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11 Attorneys for Complainant

12 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
13 OF THE STATE OF CALIFORNIA

14 In the Matter of:

CRD NO.: 165998

15 THE COMMISSIONER OF FINANCIAL
16 PROTECTION AND INNOVATION,

CONSENT ORDER

17 Complainant,

18 v.

19 ROBINHOOD FINANCIAL, LLC,

20 Respondent.

21
22 The Commissioner of Financial Protection and Innovation (Commissioner) and Robinhood
23 Financial, LLC. hereby enter this Consent Order (Consent Order or Order) with respect to the
24 following:

25 **I.**

26 **RECITALS**

27 A. Robinhood Financial, LLC (Robinhood), CRD No. 165998, has a principal place of business
28 at 500 Colonial Center Parkway, Suite 100, Lake Mary, FL 32746, and has been registered as a

1 broker-dealer in the state of California since October 17, 2013.

2 B. The Commissioner is authorized to administer and enforce the provisions of the Corporate
3 Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL) and the regulations promulgated
4 thereunder at title 10 of the California Code of Regulations, which include the licensure,
5 examination, and regulation of investment advisers and broker-dealers.

6 C. A coordinated investigation into Robinhood’s management of its activities with respect to
7 the retail market, including platform outages, deficiencies in supervision of options and margin
8 trading eligibility and approval processes, deficiencies relating to Robinhood’s operational structure
9 for controls, customer service and relating to significant operational issues during the period of
10 approximately October 1, 2019 to March 2021 (Investigation) has been conducted by a multistate
11 task force, coordinated among members of the North American Securities Administrators
12 Association (NASAA).

13 D. Robinhood has agreed to resolve the Investigation, upon the terms specified in the
14 Settlement Term Sheet executed as of October 2022, with all participating states and territories
15 identified in Appendix A to the Settlement Term Sheet (each, a Jurisdiction and collectively, the
16 Jurisdictions).

17 E. The Commissioner and Robinhood intend to resolve this matter amicably without the
18 necessity of a hearing or other litigation. Robinhood admits the jurisdiction of the Commissioner,
19 neither admits nor denies the findings of fact and conclusions of law contained in this Order, and
20 consents to the entry of this Order by the Commissioner.

21 F. Robinhood agrees to comply in all material respects with the undertakings specified herein.

22 G. Robinhood elects to permanently waive any right to a hearing and appeal under the CSL or
23 the Government Code with respect to this Consent Order.

24 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
25 contained herein, the Commissioner and Robinhood (the Parties) agree as follows:

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II.**FINDINGS OF FACT****PLATFORM OUTAGES**

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4 1. In December 2014, Robinhood launched commission-free, self-directed trading through its
5 mobile application to retail customers with no account minimums. Robinhood’s dramatic growth in
6 customers strained Robinhood’s platform infrastructure and its ability to properly address customer
7 needs. In March 2020, Robinhood’s mobile and website platform experienced multiple outages that
8 had a negative impact on the customer’s ability to submit orders and communicate effectively with
9 customer support. During the outages, customers were generally not able to enter buy or sale orders
10 and did not have the ability to take advantage of fluctuation in security price. Many California
11 customers contacted Robinhood in the three months following the March 2020 outages concerning
12 inability to execute transactions.

13 2. Since March 2020, Robinhood has implemented changes to customer support and
14 functionality of the mobile platform, some pursuant to an investigation by the Financial Industry
15 Regulatory Authority (FINRA) and agreed upon in the resulting Letter of Acceptance, Waiver, and
16 Consent dated June 22, 2021 (FINRA AWC).

OPTIONS AND MARGIN APPROVAL

17
18 3. Robinhood provides two types of option accounts to its customers, “Level 2” and “Level 3.”
19 The Level 2 account provides customers the ability to trade basic option contracts, which include
20 cash secured put and covered call contracts. The Level 3 account provides customers with the
21 ability to participate in more advanced strategies, such as option spreads.

