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

TO: DFG Trust
dfgtrust.com
mbdsgrk.top

lhy1314168@gmail.com

+1 626-321-8665
+1 520-506-5917

DESIST AND REFRAIN ORDER

(For violations of section 90003 of the Financial Code)

The Commissioner of Financial Protection and Innovation finds that:

1. The Commissioner has jurisdiction over the regulation of persons engaged in offering or providing a consumer financial product or service in California under the California Consumer Financial Protection Law (CCFPL) (Cal. Fin. Code §§ 90000-90019). Engaging in deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any financial instrument on behalf of a customer is conduct covered by the CCFPL. Cal. Fin. Code § 90005(k)(4).

2. At all relevant times, DFG Trust is and was a business entity of unknown formation, operating two public websites (dfgtrust.com and mbdsgrk.top) as well as the email address lhy1314168@gmail.com and telephone numbers +1 626-321-8665 and +1 520-506-5917, through which it conducted business, including offering consumer financial products and services in California.

3. DFG Trust is in no way associated with DFG Group, a global blockchain and cryptocurrency investment firm.

STATEMENT OF FACTS

4. Beginning in or about August 10, 2022, DFG Trust purported to act as a custodian of funds and a self-directed cryptocurrency trading service through its website and mobile applications

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1 (collectively, the Platforms). Through these Platforms and direct communications with consumers,
2 DFG Trust deceptively claimed to offer:

- 3 a. Deposit accounts, wallets, and custody services for retail customers seeking to
4 buy or sell a range of cryptocurrencies from various issuers;
- 5 b. Real-time market data for these cryptocurrency products;
- 6 c. Funds transmission and exchange services enabling customers to use their
7 deposited funds to purchase or sell cryptocurrencies; and
- 8 d. Self-directed trade execution for purchases and sales of cryptocurrency
9 products.

10 5. DFG Trust's website at dfgtrust.com (the Website) described its services as follows:

11 We're Powerful: The most popular digital asset trading platform,
12 access to the most powerful and convenient technical analysis and
trading tools on the market.

13 Best Support: 24*7 hours all-weather, full-time operation mode,
14 customer service will answer your related inquiries as soon as
15 possible.

16 We're Global: Users in more than 20 countries and regions are
17 using our platform and are widely recognized.

18 Rich variety of cryptocurrencies: 90+ Cryptocurrencies listed.

19 Advanced Data Encryption: Your transaction data is secured via
20 end-to-end encryption, ensuring that only you have access to your
personal information.

21 5. In exchange for these services, DFG Trust falsely claimed that it would charge a
22 commission of approximately 0.1% on self-directed trades made through the Platforms.

23 6. DFG Trust's Platforms included mobile applications that provided access to DFG
24 Trust's services. The Website represented that these applications were available for download
25 through Google Play and the Apple App Store, displaying logos for both services alongside links to
26 download each version of the application. These links created an impression that the applications had
27 been reviewed by the Apple App Store and Google Play, deemed safe to use and in compliance with
28 both companies' store policies, and approved to be listed in both stores – thereby adding to DFG

1 Trust's appearance of legitimacy. The links in fact directed users to third-party file hosting websites
2 unaffiliated with Google Play or the Apple App Store.

3 7. As part of these services, DFG Trust maintained purported records of trading orders
4 and account balances through its Platforms. The records, the Platforms, and the company's
5 communications were all elaborate fabrications in furtherance of a scheme to defraud consumers.

6 8. During the relevant time period, DFG Trust also marketed its services to California
7 consumers through general solicitations, including direct and unsolicited text messages. In at least
8 one case, the sales agent initiated a personal relationship with a California consumer through online
9 messaging platforms, before recommending DFG Trust to the California consumer, but never
10 revealing his or her actual connection to DFG Trust. This, too, gave the scheme an air of legitimacy
11 by leading consumers to falsely believe that DFG Trust provided legitimate services to its customers.

12 9. At least one California consumer deposited money with DFG Trust believing that they
13 were engaging in self-directed cryptocurrency trading through the Platforms.

14 10. In one case, a California consumer opened an account with DFG Trust and deposited
15 approximately \$3,500.00 at the instruction of a DFG Trust sales agent. This agent posed as an
16 independent cryptocurrency trader who used the Platforms for his or her own self-directed trading
17 activity. The agent not only provided instructions on how to use the Platforms, but also gave advice
18 on which cryptocurrencies the California consumer should buy and sell. Eventually, the agent steered
19 the California consumer to "book a membership" to obtain platform benefits and bonuses. Upon
20 requesting to become a VIP member, DFG Trust demanded that the California consumer deposit an
21 additional \$9,671.01, in order to receive a bonus of \$1,588. However, the California consumer
22 refused to make the additional deposit because DFG Trust failed to provide information about how
23 the bonus worked. Through these actions, DFG Trust engaged in deposit-taking activities or
24 transmitting funds, or otherwise acting as a custodian of funds or a financial instrument, as covered
25 by the CCFPL.

