

**STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF FINANCIAL PROTECTION INNOVATION**

To: Kashton Bank
www.kashtonservice.com

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

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

1. Kashton Bank (Kashton) is a business (form unknown) purportedly located in Monterey, California with branches in Minnesota and London, United Kingdom.
2. At all relevant times, Kashton maintained a website at www.kashtonservice.com
3. In October 2021, Kashton’s website offered services normally offered by banks, such as:
 - Checking Accounts
 - Savings Accounts
 - CDs
 - Money Market
 - Electronic banking
4. Further Kashton’s website contained the following statements:
 - a. “Kashton Bank is actively monitoring the COVID-19 situation and its impact on the business community.”
 - b. Kashton Bank’s “NMLS # 868797”

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

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2 5. The Commissioner is of the opinion that at least in October, 2021, Kashton website’s
3 style, wording, information, and appearance had significant similarities to a licensed bank located in
4 California. In fact, Kashton’s website, at least as of October 2021, listed the NMLS number in a
5 manner implying that the number was Kashton’s information.

6 6. At least as of October 18, 2021, Kashton’s website is off line such as it is no longer
7 accessible.

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

12 8. Financial Code section 561 provides: “No person who has not received a certificate
13 from the commissioner authorizing it to engage in the banking business shall . . . make use of or
14 circulate any letterheads, billheads, blank notes, blank receipts, certificates, or circulars, or any
15 written or printed paper, whatever, having thereon any artificial or corporate name or other words
16 indicating that the business is the business of a bank or trust company, or transact business in a way
17 or manner as to lead the public to believe that its business is that of a bank or trust company, except
18 to the extent expressly authorized by this division.”

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

23 10. The Commissioner has not issued Kashton Bank a certificate authorizing them to
24 engage in the banking business in this State or to transact business under any name or title that
25 contains the words “bank.”

26 11. Pursuant to Financial Code section 567, “If the commissioner finds that a person has
27 conducted, or that there is reasonable cause to believe that a person is about to conduct, business
28 that requires a license issued by the commissioner and that person has not been issued the required

1 license, the commissioner may, without any prior notice or hearing, order the person to cease and
2 desist from conducting any unauthorized business unless and until the person is issued a license to
3 engage in appropriate license business.”

4 Based on the foregoing findings, the Commissioner is of the opinion that Kashton Bank is
5 engaged in the business of soliciting or receiving deposits or transacted business in the way or
6 manner of a bank, without first obtaining a certificate from the Commissioner authorizing it to
7 engage in the banking business in this state, in violation of Financial Code section 560.

8 The Commissioner is of the further opinion that Kashton Bank has made use of or circulated
9 written words indicating that their business is the business of a bank, or have transacted business in a
10 way or manner as to lead the public to believe that its business is that of a bank, without first
11 obtaining a certificate from the Commissioner authorizing it to engage in the banking business in
12 this state, in violation of Financial Code section 561.

13 The Commissioner is of the further opinion that Kashton Bank transacted business under a
14 name that contains the word “banking” or acted or advertised in a manner that indicates that their
15 business is the business of a bank, without first obtaining a certificate from the Commissioner
16 authorizing it to engage in the banking business in this state, in violation of Financial Code section
17 562.

18 The Commissioner is of the further opinion that in the past, Kashton Bank substantially
19 copied the other licensed bank’s website such that Kashton Bank advertising was misleading and
20 potentially fraudulent.

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The Commissioner is of the further opinion that Kashton Bank is purposefully reaching out to California consumers through its advertising over the internet and on its website.

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

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

Dated: November 12, 2021
San Francisco, CA

CHRISTOPHER S. SHULTZ
Acting Commissioner of Financial Protection and Innovation

By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division