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 Commissioner
 2 MARY ANN SMITH
 Deputy Commissioner
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 Assistant Chief Counsel
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 Senior Counsel
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 Senior Counsel
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13 Attorneys for Complainant

14
 15 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
 16 OF THE STATE OF CALIFORNIA

17	In the Matter of:) CFL LICENSE NO.: 60DBO-87584
18	THE COMMISSIONER OF FINANCIAL) AGREEMENT
19	PROTECTION AND INNOVATION,)
20	Complainant,)
21	v.)
22	SALT LENDING LLC,)
23	Respondent.)
24)

25 This Agreement is entered into between the Commissioner of Financial Protection and
 26 Innovation (Commissioner and Department) and SALT Lending LLC (SALT), formerly known as
 27 SALT Master Fund II LLC, and is made with respect to the following facts:

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I.

RECITALS

A. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of finance lending or brokering under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.).

B. SALT is a limited liability company with a principal place of business at 600 17th Street, Suite 2800, South Denver, Colorado 80202.

C. SALT is licensed as a finance lender under the CFL with main license number 60DBO-87584.

D. Respondent operates no branch offices in California.

E. On November 11, 2022, FTX Trading Ltd. and related companies filed petitions for bankruptcy in the United States Bankruptcy Court for the District of Delaware.

F. On November 15, 2022, SALT sent a communication to customers signed by CEO Shawn Owen stating, “I am sorry to report that the collapse of FTX has impacted our business. Until we are able to determine the extent of this impact with specific details that we feel confident are factually accurate, we have paused deposits and withdrawals on the SALT platform effective immediately.”

G. The Commissioner has been investigating the extent to which SALT has been affected by the bankruptcy of FTX Trading Ltd. and related companies.

H. On November 15, 2022, the Commissioner issued and served a notification to SALT that she would, three days after service of the notification, suspend the CFL license of SALT, No. 60DBO-87584, for a period of 30 days, pending investigation, under California Financial Code section 22710. Three days passed after the Commissioner’s service of this notification, but the Commissioner received no request for a hearing on this notification.

I. On November 22, 2022, and under Financial Code section 22710, the Commissioner issued an order suspending SALT’s CFL license (No. 60DBO-87584) for a period of 30 days pending investigation. This suspension will end on December 22, 2022.

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J. On December 2, 2022, the Department had a Microsoft Teams call with SALT representatives, including the General Counsel, in which SALT represented the following to the Commissioner:

- 1) Since at least November 16, 2022, SALT has not collected repayments on loans belonging to California residents.
- 2) Since at least November 16, 2022, SALT has not collected interest payments or has returned any interest payments submitted on loans belonging to California residents.
- 3) Since at least November 16, 2022, SALT has not otherwise collected on loans belonging to California residents.
- 4) Since at least November 16, 2022, SALT has not charged customer accounts belonging to California residents via Automated Clearing House or other similar payment processes.

K. The Commissioner finds that entering into this Agreement is in the public interest and consistent with the purposes fairly intended by the policies and provisions of the CFL.

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

II.
TERMS AND CONDITIONS

- 1. Purpose. The parties intend to resolve this matter for the purpose of judicial economy and expediency and without the uncertainty and expense of a hearing or other litigation.
- 2. SALT. SALT agrees to the following:
 - a) SALT will pause collection of repayments on loans belonging to California residents while SALT’s CFL License is suspended or as further agreed to between the parties.
 - b) SALT will pause collection of interest payments on loans belonging to California residents while SALT’s CFL License is suspended or as further agreed to between the parties.

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- c) SALT will otherwise pause collection on loans belonging to California residents while SALT’s CFL License is suspended or as further agreed to between the parties.
- d) SALT will return any interest earned, accrued, or otherwise charged to borrowers that are California residents while SALT’s CFL License is suspended or as further agreed to between the parties.
- e) On and after November 16, 2022, SALT will not report to credit agencies and organizations that any loans belonging to California residents have become delinquent or defaulted, and SALT will not otherwise take any action that may harm California residents’ credit scores on such loans.
- f) During the Department’s suspension, SALT will not convert, pledge, repledge, hypothecate, rehypothecate, sell, lend, or otherwise transfer, dispose of, or use any amount of crypto assets belonging to California residents. If SALT later seeks to transfer crypto assets belonging to California residents back to these residents solely for these residents’ benefit, SALT will first notify the Department.
- g) SALT will not charge customer accounts belonging to California residents via Automated Clearing House or other similar payment processes.
- h) SALT agrees that it will not directly advertise or otherwise market financial products and services to California residents either through its website or direct-to-consumer advertising or marketing campaigns while its CFL License is suspended. Notwithstanding the foregoing, SALT may continue to maintain and operate its website.
- i) SALT will publish, within one day of the Date of Execution of this Agreement, and then maintain language on SALT’s website at <https://saltlending.com/> about the Department’s suspension of SALT’s CFL license and the moratorium on SALT’s activities under its suspended CFL license.

1 j) Within one day of the Date of Execution of this Agreement, SALT will delete the
2 following language from its webpage at [https://faq.saltlending.com/en_us/how-](https://faq.saltlending.com/en_us/how-does-a-salt-loan-work-B1RtbqR65)
3 [does-a-salt-loan-work-B1RtbqR65](https://faq.saltlending.com/en_us/how-does-a-salt-loan-work-B1RtbqR65): “Loan Completion - Upon payment of the
4 loan, the borrower’s collateral is freely available for withdrawal.”

5 k) Upon the expiration of the suspension of SALT’s CFL license (60DBO-87584)
6 under California Financial Code section 22710 on December 22, 2022, SALT
7 agrees to be immediately subject to a further suspension under California
8 Financial Code section 22714.

