



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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

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Silvergate to Pay \$63 Million in Combined Penalties Following Coordinated Investigations by DFPI, Federal Partners

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI) announced today it has entered into a [consent order](#) as part of a combined \$63 million penalty against La Jolla-based Silvergate Bank, its holding company (collectively Silvergate), and certain executives. The DFPI investigation found deficiencies in Silvergate’s internal transaction monitoring.

The DFPI consent order was issued in coordination with a parallel consent order by the Board of Governors of the Federal Reserve System (Federal Reserve Board) and penalty assessments by the U.S. Securities and Exchange Commission (SEC). The penalty amount consists of a payment of \$20 million to be paid to the DFPI, a payment of \$43 million to the Federal Reserve Board, and penalties of \$50 million assessed by the SEC that will be offset by Silvergate’s payments to the DFPI and the Federal Reserve Board.

Additionally, the SEC also announced today that it charged Silvergate Capital Corp., the Bank’s holding company, its former Chief Executive Officer Alan Lane and its former Chief Operating Officer Kate Fraher for violating federal securities laws.

"The DFPI holds all its licensees accountable for effective internal monitoring, which is critical in detecting fraud and ensuring compliance with California and Federal banking laws," said DFPI Commissioner Clothilde Hewlett. "This settlement, in coordination with federal regulators, is not only a significant win for the state, but, most importantly, for consumer protection and maintaining a trusted financial marketplace in California. But this isn’t over – DFPI will continue exploring options for making these funds available to consumers harmed by fraudulent and deceptive acts involving crypto assets."

Silvergate has been a California-chartered bank since 1988. Beginning in 2014, Silvergate shifted from traditional community banking to servicing foreign and domestic digital financial asset companies, such as cryptocurrency exchanges. These services provided a critical link between crypto assets, such as Bitcoin, and access to the U.S. dollar.

On March 8, 2023, Silvergate’s holding company announced its intent to voluntarily liquidate Silvergate Bank. The DFPI and Federal Reserve Board issued a joint cease and desist order on May 23, 2023, to facilitate the implementation of Silvergate Bank’s voluntary liquidation plan.

Silvergate is required to preserve for the next seven years all records of financial activity. Agencies seeking records held by Silvergate are asked to direct their requests to:

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1050 30th Street NW
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The Department also appreciates the assistance of the U.S. Department of the Treasury's Financial Crimes Enforcement Network.

About the DFPI

The California Department of Financial Protection and Innovation protects consumers, regulates financial services, and fosters responsible innovation. The 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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