

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

4 To: San Diego Reserve Bank

5
6 CEASE AND DESIST ORDER
7 (For violations of Financial Code section 560, 561, 562)

8 The Commissioner of Financial Protection and Innovation (Commissioner)¹ finds that:

9 1. At all relevant times, San Diego Reserve Bank is and was a business (form
10 unknown) with an address of 701 B Street, San Diego, California 92101.

11 2. At all relevant times, San Diego Reserve Bank maintains a website at
12 sandiegoreservebank.com.

13 3. The San Diego Reserve Bank website, contains statements as follows:

- 14 a. “Bank here, get there”
- 15 b. “Our Private Bankers are exchequers to Bitcoin”
- 16 c. “San Diego Reserve Bank Est. 1914 Re-Est. 2019”
- 17 d. “Copyright ...2019 San Diego Reserve Bank – All Rights Reserved.”

18 4. Financial Code section 560 provides, “No person who has not received a certificate
19 from the commissioner authorizing it to engage in the banking business shall solicit or receive
20 deposits, issue certificate of deposits with or without provision for interest, make payments on
21 checks, or transact business in the way or manner of a bank or trust company.”

22 5. Financial Code section 561 provides: “No person who has not received a certificate
23 from the commissioner authorizing it to engage in the banking business shall . . . make use of or
24 circulate any letterheads, billheads, blank notes, blank receipts, certificates, or circulars, or any
25 written or printed paper, whatever, having thereon any artificial or corporate name or other words

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27 ¹ The Department of Financial Protection and Innovation (DFPI) is responsible for enforcing provisions of the California
28 Financial Code commencing at section 550, and is authorized to pursue administrative actions and remedies against
persons who violate those provisions.

1 indicating that the business is the business of a bank or trust company, or transact business in a way
2 or manner as to lead the public to believe that its business is that of a bank or trust company, except
3 to the extent expressly authorized by this division.”

4 6. Financial Code section 562 provides, “No person who has not received a certificate
5 from the commissioner authorizing it to engage in the banking business shall transact business
6 under any name or title that contains the word “bank” or “banker” or “banking” . . . or act or
7 advertise in any manner that indicates that the business is the business of a bank . . . ”

8 7. The Commissioner has not issued San Diego Reserve Bank a certificate authorizing
9 them to engage in the banking business in this State or to transact business under any name or title
10 that contains the words “bank.”

11 8. Pursuant to Financial Code section 567, “If the commissioner finds that a person has
12 conducted, or that there is reasonable cause to believe that a person is about to conduct, business
13 that requires a license issued by the commissioner and that person has not been issued the required
14 license, the commissioner may, without any prior notice or hearing, order the person to cease and
15 desist from conducting any unauthorized business unless and until the person is issued a license to
16 engage in appropriate license business.”

17 Based on the foregoing findings, the Commissioner is of the opinion that San Diego Reserve
18 Bank is engaged in the business of soliciting or receiving deposits, specifically of Bitcoin or
19 transacted business in the way or manner of a bank, without first obtaining a certificate from the
20 Commissioner authorizing it to engage in the banking business in this state, in violation of Financial
21 Code section 560.

22 The Commissioner is of the further opinion that San Diego Reserve Bank has made use of or
23 circulated written words indicating that their business is the business of a bank, or have transacted
24 business in a way or manner as to lead the public to believe that its business is that of a bank,
25 without first obtaining a certificate from the Commissioner authorizing it to engage in the banking
26 business in this state, in violation of Financial Code section 561.

27 The Commissioner is of the further opinion that San Diego Reserve Bank transacted business
28 under a name that contains the word “bank” or acted or advertised in a manner that indicates that

1 their business is the business of a bank, without first obtaining a certificate from the Commissioner
2 authorizing it to engage in the banking business in this state, in violation of Financial Code section
3 562.

4 Pursuant to Finance Code section 567, San Diego Reserve Bank is hereby ordered to cease
5 and desist from engaging in the business of soliciting or receiving deposits or transact business in the
6 way or manner of a bank and/or making use of or circulating written words indicating that their
7 business is the business of a bank, or transacting business in a way or manner as to lead the public to
8 believe that its business is that of a bank, and/or transacting business under a name that contains the
9 word “bank” or acting or advertising in a manner that indicates that their business is the business of a
10 bank, without first obtaining a certificate from the Commissioner authorizing them to engage in the
11 banking business in this state, or otherwise being exempt.

12 This Order is necessary, in the public interest, for the protection of consumers and consistent
13 with the purposes, policies and provision of the California Financial Institutions Law.

14 Dated: June 15, 2021
15 San Francisco, CA

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

17 By _____
18 Mary Ann Smith
19 Deputy Commissioner
20 Enforcement Division
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