9 3. Information Willfully Withheld or Misrepresented. If the Commissioner discovers
10 that SALT knowingly or willfully withheld or misrepresented information used for and relied upon
11 in this Agreement, after providing SALT with due notice and an opportunity to be heard, this
12 Agreement may be revoked, and the Commissioner may pursue any and all remedies available under
13 law against SALT. SALT reserves any and all rights and defenses should such an action be brought
14 available under law, including, but not limited to, all rights and defenses available under the CFL.

15 4. Future Actions by Commissioner. If, after providing SALT with due notice and an
16 opportunity to be heard, the Commissioner determines that SALT failed to comply with the terms of
17 the Agreement, the Commissioner may institute proceedings for any and all matters otherwise
18 resolved under this Agreement. The Commissioner reserves the right to bring any actions against
19 SALT, or any of its partners, owners, officers, shareholders, directors, employees or successors for
20 any and all violations of the CFL or any other provision of law. SALT reserves any and all of its
21 rights and defenses should such an action be commenced, including, but not limited to, all rights and
22 defenses available under the CFL.

23 5. Assisting Other Agencies. Nothing in this Agreement limits the
24 Commissioner’s ability to assist any other government agency (city, county, state or federal) with
25 any prosecution, administrative, civil or criminal action brought by that agency against SALT or any
26 other person based on any of the activities alleged in this matter or otherwise.

27 6. No Presumption Against Drafter. Each party acknowledges that it has had the
28 opportunity to draft, review, and edit the language of this Agreement. Accordingly, the parties

1 intend no presumption for or against the drafting party will apply in construing any part of this
2 Agreement. The parties waive the benefit of Civil Code section 1654 as amended or corresponding
3 provisions of any successor statute, which provide that in cases of uncertainty, language of a contract
4 should be interpreted most strongly against the party who caused the uncertainty to exist.

5 7. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
6 has had the opportunity to receive independent advice from an attorney(s) and/or representatives
7 with respect to the advisability of executing this Agreement.

8 8. Headings. The headings for the paragraphs of this Agreement are inserted for
9 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
10 the provisions hereof.

11 9. Binding. This Agreement is binding on all heirs, assigns, and/or successors in
12 interest.

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

22 11. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
23 this Agreement will be valid or binding unless it is in writing and signed by each of the parties. The
24 waiver of any provision of this Agreement will not be deemed a waiver of any other provision. No
25 waiver by either party of any breach of, or of compliance with, any condition or provision of this
26 Agreement by the other party will be considered a waiver of any other condition or provision or of
27 the same condition or provision at another time.
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1 12. Full Integration. This Agreement is the final written expression and the complete and
2 exclusive statement of all the agreements, conditions, promises, representations, and covenants
3 between the parties with respect to the subject matter hereof, and supersedes all prior or
4 contemporaneous agreements, negotiations, representations, understandings, and discussions
5 between and among the parties, their respective representatives, and any other person or entity, with
6 respect to the subject matter covered hereby.

7 13. Governing Law. This Agreement will be governed by and construed in accordance
8 with California law. Each of the parties hereto consents to the jurisdiction of such court and thereby
9 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to
10 the maintenance of such action or proceeding in such court.

11 14. Counterparts. This Agreement may be executed in one or more separate counterparts,
12 each of which when so executed, shall be deemed an original. Such counterparts shall together
13 constitute a single document.

14 15. Effect Upon Future Proceedings. If SALT applies for any license, permit or
15 qualification under the Commissioner’s current jurisdiction, or are the subject of any future action by
16 the Commissioner to enforce this Agreement, then the subject matter hereof shall be admitted for the
17 purpose of such application(s) or enforcement proceeding(s). Notwithstanding the foregoing, SALT
18 shall not be denied a license, permit, or qualification solely because it has entered into this
19 Agreement.

20 16. Voluntary Agreement. SALT hereby enters into this Agreement voluntarily and
21 without coercion and acknowledges that no promises, threats, or assurances have been made by the
22 Commissioner or any officer, or agent thereof, about this Agreement. The parties each represent and
23 acknowledge that he, she or it is executing this Agreement completely voluntarily and without any
24 duress or undue influence of any kind from any source.

25 17. Notice. Any notice required under this Agreement shall be provided to each party at
26 the following addresses:

27 To SALT: Shawn Owen
28 Chief Executive Officer
 SALT Lending LLC
 600 17th Street, Suite 2800

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South Denver, CO 80202
Shawn.Owen@saltlending.com

Alex Fader
General Counsel
SALT Lending LLC
600 17th Street, Suite 2800
South Denver, CO 80202
Alex.Fader@saltlending.com

To the Commissioner:

Quincy Vien, Counsel
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
Quincy.Vien@dfpi.ca.gov

Steven Vong, Counsel
Department of Financial Protection and Innovation
2101 Arena Blvd.
Sacramento, California 95834
Steven.Vong@dfpi.ca.gov

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

19. Public Record. SALT hereby acknowledges that the Agreement is and will be a matter of public record.

20. Effective Date. This Agreement shall become final and effective when signed by all parties and delivered by the Commissioner’s agent via e-mail to SALT at the following email address: Alex.Fader@saltlending.com.

21. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Agreement and undertake the obligations set forth herein.

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Dated: December 8, 2022

CLOTHILDE V. HEWLETT

Commissioner of Financial Protection and Innovation



By:

MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: December 8, 2022

SALT LENDING LLC

By:

SIGNATURE

PRINTED NAME

TITLE