22 4. Robinhood provides customers the ability to maintain a margin account to borrow funds
23 from Robinhood to execute transactions by utilizing the cash and securities in the customer’s
24 account as collateral.

25 5. Robinhood customers applied for option trading and margin trading through an automated
26 process that reviews information provided by the applicant such as account equity, employment
27 status, liquid net worth, income, risk tolerance, investment experience, and investment objective.
28 Robinhood relied upon an algorithm that nearly instantaneously approves or denies the customer’s

1 option or margin trading application. Robinhood did not have any designated registered principals
2 or other staff that manually assisted in the review process for option and margin trading to verify
3 each applicant’s self-reported information.

4 6. Robinhood’s automated account approval process allowed for customers that were denied
5 option and margin trading to re-submit and be approved by utilizing different responses to the
6 eligibility questions.

7 7. In April 2020, Robinhood began a monthly review of all option trading customers to
8 identify and address inconsistencies with the information that was provided during the application
9 process.

10 8. In May 2021, Robinhood began conducting a weekly inspection of its option customers to
11 verify proper approval for those accounts was achieved. The inspection process included a process
12 that identified accounts that did not fit the eligibility parameters and those accounts were
13 downgraded accordingly.

14 OPERATIONAL COMPLIANCE

15 9. The FINRA AWC cited numerous operational failures and failure to maintain proper
16 compliance systems resulting in violations of FINRA rules, including the following that violate the
17 rules and laws under the CSL:

- 18 a. **Failure to have a reasonably designed customer identification program** – *“From June*
19 *2016 to November 2018, Robinhood failed to establish or maintain a customer identification*
20 *program that was appropriate for the firm’s size and business. The firm approved more than*
21 *5.5 million new customer accounts during that period, relying on a customer identification*
22 *system that was largely automated and suffered from flaws. For example, even though*
23 *Robinhood received alerts flagging certain applications as potentially fraudulent-including*
24 *applications where the customer’s purported Social Security number belonged to a person*
25 *who was deceased-Robinhood’s customer identification system “override” those alerts and*
26 *approved the applications without any review. In all, Robinhood approved more than*
27 *90,000 accounts from June 2016 to November 2018 that had been flagged for potential*
28 *fraud without further manual review.”*

- 1 **b. Failure to supervise technology critical to providing customers with core broker-dealer**
2 **services** – *“From January 2018 to February 2021, Robinhood failed to reasonably*
3 *supervise the operation and maintenance of its technology, which, as a FinTech firm,*
4 *Robinhood relies upon to deliver core functions, including accepting and executing*
5 *customer orders. Instead, Robinhood outsourced the operation and maintenance of its*
6 *technology to its parent company, Robinhood Markets, Inc. (RHM)-which is not a FINRA*
7 *member firm-without broker-dealer oversight. Robinhood experienced a series of outages*
8 *and critical system failures between 2018 and late 2020, which, in turn, prevented*
9 *Robinhood from providing its customers with basic broker-dealer services, such as order*
10 *entry and execution.”*
- 11 **c. Failure to exercise due diligence before approving options accounts** – *“Since Robinhood*
12 *began offering option trading to customers in December 2017, the firm has failed to*
13 *exercise due diligence before approving customers to trade options. Although the firm’s*
14 *written supervisory procedures assign registered options principals the responsibility of*
15 *approving accounts for options trading, the firm, in practice, has relied on computer*
16 *algorithms-known at Robinhood as “option account approval bots”-with only limited*
17 *oversight by firm principals.”*
- 18 **d. Failure to report all customer complaints to FINRA** – *“Between January 2018 and*
19 *December 2020, Robinhood failed to report to FINRA tens of thousands of customer*
20 *complaints that it was required to report under FINRA Rule 4530, including complaints that*
21 *Robinhood provided customers with false or misleading information and that customers*
22 *suffered losses as a result of the firm’s outages and systems failures.”*
- 23 **e. Robinhood negligently misrepresented the risks associated with options spread**
24 **transactions and the actions the firm would take with those positions on its customers’**
25 **behalf** – *“From January 2018 to March 2021, Robinhood made misrepresentations and*
26 *omissions of material fact about options spread transactions. First, Robinhood misstated the*
27 *risk of loss associated with options spread transactions, and second, the firm provided*
28 *customers with false information about the actions the firm would take as those spreads on*

