

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

4 TO: CONST LLC doing business as MyConstant, Constant, and ConstantP2P
5 Zon Chu
6 21800 Opportunity Way
7 Riverside, California 92508

8 Duy Huynh
9 121 West 104th Street, Apt. 1 E
10 New York, New York 10025

11 **DESIST AND REFRAIN ORDERS**
12 **(For violations of section 90003 of the Financial Code and**
13 **section 25110 of the Corporations Code)**

14 The Complainant, the Commissioner of Financial Protection and Innovation (Commissioner) of the
15 Department of Financial Protection and Innovation (Department), is informed and believes, and based
16 on such information and belief, finds as follows:

17 **I. Introduction**

18 1. At all relevant times, CONST LLC, doing business as MyConstant, Constant, and
19 ConstantP2P (collectively, MyConstant), is and was a Delaware limited liability company formed on
20 December 31, 2018.

21 2. On or about May 10, 2019, MyConstant filed an Application to Register a Foreign
22 Limited Liability Company with the California Secretary of State, registering a California business
23 office address at 21800 Opportunity Way, Riverside, California 92508.

24 3. At all relevant times, Zon Chu is and was Chief Executive Officer of MyConstant,
25 with a California business office address registered with the California Secretary of State at 21800
26 Opportunity Way, Riverside, California 92508.

1 4. At all relevant times, Duy Huynh is and was the sole known owner and managing
2 member of MyConstant, with an address registered with the California Secretary of State at 121 West
3 104th Street, Apt. 1 E, New York, New York 10025.

4 **II. Factual Background**

5 5. At all relevant times, MyConstant operated an online platform offering crypto asset-
6 related lending and interest-bearing services and products including, but not limited to:

7 a. A peer-to-peer personal loan brokering service called Loan Matching Service
8 whereby MyConstant brokered fiat (U.S. dollar) loans from one consumer to another consumer that
9 MyConstant represented were secured and collateralized by crypto assets posted with MyConstant by
10 the borrowing consumer.

11 b. A fixed interest-bearing crypto asset product called a Crypto-Lending Platform
12 account whereby a consumer deposited crypto assets (such as stablecoins) and MyConstant promised
13 a fixed annual percentage interest return.

14 c. A fixed interest-bearing fiat product called an Instant Access account whereby
15 a consumer deposited fiat currency and MyConstant promised a fixed annual percentage interest
16 return.

17 6. Starting as early as 2020, MyConstant represented itself as operating in and from the
18 State of California, demonstrated in the following:

19 a. MyConstant offered and sold the above products through MyConstant’s
20 mobile application and public website at <https://www.myconstant.com>, with a business address listed
21 on the website at 21800 Opportunity Way, Riverside, California 92508.

22 b. MyConstant corresponded with California customers via email and other
23 electronic means with a return business address listed at 21800 Opportunity Way, Riverside,
24 California 92508.

25 c. MyConstant issued Form 1099-INTs (Internal Revenue Service, Interest
26 Income Form 1099) to California customers with a return business address listed at 21800
27 Opportunity Way, Riverside, California 92508.

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Unlicensed Loan Brokering

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2 7. Since at least 2020, MyConstant offered and provided unlicensed loan brokering
3 services for personal loans made from one consumer to another (known as “peer-to-peer” lending) in
4 California.

5 8. MyConstant’s online peer-to-peer lending product was called the “Loan Matching
6 Service” and worked as follows: a consumer opened an account on the MyConstant platform and
7 deposited fiat currency either by wire or via a third-party ACH service called Prime Trust. The
8 consumer could view the available balance and lend funds to another consumer on the platform for a
9 defined period at a specific interest rate. The longer the loan term, the higher the interest rate—for
10 example, at various times, MyConstant offered annual lending interest-return rates of 6% for 30-day
11 loans, 7% for 90-day loans, 8% for 180-days loans and 9% for 240-day loans. The lending consumer
12 needed only to select their desired option to lend their money. MyConstant handled and assisted the
13 consumer lender with all parts of the lending process, such as arranging the lender-borrower “match,”
14 evaluating the borrower, securing collateral, structuring and effecting the lending agreement,
15 processing payments, and transferring funds.

