



STATE OF CALIFORNIA

**Department of Financial Protection and Innovation**

GOVERNOR **Gavin Newsom** • COMMISSIONER **Clothilde V. Hewlett**

**For Immediate Release**

December 19, 2022

**Contact:**

**Elizabeth Smith**

elizabeth.smith@dfpi.ca.gov

## **DFPI Moves to Revoke BlockFi's CA Financing Law License**

SACRAMENTO – The Department of Financial Protection and Innovation today announced that Commissioner Clothilde V. Hewlett has moved to revoke BlockFi Lending LLC's (BlockFi) California Financing Law (CFL) license.

The move to revoke is the result of the department's examination, which found that the New Jersey-based finance lender failed to perform adequate underwriting when making loans and failed to consider borrowers' ability to repay these loans, in violation of California's financing laws and regulations.

The Commissioner may issue an order revoking BlockFi's license if the company does not request a hearing by Dec. 30, 2022. BlockFi reports to the DFPI that it has ceased offering loans in California and asks clients not deposit to the BlockFi Wallet or its interest accounts.

On Nov. 11, one day after BlockFi paused all withdrawals from its crypto asset platform citing "significant exposure to FTX" and affiliated entities, the department issued a notice of intent to suspend BlockFi's CFL license. BlockFi did not request a hearing, and the department suspended the license through Dec. 18, 2022. BlockFi filed a petition for Chapter 11 bankruptcy in New Jersey on Nov. 28, 2022.

In February 2022, the Commissioner entered into a settlement with BlockFi resolving BlockFi's alleged violations of California's securities laws. Under this settlement, BlockFi agreed to desist and refrain from offering or selling unqualified, non-exempt securities in the form of BlockFi interest accounts in California.

The DFPI expects any person offering securities, lender, or other financial services provider that operates in California to comply with our financial laws. If you have been impacted by these events, please contact the DFPI online ([dfpi.ca.gov/file-a-complaint](https://dfpi.ca.gov/file-a-complaint)) or call toll-free at (866) 275-2677.

The DFPI administers the state's lending and banking laws, the recent California Consumer Financial Protection Law, and the state's securities laws, which govern broker-dealers, investment advisers, and commodities. Learn more at [dfpi.ca.gov](https://dfpi.ca.gov).

###