1 *the expiration date. As a result of these negligent misrepresentations and omissions, at least*
2 *630 customers incurred losses totaling over \$5.73 million.”*

3 CUSTOMER SUPPORT

4 10. From July 1, 2018, through June 30, 2020, Robinhood did not establish, maintain, or enforce
5 a reasonable supervisory system to provide customer support.

6 11. During the period of June 1, 2018 through June 30, 2020, Robinhood was experiencing
7 substantial customer and revenue growth, and towards the end of the period, struggled to adequately
8 support the volume of incoming customer inquiries. This was particularly relevant following a
9 number of firmwide platform outages.

10 12. Robinhood’s initial acknowledgements were, during the period, provided through automated
11 email responses. Subsequent responses, provided primarily through email and chat, were sometimes
12 delayed and not issue responsive. Robinhood sometimes utilized multiple customer support agents
13 to respond to an ongoing ticket and the responses did not always fully address the customer’s
14 concerns.

15 13. Robinhood’s reliance on automated and bulk emails to resolve certain customer support
16 inquiries did not always meet customers’ individual needs and expectations. Robinhood should
17 have been aware through its monitoring that some customers were not receiving adequate customer
18 support. In December 2020, Robinhood rolled out an option for phone support but continued to
19 utilize email responses for a significant number of inquiries.

20 14. Further, Robinhood failed to accurately project customer service representative headcount to
21 adequately handle customer needs in 2020.

22 15. Robinhood did not provide customers clear and accurate disclosures concerning certain
23 options and margin issues. Robinhood did not notify customers of long running errors involving
24 certain account display information. Additionally, Robinhood did not provide customers realistic
25 expectations around its customer support capabilities, telling customers that Robinhood would
26 respond to email requests within 1-3 days when this did not always occur.

27 16. To date, Robinhood has paid over \$87 million to compensate customers through settlements,
28 including by paying restitution as part of the FINRA AWC, by contributing to a Fair Fund related to

1 a settlement with the U.S. Securities and Exchange Commission, and by settling a class action and
2 other direct lawsuits.

3 **III.**

4 **CONCLUSIONS OF LAW**

5 17. Pursuant to CSL section 25218 and Code of Regulations, title 10, section 260.218.4, it is a
6 violation of the CSL for a broker-dealer firm to fail to establish and maintain a supervisory system
7 that is reasonably designed to achieve compliance with securities laws and regulations.

8 18. Pursuant to CSL section 25218 and Code of Regulations, title 10, section 260.218.4, it is a
9 violation of the CSL for a broker-dealer firm to fail to exercise due diligence when ascertaining
10 essential facts about a customer's financial situation and investment objectives in the context of
11 reviewing an application for options or margin trading.

12 19. By failing to maintain adequate oversight of its trading technology resulting in significant
13 platform outages during times of historic market volatility, as well as significant periodic outages,
14 Robinhood harmed its customers. Robinhood's failure to implement and maintain adequate
15 supervisory systems for its technology violated CSL section 25218 and Code of Regulations, title
16 10, section 260.218.4.

17 20. While experiencing platform outages, Robinhood failed to maintain an adequate customer
18 response system. Therefore, Robinhood violated CSL section 25218 and Code of Regulations, title
19 10, section 260.218.4.

20 21. Robinhood failed to maintain and implement adequate supervisory systems for its
21 technology and failed to exercise due diligence in ascertaining essential facts about California
22 customers' qualifications for options and margin trading. Robinhood also negligently
23 misrepresented risks associated with multileg spread options. By doing so, Robinhood violated CSL
24 section 25218 and Code of Regulations, title 10, section 260.218.4.

