200,000
18 no later than 30 days after the Effective Date set forth in Paragraph 23. The penalties must be made
19 payable in the form of a cashier’s check or Automated Clearing House deposit transmitted to the
20 attention of Accounting – Litigation, at the Department of Financial Protection and Innovation, 651
21 Bannon Street, Suite 300, Sacramento, California 95811. Notice of the payment must be
22 concurrently sent to Trevor J. Carroll, Senior Counsel, Enforcement Division, via electronic mail at
23 trevor.carroll@dfpi.ca.gov.

24 4. Revised Underwriting Policies. On August 13, 2025, Unchained submitted to the
25 Commissioner a copy of the company’s revised underwriting policies that ensure compliance with
26 Section 1452 of Title 10 of the California Code of Regulations. The Commissioner has reviewed the
27 policies contained therein and found them satisfactory. Unchained hereby agrees to implement those
28 policies no later than the Effective Date of this Consent Order.

1 5. Waiver of Hearing Rights. Unchained acknowledges that the Commissioner is ready,
2 willing, and able to proceed with the filing of an enforcement action upon the findings contained in
3 this Consent Order. Unchained hereby waives the right to any hearings, and to any reconsideration,
4 appeal, or other right to review which may be afforded pursuant to the CFL, California
5 Administrative Procedure Act, California Code of Civil Procedure, or any other provision of law. By
6 waiving such rights, Unchained effectively consents to this Consent Order, including the Desist and
7 Refrain Order, contained herein, becoming final.

8 6. Failure to Comply with this Consent Order. Unchained agrees that if it fails to comply
9 with the terms of this Consent Order, the Commissioner may, in addition to all other available
10 remedies it may invoke under the CFL, summarily suspend/revoke the CFL license of Unchained
11 until Unchained is in compliance. Unchained waives any notice and hearing rights to contest such
12 summary suspensions which may be afforded under the CFL, the California Administrative
13 Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection
14 therewith.

15 7. Information Willfully Withheld or Misrepresented. Notwithstanding Paragraph 14,
16 this Consent Order may be revoked and the Commissioner may pursue any and all remedies
17 available under law against Unchained if the Commissioner discovers that Unchained knowingly or
18 willfully withheld or misrepresented material information.

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

24 9. 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 brought by that agency against Unchained or any other person based
27 upon any of the activities alleged in this matter or otherwise.

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1 10. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
2 has had the opportunity to receive independent advice from an attorney(s) and/or representatives
3 with respect to the advisability of executing this Consent Order.

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

7 12. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
8 interest.

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

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

24 15. Full Integration. This Consent Order is the final written expression and the complete
25 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
26 between the parties with respect to the subject matter hereof, and supersedes all prior or
27 contemporaneous agreements, negotiations, representations, understandings, and discussions
28

1 between and among the parties, their respective representatives, and any other person or entity, with
2 respect to the subject matter covered hereby.

3 16. Governing Law. This Consent Order will be governed by and construed in
4 accordance with California law. Each of the parties hereto consents to the jurisdiction of such court
5 and thereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
6 forum to the maintenance of such action or proceeding in such court.

7 17. Effect Upon Future Proceedings. If Unchained applies for any license, permit, or
8 qualification under the Commissioner’s jurisdiction, or is the subject of any future action by the
9 Commissioner to enforce this Consent Order, then the subject matter hereof shall be admitted for the
10 purpose of such application(s) or enforcement proceeding(s).

11 18. Voluntary Agreement. Unchained enters this Consent Order voluntarily and without
12 coercion and acknowledges that no promises, threats or assurances have been made by the
13 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent
14 and acknowledge that they are executing this Agreement completely voluntarily and without any
15 duress or undue influence of any kind from any source.

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

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

21 To Unchained: Unchained Capital, Inc.
22 ATTN: Legal Department
23 601 Congress Avenue, Suite 200
24 Austin, TX 78701
25 notices@unchained.com

26 To the Commissioner: Trevor J. Carroll, Senior Counsel
27 Department of Financial Protection and Innovation
28 1455 Frazee Road, Suite 315
San Diego, CA 92108
trevor.carroll@dfpi.ca.gov

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

22. Public Record. Unchained hereby acknowledges that this Consent Order is and will be a matter of public record.

23. 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 notices@unchained.com.

24. 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: February 2, 2026

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By:

MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: January 30, 2026

UNCHAINED CAPITAL, INC.

By:

JOSEPH KELLY
Chief Executive Officer