26 11. The California consumer believed he was executing purchase and sale orders of
27 cryptocurrency in his account, and believed that, as a result of those purchase and sale orders, he had
28 an increased account balance of \$5,000.00. However, both the purchase and sale orders and the

1 account balance information were fictitious. When that California consumer attempted to make a
2 withdrawal from the \$5,000.00, DFG Trust never produced any of the customer’s funds. After
3 several weeks, DFG Trust ceased communications with the California Consumer.

4 **APPLICABLE LAW**

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

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

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

13 15. A “financial product or service” includes, among other things, “[e]ngaging in deposit-
14 taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any
15 financial instrument for use by or on behalf of a consumer.” Cal. Fin. Code § 90005(k)(4).

16 16. “Deposit-taking activity” includes (1) the acceptance of deposits, maintenance of
17 deposit accounts, or the provision of services related to the acceptance of deposits or the maintenance
18 of deposit accounts; and (2) the receipt of funds or the equivalent thereof, received or held by a
19 covered person for the purpose of facilitating a payment or transmitting funds between a consumer
20 and a third party. *See* Cal. Fin. Code § 90005(i).

21 17. Based on the facts described in Paragraphs 4 through 12 above, in the course of
22 advertising, marketing, promoting, offering, or conducting business, DFG Trust represented, directly
23 or indirectly and expressly or by implication, the following:

- 24 a. DFG Trust provided bona fide deposit-taking, funds transmission or exchange,
25 or other custodial account services through its Platforms;
- 26 b. Customer funds would be held in trust and made available to purchase a range
27 of cryptocurrencies through the Platforms;
- 28 c. The Platforms provided access to cryptocurrencies for purchase and sale;

- 1 e. Customers’ self-directed purchase and sale orders made through the Platforms
- 2 would be executed by DFG Trust;
- 3 f. Customer account balance information and records of trading orders reflected
- 4 purchases and sales of cryptocurrencies and actual changes in cryptocurrency
- 5 prices; and
- 6 h. Customers could freely withdraw funds from their deposit accounts.

- 7 18. However, in truth and in fact:
- 8 a. DFG Trust provided no bona fide consumer financial products or services;
- 9 b. Customer funds were not held in trust;
- 10 c. The Platforms did not provide any access to cryptocurrency products;
- 11 e. Customers’ self-directed purchase and sale orders were not executed;
- 12 f. Account balance information and trading order records were fictitious; and
- 13 h. DFG Trust did not return customers’ funds when withdrawals were requested.

14 19. DFG Trust’s representations set forth in Paragraph 18 above constitute deceptive acts
15 or practices with respect to a consumer financial product or service, to wit, engaging in deposit-taking
16 activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds or any
17 financial instrument on behalf of a consumer.

18 20. Under Financial Code section 90015 (d), if, in the opinion of the Commissioner, any
19 person engages, has engaged, or proposes to engage in any activity prohibited by section 90003 or
20 90004, the Commissioner “may issue an order directing the person to desist and refrain from
21 engaging in the activity, act, practice, or course of business.”

22 **DESIST AND REFRAIN ORDER**

23 Therefore, DFG Trust is a “covered person” under the CCFPL that engages in offering or
24 providing consumer financial products or services to California residents, including engaging in
25 deposit taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of
26 funds or any financial instrument for use by or on behalf of a consumer. (Cal. Fin. Code §
27 90005(k)(4))

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1 Based on the foregoing findings, the Commissioner is of the opinion that DFG Trust, d/b/a
2 dfgtrust.com and mbdsgkrk.top violated section 90003 (a)(1), by engaging, having engaged, or
3 proposing to engage in unlawful, unfair, deceptive, or abusive acts and practices with respect to
4 consumer financial products or services.

5 Pursuant to Financial Code section 90015 (d), DFG Trust is hereby ordered to desist and
6 refrain from violating Financial Code section 90003 (a)(1) (Order).

7 This Order is necessary, in the public interest, for the protection of investors and consistent
8 with the purposes, policies, and provisions of the CCFPL.

9 Dated: March 23, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

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