25 22. By failing to report "tens of thousands" of complaints to FINRA, Robinhood violated CSL
26 section 25218 and Code of Regulations, title 10, section 260.218.4 that requires every dealer to
27 establish, maintain, and enforce written procedures to set forth the prompt review and written
28 approval of the handling of customer complaints.

1 23. By failing to provide reasonable customer support, Robinhood failed to maintain and
2 implement adequate supervisory systems over its customer support. Therefore, Robinhood violated
3 CSL section 25218 and Code of Regulations, title 10, section 260.218.4.

4 **IV.**

5 **TERMS AND CONDITIONS**

6 24. Purpose. This Consent Order resolves this matter in a manner that avoids the expense of a
7 hearing and other possible court proceedings, is in the public interest, and is consistent with the
8 purposes, policies, and provisions of the CSL.

9 25. Desist and Refrain Order. Pursuant to Corporations Code section 25532, Robinhood is
10 hereby ordered to desist and refrain from further violations of California Code of Regulations, title
11 10, section 260.218.4 as described herein. Noncompliance with any of the terms and conditions in
12 this Consent Order shall be a violation of a order of the Commissioner and a violation of the laws of
13 the State of California and may result in additional administrative action and the imposition of
14 injunctive relief, sanctions, and additional penalties pursuant to applicable provisions of the CSL.

15 26. Penalty Order. Robinhood is hereby ordered to pay a penalty totaling \$200,000.00 (Penalty)
16 to the Commissioner for violations of the CSL. Payment of the Penalty shall be made no more than
17 30 days after the Effective Date, as defined in Paragraph 58 below, and should be made in the form
18 of a cashier's check or Automated Clearing House deposit payable to the "Department of Financial
19 Protection and Innovation" and transmitted to the attention of "Accounting – Litigation" at
20 Department of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California
21 95834-2036. Notice of such payment shall be forwarded to Joanne Ross, Senior Counsel,
22 Department of Financial Protection and Innovation, Enforcement Division, via email at:
23 Joanne.Ross@DFPI.ca.gov.

24 27. No Limitation. Nothing herein shall be construed as limiting the Commissioner's ability to
25 investigate Robinhood for violations not resolved herein or to respond to and address any consumer
26 complaints made with respect to Robinhood.

27 28. Compliance. Nothing herein shall be construed as having relieved, modified, or in any
28 manner affected Robinhood's ongoing obligation to comply with all federal, state, or local statutes,

1 rules, and regulations applicable to Robinhood. If, after this Order is executed, Robinhood fails to
2 comply with any of the terms set forth herein or any representation by Robinhood herein is
3 discovered to be incorrect or misleading in any manner, the Commissioner may enforce this Order
4 and may reinstitute the actions and investigations referenced in the Order. Any violations of the
5 Order, as issued, may constitute grounds for further sanctions against Robinhood for such
6 violations.

7 REMEDICATION AND FURTHER UNDERTAKINGS

8 29. Third-Party Consultant Review. As part of the FINRA AWC, Robinhood engaged a third-
9 party consultant to complete a comprehensive review of Robinhood’s compliance with areas
10 identified as deficient in the FINRA AWC, including Robinhood’s procedures for option trading
11 account approval, and recommended modifications or supplements to Robinhood’s processes,
12 controls, policies, systems, procedures, and training. Robinhood shall provide the Commissioner
13 access to any non-privileged report, exhibits, documents, or subsequent reports generated from the
14 third-party consultant’s review. The Commissioner will treat the report as an investigatory record
15 for purposes of applicable Public Record Act provisions. Robinhood shall provide the
16 Commissioner with a written attestation that the firm fully complied with the independent third-
17 party consultant’s recommendations or has otherwise maintained measures as or more effective at
18 addressing the purpose of the recommendations within one-year of the Effective Date of this Order.

19 30. Customer Service Improvements. Robinhood represents that it has done substantial work to
20 enhance its customer service program since March 2020. Robinhood has substantially increased
21 available customer service resources, including by hiring additional staff and expanding the
22 avenues for customer support. Robinhood’s Customer Experience team includes customer support
23 agents, operational leaders who oversee and manage customer support on a day-to-day basis,
24 quality control reviewers, and account security specialists.

