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

In the Matter of: ) CONSENT ORDER

THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,

Complainant,

v.

CHIME FINANCIAL, INC.,

Respondent.

This Consent Order (Consent Order) is entered into between the Commissioner of Financial Protection and Innovation (Commissioner) and Chime Financial Inc. (Chime) (collectively, the Parties).

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I.

RECITALS

Legal Background

A. The Commissioner has jurisdiction over the regulation of persons engaged in offering or providing a consumer financial product or service in California and their affiliated service providers under the California Consumer Financial Protection Law (CCFPL) (Fin. Code, § 90000 et seq.).

B. 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.” (Fin. Code, § 90003, subd. (a)(1).)

C. A “covered person” is “[a]ny person that engages in offering or providing a consumer financial product or service to a resident of this state.” (Fin. Code, § 90005, subd. (f)(1).)

D. 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.” (Fin. Code, § 90005, subd. (e)(1).)

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

F. The Commissioner conducted an investigation under the authority of the CCFPL into Chime’s customer complaints handling process between January 2020 and September 2022 (Investigation Period).

Commissioner’s Findings and Conclusions

G. Following an investigation, the Commissioner made the following findings of fact (Findings):

i. Chime is a corporation incorporated in Delaware with its headquarters in San Francisco, California. Chime works with banking partners to provide access to consumer-oriented banking products such as savings and checking accounts.

ii. Chime represents that it partners with certain banks to provide access to
innovative financial products to consumers to assist them with their financial needs.

iii. Chime provides its employees and third party customer service vendors with training in handling consumer complaints.

iv. During the Investigation Period, the Commissioner received complaints from consumers raising concerns about their accounts and customer service interactions with Chime, which the Commissioner forwarded to Chime for investigation and response. The Commissioner also undertook an investigation into Chime’s handling of those consumer complaints.

v. In handling or evaluating some consumer complaints submitted to the Commissioner during the period from January through March 2021, Chime’s complaint handling violated the CCFPL with regard to, among other things, occasional mistakes that occurred in Chime’s responsiveness to those complaints.

vi. Chime has represented that it has addressed the complaints handling-related issues identified by the Commissioner and continued to improve its customer complaint resolution practices and procedures.

H. Based upon the Findings, the Commissioner made the following conclusions (Conclusions):

i. Chime is a “covered person” under the CCFPL that engages in offering or providing consumer financial products or services to California residents, including providing access to “deposit-taking activities, transmitting or exchanging funds, or otherwise acting as a custodian of funds . . . for use by or on behalf of a consumer.” (Fin. Code, § 90005, subd. (k)(4).)

ii. Based on the above, the Commissioner is of the opinion that Chime violated Financial Code section 90003, subdivision (a)(1), by having engaged in unfair acts with respect to consumer financial products or services. As between Chime and the consumer, Chime is in the better position to accurately evaluate the available information in most cases and to respond to consumers’ complaints in a timely manner.

iii. While the number of mistakes during the Investigation Period was relatively small in comparison to the overall number of consumer complaints received, the mistakes were important to the affected consumers.
I. Chime represents that it has cooperated with the Commissioner’s inquiry, that it is committed to working with regulatory agencies for the benefit of consumers, and that this Consent Order reflects Chime’s willingness to work with regulatory agencies to ensure that its complaint handling processes comply with the law.

J. Chime agrees to comply with the terms and conditions of this Consent Order as outlined below.

K. Without admitting or denying the Commissioner’s Findings or Conclusions, Chime desires to enter into this Consent Order, which the Commissioner finds is appropriate, in the public interest, and consistent with the purposes of the CCFPL.

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. This Consent Order resolves the issues before the Commissioner in a manner that avoids the business disruption and expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of the applicable law.

2. Finality of Consent Order. Chime agrees to comply with this Consent Order and stipulates this Consent Order is hereby deemed final.

3. Desist and Refrain Order. Pursuant to Financial Code section 90015, subdivision (d)(1), Chime is hereby ordered to desist and refrain from responding to consumer complaints in an unfair or untimely manner in violation of Financial Code section 90003, subdivision (a)(1).

4. Penalty. Pursuant to Financial Code section 90012, subdivision (c), Chime is ordered to pay the Commissioner a total penalty of $2,500,000.00 (Penalty) no later than thirty calendar days after the Effective Date of this Consent Order. The penalty must be made payable to “Department of Financial Protection and Innovation” in the form of a cashier’s check, wire transfer or Automated Clearing House deposit to the Department of Financial Protection and Innovation,
transmitted to the attention of Accounting – Litigation, at the Department of Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California 95834. Notice of the payment must be concurrently sent to Paul Yee, Senior Counsel, Department of Financial Protection and Innovation, One Sansome Street, San Francisco, California 94104-4448, Paul.Yee@dfpi.ca.gov.

5. **Enhanced Customer Service Procedures.** Chime has agreed to continue or to undertake the following actions to enhance existing customer service procedures or processes:
   
   (a) Ensure customer service support 24 hours a day, seven days a week,
   
   (b) Ensure sufficient customer service support staffing,
   
   (c) Ensure sufficient customer service support training, and
   
   (d) Investigate and implement policies and procedures to maintain the accurate, prompt and proper handling of consumer complaints.