16 9. MyConstant’s website touted the “Immediate Returns,” “Flexible Terms,” and “No
17 Fees” of their broker services and marketed its system as exceptionally user-friendly for the lending
18 consumer. MyConstant received compensation for its loan brokering services and explained in its
19 Terms of Service that it “provides Loan Matching Services to potential Lenders and Borrowers on the
20 Website in exchange for a Matching Fee.”

21 10. As a prominent assurance against risk, MyConstant guaranteed that “[a]ll lending is
22 backed by cryptocurrencies that are easy to sell if borrowers default” and explained in a video
23 advertisement that the borrowing consumer was required to post 150% of the loan value in crypto
24 assets as collateral, resulting in the lending consumer “always” getting their principal returned.

25 11. MyConstant’s website noted that its loan brokering services were intended for
26 “personal loans.” In a MyConstant webpage blog posting—titled “Best Ways To Get A Personal
27 Loan With Bad Credit”—MyConstant said: “On our platform, you can use cryptocurrency as
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1 collateral to secure a low-risk personal loan with bad credit and no material assets ... Apply for a
2 personal loan with MyConstant today.”

3 12. California consumers deposited money into MyConstant accounts and loaned money
4 through the Loan Matching Service. One California consumer (Consumer A) reported that they made
5 over 50 loans to other consumers over a period of two to three years through MyConstant. The
6 Consumer relied on MyConstant’s representations regarding collateral in believing that there was a
7 “very low” risk of losing the money lent.

8 Unregistered Sale of Securities

9 13. Additionally, since at least 2020, MyConstant has offered and sold unqualified,
10 nonexempt securities in issuer transactions in the State of California by offering two interest-bearing
11 products: (1) a crypto asset account that generated up to 14% annual percentage yield (APY); and (2)
12 a fiat currency account that generated interest at 4% annual percentage rate (APR).

13 14. The first interest-bearing product, a crypto deposit account, was referred to in
14 MyConstant marketing as the Crypto-Lending Platform. MyConstant advertised that a consumer
15 could “lend your cryptos to earn up to 14% APY.”

16 15. MyConstant’s marketing described the process of using its Crypto-Lending Platform
17 as simply opening an account, depositing one’s crypto assets into a “lending pool” with other
18 consumers’ assets, and then “watching your crypto grow.”

19 16. The consumer was not required to have any business expertise or experience or to
20 contribute any management efforts in order to benefit from the high-interest returns of the Crypto-
21 Lending Platform.

22 17. The second interest-bearing product was the Instant Access account. It worked
23 similarly to the Crypto-Lending Platform, but involved depositing fiat currency with a promised fixed
24 interest rate return of 4%. MyConstant represented that Instant Access allowed a consumer to
25 “[d]eposit money online to earn interest, compounded and paid every second.”

26 18. MyConstant’s website stated that Instant Access allowed consumers to open an
27 account and earn 4% annual percentage yield on their deposited funds.
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1 19. MyConstant’s Terms of Service further describes that fiat funds deposited with the
2 Instant Access service would be invested into a “liquidity pool” of assets expected to generate a high
3 rate of return, but that would be easy to withdraw funds from anytime.

4 20. Under both MyConstant’s Crypto-Lending Platform and Instant Access products,
5 consumers’ assets were pooled together and put at risk by MyConstant with the stated purpose of
6 generating passive returns for the consumers. Consumers did not engage in substantive platform-
7 related activities beyond depositing their crypto or fiat assets with MyConstant; they depended on
8 MyConstant and its significant business efforts to receive their expected interest payments. Although
9 these products functioned similarly to banks or pooled investment vehicles, MyConstant was and is
10 not registered in this capacity with any relevant authority and was not protected by organizations such
11 as the Federal Deposit Insurance Corporation or the Securities Investor Protection Corporation. As a
12 result, the consumers’ expectation and ability to receive a profit in the form of interest payments
13 through the Crypto-Lending Platform and Instant Access products were dependent on the success of
14 MyConstant’s business efforts.

