



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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

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Crypto Lender BlockFi Agrees to Provide More Than \$100,000 in Refunds to Californians

SACRAMENTO – The Department of Financial Protection and Innovation (DFPI) today announced that New Jersey-based crypto lending platform BlockFi Lending LLC (BlockFi) [agreed](#) to direct its servicer to provide Californians more than \$100,000 in refunds, subject to the bankruptcy court’s approval.

The refunds stem from BlockFi’s conduct following the crash of the FTX cryptocurrency exchange. On November 10, 2022, BlockFi paused its platform and prohibited consumer withdrawals given its exposure to FTX. BlockFi subsequently filed a petition for chapter 11 bankruptcy on November 28, 2022.

The DFPI investigation uncovered that the company failed to provide timely notification to borrowers that they could stop repaying on their BlockFi loans. This resulted in California borrowers remitting at least \$103,471 in loan repayments to BlockFi’s servicer while they were unable to withdraw funds and collateral from BlockFi’s platform. BlockFi recently filed a motion in the bankruptcy court, requesting permission to direct its servicer to return these loan repayments. The hearing is scheduled for April 19, 2023.

The Commissioner previously moved to suspend and suspended BlockFi’s lending license, issued pursuant to the California Financing Law, for 30 days beginning on November 11, 2022, and moved to revoke BlockFi’s license on December 15, 2022. Today, the company agreed to an interim suspension while the bankruptcy and revocation actions are pending. It also agreed to a final order to discontinue and a desist and refrain order, stemming from the company’s failure to timely notify borrowers that they could stop repaying their loans.

The Department of Financial Protection and Innovation protects consumers, regulates financial services, and fosters responsible innovation. DFPI protects consumers by establishing and enforcing financial regulations that promote transparency and accountability. We empower all Californians to access a fair and equitable financial marketplace through education and preventing potential risks, fraud, and abuse. Learn more at dfpi.ca.gov.

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