25 31. Customer Service Reorganization. In June 2021, Robinhood reorganized the customer
26 support structure by support categories to optimize its customer support function. Support
27 categories include: Advanced Brokerage (options and margin); Core Brokerage (equities and
28 ACATS); Customer Safety and Privacy (account information, login issues, and security operations);

1 Accounts (onboarding, documents, taxes, data and charts, deactivation, referrals, and usability); and
2 Funding (withdrawals, deposits, and bank linking). Only Robinhood’s licensed representatives staff
3 the Advanced Brokerage and Core Brokerage groups.

4 32. Customer Support Access. Robinhood represents that it now offers customers multiple
5 methods to submit complaints, make inquiries and receive support, including email support, live
6 24/7 voice support, and live 24/7 chat support.

7 33. Voice Support. Robinhood launched its voice support program in December 2020 and
8 gradually increased its availability. By October 2021, voice support was available 24/7 for all
9 customer support inquiries, including but not limited to inquiries regarding options, potential
10 account takeovers, account restrictions, equities, margin, withdrawals, cash management,
11 cybersecurity, fraud, bank-linking, and cryptocurrency. Robinhood’s 24/7 voice customer support
12 offers live phone support to customers 24 hours a day, 7 days a week. Customers can request phone
13 support via a call-back option in the Robinhood app or website and will receive a notification when
14 they are next in line for a call. Robinhood has an internal target of calling customers within 30
15 minutes of submission of their request.

16 34. Chat Support. In July 2022, Robinhood added 24/7 chat support for all customer support
17 inquiries.

18 35. Customer Support Metrics. Robinhood represents that it currently tracks a number of
19 metrics regarding customer response times and focuses on median response time and a metric called
20 “P85 response time,” which is the time it takes to respond to 85% of support requests. Notably, for
21 customers requesting voice support, although not required by regulation, Robinhood has
22 consistently met its target of calling customers back within 30 minutes. Robinhood represents that
23 its current practice is to track pending unresolved customer support inquiries and maintain records
24 of customer correspondence and contacts, including failures of customer service to respond to
25 inquiries.

26 36. Internal Metrics. Robinhood represents that its Customer Experience team uses several
27 internal data dashboards to monitor customer support-related metrics. Senior management,
28 including the Vice President of Operations Shared Services (who oversees customer support), and

1 Robinhood Market, Inc.’s Chief Brokerage Officer, is kept apprised of these metrics on a regular
2 basis as well as on an ad hoc basis.

3 37. Policies and Procedures. Robinhood will maintain reasonable and effective policies and
4 procedures governing the supervision of its customer support function, including but not limited to
5 accurate disclosures to customers regarding available customer support. As part of customer
6 support supervision, regular, appropriate, and timely reports shall be made to the Vice President of
7 Customer Experience, who is also a member of Robinhood’s Board of Managers.

8 38. Customer Complaint Records. Robinhood will maintain records of customer complaints and
9 correspondence, including complaints and correspondence concerning failure of customer service
10 response to inquiries, in accordance with all applicable regulatory requirements.

11 39. Reimbursement Policies. Robinhood has or will establish additional reimbursement policies
12 or procedures for evaluating whether retail customers have suffered losses related to deficiencies in
13 the supervision of customer support or from other system issues or from the deficiencies laid out in
14 the FINRA AWC. Robinhood is not aware of any customers impacted by the underlying
15 deficiencies in the FINRA AWC who have not already been evaluated for remediation.

16 AUDITS AND INSPECTIONS

17 40. State Examinations. Within two years of the date of the first executed order, at Robinhood’s
18 expense, state securities regulators may send a multistate team to examine and review compliance
19 with the Order which may include, but is not limited to:

20 a. Reviewing and evaluating the effectiveness of Robinhood’s remediation
21 practices and overall supervision of customer support.