15 21. On November 17, 2022, MyConstant abruptly ceased customer withdrawals, and
16 posted on its website: “Given the collapses of several cryptocurrencies so far this year and the rapidly
17 deteriorating market conditions that have been prompting heavy withdrawals across all crypto
18 lending and crypto exchange platforms recently, we are sad to inform you that we are unable to
19 continue to operate our business as usual . . . No deposit or investment request will be processed at
20 this time.”

21 22. On November 25, 2022, MyConstant posted: “We have scheduled a limited discussion
22 forum for the largest customers on our proposed Plan to implement an orderly liquidation to
23 maximize and expedite customer recoveries.” MyConstant continues to prohibit its customers—
24 many of whom have significant fund balances in their accounts—from withdrawing their funds.

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III. Desist and Refrain Orders

California Consumer Financial Protection Law

23. The Commissioner has jurisdiction over the regulation of persons who engage, have engaged, and propose to engage in offering or providing a consumer financial product or service in California and affiliated service providers under the California Consumer Financial Protection Law (CCFPL) (Cal. Fin. Code §§ 90000-90019).

24. Under the CCFPL, it is unlawful for a “covered person” to “[e]ngage, have engaged, or propose to engage in any unlawful, unfair, deceptive, or abusive act or practice with respect to consumer financial products or services.” Cal. Fin. Code § 90003(a)(1).

25. A “covered person” includes “[a]ny person that engages in offering or providing a consumer financial product or service to a resident of this state.” Cal. Fin. Code § 90003(f)(1).

26. A “consumer financial product or service” is generally a “financial product or service that is delivered, offered, or provided for use by consumers primarily for personal, family, or household purposes.” Cal. Fin. Code § 90005(e)(1).

27. A “financial product or service” includes, among other things, “[e]xtending credit and servicing extensions of credit, including acquiring, purchasing, selling, brokering extensions of credit, other than solely extending commercial credit to a person who originates consumer credit transactions.” Cal. Fin. Code § 90005(k)(1).

28. The CCFPL defines “credit” as “the right granted by a person to another person to defer payment of a debt, incur debt and defer its payment or purchase property or services and defer payment for those purchases.” Cal. Fin. Code § 90005(g).

29. The CCFPL defines “debt” as “any obligation of a person to pay another person money regardless of whether the obligation is absolute or contingent, has been reduced to judgment, is fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured and includes any obligation that gives rise to right of an equitable remedy for breach of performance if the breach gives rise to a right to payment.” Cal. Fin. Code § 90005(h).

30. The Commissioner also has jurisdiction over the California Financing Law (CFL) (Cal. Fin. Code §§ 22000-22780.1), which prohibits persons from engaging “in the business of a

1 finance lender or broker” without a license from the Department. Cal. Fin. Code § 22100(a). The
2 CFL defines “broker” to include “any person who is engaged in the business of negotiating or
3 performing any act as broker in connection with loans made by a finance lender.” Cal. Fin. Code §
4 22004.

5 31. Based on the foregoing findings, the Commissioner is of the opinion that, by offering
6 and selling the peer-to-peer lending service called “Loan Matching Service” as described herein,
7 CONST, LLC doing business as MyConstant, Constant and ConstantP2P, Zon Chu, and Duy Huynh
8 are covered persons or service providers under the CCFPL that engaged in unlawful acts or
9 practices, in violation of Financial Code section 90003, subdivision (a)(1), and offered or provided
10 to a consumer any financial product or service not in conformity with any consumer financial law or
11 otherwise committed any act or omission in violation of a consumer financial law, in violation of
12 Financial Code section 90003, subdivision (a)(2), including but not limited to Financial Code section
13 22100, subdivision (a).