6. **Compliance and Reporting.** Chime shall establish, implement, enhance, and maintain testing policies, procedures, and standards reasonably designed to, at a minimum, ensure compliance with the provisions of this Consent Order. Furthermore, within 90 days from the Effective Date of this Consent Order, and for two consecutive years after the Effective Date of this Consent Order, Chime shall submit to the Commissioner accurate written compliance progress report, which, at a minimum describes in detail the manner in which Chime has complied with this Consent Order. Chime shall submit the second written compliance progress report one year after the Effective Date of this Consent Order and the third written compliance progress report two years after the Effective Date of this Consent Order.

7. **Waiver of Hearing Rights.** Chime acknowledges the Commissioner is ready, willing, and able to proceed with the filing of an administrative action on the charges contained in this Consent Order. Chime hereby waives the right to any hearings, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the CCFPL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law. Chime further expressly waives any requirement for the filing of an Accusation pursuant to California Government Code section 11415.60, subdivision (b). By waiving such rights, Chime consents to this Consent Order becoming final.
8. **Full and Final Settlement.** Chime hereby acknowledges and agrees that the Consent Order is intended to constitute a full, final, and complete resolution of Chime’s alleged violations of Financial Code section 90003, subdivision (a)(1) during the Investigation Period as set forth in the Recitals (Violations), and that no further proceedings or actions will be brought by the Commissioner against Chime based on the alleged Violations during the Investigation Period, excepting any proceeding to enforce compliance with the terms of the Consent Order or a proceeding based upon the discovery of new violations of the law or regulations that do not form the basis for the Consent Order and which Chime knowingly concealed from the Commissioner. Nothing in the Consent Order shall waive Chime’s right to defend itself in the event of a dispute about the compliance with its terms.

9. **Information Willfully Withheld.** The Consent Order may be revoked if the Commissioner later finds out that Chime knowingly or willfully withheld information used and relied upon in the Consent Order.

10. **Assisting Other Agencies.** The Parties further acknowledge and agree that nothing in the Consent Order shall limit the Commissioner’s ability to assist any other agency (city, county, state, or federal) with any prosecution, administrative, civil, or criminal, brought by any such agency against Chime or any other person based upon any of the activities alleged in this matter or otherwise.

11. **Third Party Actions.** This Consent Order does not create any private rights or remedies against Respondents, create any liability for Respondents, or limit defenses of Respondents for any person or entity not a party to this Consent Order.

12. **Headings.** The headings to the paragraphs of the Consent Order are inserted for convenience only and will not be deemed a part hereof or affect the construction or interpretation of the provisions hereof.

13. **Binding.** The Consent Order is binding on all heirs, assigns, or successors in interest.

14. **Reliance.** Each of the Parties represents, warrants, and agrees that in executing the Consent Order, he/she/it has relied solely on the statements set forth herein and the advice of their own counsel. Each of the Parties further represents, warrants, and agrees that in executing the
Consent Order it has placed no reliance on any statement, representation, or promise of any other party, or any other person or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to make any statement, representation, or disclosure of anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute the Consent Order; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of the Consent Order.

15. **Waiver, Amendments, and Modifications.** No waiver, amendment, or modification of the Consent Order will be valid or binding unless it is in writing and signed by each of the Parties. The waiver of any provision of the Consent Order will not be deemed a waiver of any other provision. No waiver by each of the Parties of any breach of, or of compliance with, any condition or provision of the Consent Order by another party will be considered a waiver of any other condition or provision or of the same condition or provision at another time.

16. **Full Integration.** This Consent Order is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenants among the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the Parties, their respective representatives, and any other person or entity, with respect to the subject matter covered hereby.

17. **Governing Law.** This Consent Order will be governed by and construed in accordance with California law. Each of the parties hereto consents to the jurisdiction of such court, and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such court.

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

19. **Effect Upon Future Proceedings.** If Chime applies for any license, permit or qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future action by such agency to enforce this Consent Order, then the subject matter hereof shall be
admissible for the purpose of such application(s) or enforcement proceedings(s).

20.   **Voluntary Agreement.** Chime enters into this Consent Order voluntarily and without coercion and acknowledges that no promises, threats, or assurances have been made by the Commissioner, or any officer or agent thereof, about the Consent Order other than as reflected herein.

21.   **Notice.** Any notices required under the Consent Order shall be provided to each party at the following addresses:

If to Chime to:  Jermey Creelan, Esq.
Jenner & Block LLP
1155 Avenue of the Americas
New York, NY 10036-2711
(212) 891-1678
JCreelan@jenner.com

If to Commissioner to:  Paul Yee, Senior Counsel
Department of Financial Protection and Innovation
One Sansome Street, Suite 600
San Francisco, California 94104-4448
(415) 972-8544
Paul.Yee@dfpi.ca.gov

22.   **Signatures.** An electronic signature, or a faxed, photocopied, or scanned copy of an original signature, shall be deemed the same as an original signature.

23.   **Public Record.** Chime acknowledges that this Consent Order shall be a matter of public record.

24.   **Effective Date.** The Consent Order shall become final and effective when signed by all Parties.

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

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IN WITNESS WHEREOF, the Parties hereto have approved and executed this Consent Order on the dates set forth opposite their respective signatures.

Dated: February 27, 2024
CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By______________________________
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: February 21, 2024
CHIME FINANCIAL, INC.

By______________________________
ROY MCDONALD
Associate General Counsel