22 b. Evaluating and addressing the accuracy and timeliness of Robinhood’s
23 communications and disclosures to customers regarding the level of support that they can expect to
24 receive.

25 41. Books and Records. This multistate examination is a part of the state regulators’ authority to
26 require the production of books and records, audit, examinations, and review, and should not be
27 interpreted to limit this authority in any way.

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1 CONSTRUCTION AND DEFAULT

2 42. Disqualifications. This Order shall not (a) form the basis for any disqualifications from
3 registration as a broker-dealer, investment adviser, or issuer under the laws, rules, and regulations
4 of any state, or for any disqualification from relying upon the securities registration exemptions or
5 safe harbor provisions to which Robinhood or any of its affiliates may be subject under the laws,
6 rules, and regulations of the settling states, (b) form the basis for any disqualifications under the
7 laws of any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands; under the rules
8 or regulations of any securities or commodities regulator of self-regulatory organizations; or under
9 the federal securities laws, including but not limited to, § 3(a)(39) of the Securities Exchange Act of
10 1934, Rule 262 of Regulation A and Rules 504 and 506 of Regulation D under the Securities Act of
11 1933 and Rule 503 of Regulation CF, or (c) form the basis for disqualification under the FINRA
12 rules prohibiting continuance in membership or disqualification under other Self-Regulatory
13 Organization’s rules prohibiting continuance in membership.

14 43. Admissions. Except in an action by the Commissioner to enforce Robinhood’s obligations
15 under this Order, this Order is not intended to be deemed or used as (a) an admission of, or
16 evidence of, the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability;
17 or (b) an admission of, or evidence of, any such alleged fault or omission of Robinhood in any civil,
18 criminal, arbitration, or administrative proceeding in any court, administrative agency, or other
19 tribunal.

20 44. Consideration. In consideration of the settlement, the Commissioner will conclude the
21 investigation and any civil or administrative actions that could be commenced pursuant to state
22 securities law for the specific violations resolved herein, solely as it relates to Robinhood. Nothing
23 in this Order shall be construed to create, waive, release, or limit any private right of action,
24 including any claims retail customers have or may have on an individual or class basis under state
25 or federal laws against any person or entity. The Commissioner will not seek additional monetary
26 penalties or remedies from Robinhood, relating to the specific failures and deficiencies identified by
27 the jurisdictions in the course of this investigation and limited exclusively to the specific violations
28 identified in this Order except as set forth herein.

1 45. Binding Agreement. This Order shall be binding upon Robinhood and its successors and
2 assigns, as well as to successors and assigns of relevant affiliates, with respect to all conduct subject
3 to the provisions above and all future obligations, responsibilities, undertakings, commitments,
4 limitations, restrictions, events, and conditions.

5 46. Governing Law. This Order and any dispute related thereto shall be construed and enforced
6 in accordance with, and governed by, the laws of the California without regard to any choice of law
7 principles.

8 47. Implied Conduct. This Order is not intended to state or imply willful, reckless, or fraudulent
9 conduct by Robinhood, or its affiliates, directors, officers, employees, associated persons, or agents.

10 48. Waiver of Hearing Rights. Robinhood acknowledges that the Commissioner is ready,
11 willing, and able to proceed with the filing of an enforcement action upon the matters discussed
12 herein. Robinhood hereby waives the right to any hearings, and to any reconsideration, appeal, or
13 other right to review which may be afforded pursuant to the CSL, the California Administrative
14 Procedures Act, the California Code of Civil Procedure, or any other provision of law. Robinhood
15 further expressly waives any requirement for the filing of an Accusation pursuant to Government
16 Code section 11415.60(b). By waiving such rights, Robinhood effectively consents to this Consent
17 Order, Desist and Refrain Order, and Order for Penalties contained herein becoming final.

18 49. Information Willfully Withheld or Misrepresented. This Consent Order may be revoked,
19 and the Commissioner may pursue any and all remedies available under the law against Robinhood
20 if the Commissioner discovers that Robinhood knowingly or willfully withheld or misrepresented
21 information used for and relied upon in this Order.