14 32. Further, the Commissioner finds that MyConstant has engaged in unlicensed loan
15 brokering in violation of Financial Code section 22100, subdivision (a), and is of the opinion that
16 MyConstant has operated its peer-to-peer lending platform in a manner that induced lenders to lend in
17 California without the required license. Accordingly, the Commissioner is of the opinion that
18 MyConstant violated Financial Code section 90003, subdivision (b), by providing substantial
19 assistance to lenders on its platform in violation of the CFL.

20 33. Pursuant to Financial Code section 90015, subdivision (d)(1), CONST LLC doing
21 business as MyConstant, Constant and ConstantP2P, Zon Chu, and Duy Huynh are hereby ordered
22 to desist and refrain from engaging in, or proposing to engage in, unlawful acts or practices in the
23 unlicensed brokering of consumer loans in violation of Financial Code section 90003, subdivision
24 (a)(1), or offer or provide to a consumer any financial product or service not in conformity with any
25 consumer financial laws, in violation of Financial Code section 90003, subdivision (a)(2), including
26 but not limited to Financial Code section 22100, subdivision (a).

27 34. Further, pursuant to Financial Code section 90015, subdivision (d)(1), CONST LLC
28 doing business as MyConstant, Constant and ConstantP2P, Zon Chu, and Duy Huynh are hereby

1 ordered to desist and refrain from engaging in, or proposing to engage in, unlawful acts or practices
2 by knowingly providing substantial assistance in the origination of unlicensed consumer loans in
3 violation of Financial Code section 90003, subdivision (b), including but not limited to Financial
4 Code section 22100, subdivision (a).

5 Corporate Securities Law of 1968

6 35. Based on the foregoing findings, the Commissioner further finds and is of the opinion
7 that MyConstant's Crypto-Lending Platform and Instant Access products are securities, in the form
8 of investment contracts, as defined in Corporations Code section 25019, and subject to qualification
9 under the Corporate Securities Law of 1968 (CSL) (Cal. Corp. Code §§ 25000-25707). These
10 unqualified, nonexempt securities were offered or sold in this state in issuer transactions in violation
11 of Corporations Code section 25110.

12 36. Further, any person who with knowledge directly or indirectly controls and induces
13 another person to violate any provision of the CSL, or knowingly provides substantial assistance to
14 another person to violate the CSL, is deemed to be in violation of that provision to the same extent as
15 the other person. Cal. Corp. Code § 25403(a)&(b). Zon Chu, as the Chief Executive Officer of
16 CONST LLC, and Duy Huynh, as the owner/managing member of CONST LLC, are persons who
17 with knowledge directly or indirectly controlled and induced CONST LLC to violate Corporations
18 Code section 25110. Further, Zon Chu and Duy Huynh knowingly provided substantial assistance to
19 CONST LLC in violating Corporations Code section 25110, as persons who promoted the sale of the
20 Crypto-Lending Platform and Instant Access products to the general public.

21 37. Under Corporations Code section 25532, CONST LLC doing business as MyConstant,
22 Constant and ConstantP2P, Zon Chu, and Duy Huynh are hereby ordered to desist and refrain from
23 the further offer and sale of securities in the State of California, including but not limited to the
24 Crypto-Lending Platform and Instant Access accounts, or any other similar interest-bearing asset
25 account that functions as a security, unless such offer or sale has been qualified under Corporations
26 Code sections 25111, 25112, or 25113, or unless such security or transaction is exempted or not
27 subject to qualification.

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38. This order is necessary, in the public interest, for the protection of consumers, and is consistent with the purposes, policies, and provisions of the California Financing Law, the California Consumer Financial Protection Law, and the Corporate Securities Law of 1968.

39. These Desist and Refrain Orders shall remain in full force and effect until further order of the Commissioner.

DATED: December 21, 2022
Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division