22 50. Headings. The headings to the paragraphs of this Order are inserted for convenience only
23 and will not be deemed a part hereof or affect the construction or interpretation of the provisions
24 hereof.

25 51. Reliance. Each of the Parties represents, warrants, and agrees that in executing this Order it
26 has relied solely on the statements set forth herein and the advice of its own counsel. Each of the
27 Parties further represents, warrants, and agrees that in executing this Order it has placed no reliance
28 on any statement, representation, or promise of any other party, or any other person or entity not

1 expressly set forth herein, or upon the failure of any party or any other person or entity to make any
2 statement, representation, or disclosure of anything whatsoever. The Parties have included this
3 clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this
4 Order; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or
5 contradict the terms of this Order.

6 52. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of this
7 Order will be valid or binding unless it is in writing and signed by each of the Parties. The waiver
8 of any provision of this Order will not be deemed a waiver of any other provision. No waiver by
9 either Party of any breach of, or of compliance with, any condition or provision of this Order by the
10 other Party will be considered a waiver of any other condition or provision or of the same condition
11 or provision at another time.

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

15 54. Voluntary Agreement. Robinhood enters this Order voluntarily and represents that no
16 threats, offers, promises, or inducements of any kind have been made by the Commissioner or any
17 member, officer, employee, agent, or representative of the Commissioner to induce Robinhood to
18 enter this Order. The Parties each represent and acknowledge that he, she, or it is executing this
19 Consent Order completely voluntarily and without any duress or undue influence of any kind from
20 any source.

21 55. Notice. Any notice required under this Consent Order shall be provided to each party by
22 email and overnight mail/courier service at the following addresses.

23 To Respondent: Robinhood Financial, LLC
24 Attn: Lucas Moskowitz, Deputy General Counsel
25 Legal-inquiries@robinhood.com
26 500 Colonial Center Parkway, Suite 100
27 Lake Mary, FL 32746

28 To the Commissioner: Joanne Ross
Senior Counsel, Enforcement Division
Department of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, California 95834
Joanne.Ross@DFPI.ca.gov

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

3 57. Public Record. Robinhood hereby acknowledges that this Consent Order is and will be a
4 matter of public record.

5 58. Effective Date. This Consent Order shall become final and effective when signed by all
6 Parties and sent by the Commissioner’s agent via e-mail to Lucas Moskowitz, Deputy General
7 Counsel, at legal-inquires@robinhood.com.

8 59. Authority to Sign. Each signatory hereto covenants that he or she possesses all necessary
9 capacity and authority to sign and enter into this Consent Order and undertake the obligations set
10 forth herein.

11 Dated: April 6, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



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14 By: _____
15 Mary Ann Smith
16 Deputy Commissioner
17 Enforcement Division
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CONSENT TO ENTRY OF ADMINISTRATIVE ORDER BY ROBINHOOD

Robinhood hereby acknowledges that it has been served with a copy of this Administrative Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

Robinhood admits the jurisdiction of the Commissioner of Financial Protection and Innovation, neither admits nor denies the Findings of Fact and Conclusions of Law contained in this Order; and consents to entry of this Order by the Commissioner as settlement of the issues contained in this Order.

Robinhood agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any administrative monetary penalty that Robinhood shall pay pursuant to this Order. Robinhood understands and acknowledges that these provisions are not intended to imply that would agree that any other amounts Robinhood shall pay pursuant to this Order may be reimbursed or indemnified (whether pursuant to an insurance policy or otherwise) under applicable law or may be the basis for any tax deduction or tax credit with regard to any state, federal or local tax.

Robinhood states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

James Swartwout represents that [**he/she**] is President of Robinhood and that, as such, has been authorized by Robinhood to enter into this Order for and on behalf of Robinhood.

Dated this 4th day of April, 2023.

Robinhood Financial, LLC

By: James Swartwout

Title: President