

ORDER NO. 2023-024

IN THE MATTER OF:	§	BEFORE THE BANKING
	§	
GENESIS GLOBAL CAPITAL, LLC	§	COMMISSIONER OF TEXAS
	§	
JERSEY CITY, NEW JERSEY	§	AUSTIN, TRAVIS COUNTY, TEXAS

CONSENT ORDER

On this day, the matter of Genesis Global Capital, LLC, Jersey City, New Jersey (Respondent) was submitted to me, Charles G. Cooper, Banking Commissioner of the State of Texas (Commissioner), for consideration and action.

1. Respondent is a limited liability company formed under the laws of Delaware and based in Jersey City, New Jersey. Respondent owns and (until November 16, 2022) operated a business that entailed borrowing digital assets and fiat currency from third-parties, including both United States dollars and virtual currency that is redeemable for U.S. dollars or other sovereign currency, known as “stablecoin,” and lending those assets to third-parties. These services involved, among other activity, Respondent receiving transfers of U.S. currency and stablecoin borrowed from customers located in Texas and promising to make that money or value, plus interest, available to those customers at a later time in accordance with the terms of the applicable loans, certain of which were repayable upon demand.

2. The Texas Department of Banking (Department) has jurisdiction over the subject matter of this proceeding pursuant to *Texas Finance Code* (Finance Code) Chapter 151 (Chapter 151). The Commissioner has the authority to issue this Consent Order (Order) pursuant to Finance Code § 151.707.

3. Respondent has been properly notified of its right to an administrative hearing under Chapter 151.

4. The undersigned representative of Respondent has full authority to enter into and bind Respondent to the terms and conditions of this Consent Order.

5. The statutory provisions at issue in this matter are Finance Code §§ 151.301, 151.302, 151.702, and 151.706.

6. Any violation of this Order could subject Respondent to additional regulatory or enforcement actions authorized by Chapter 151 and other provisions of Texas law. Nothing in this Order diminishes the regulatory or enforcement powers of the Department, the Commissioner, or the Finance Commission of Texas under Chapter 151 or other applicable law.

7. For purposes of this proceeding, Respondent knowingly and voluntarily waives:

- a. service upon Respondent of this Order;
- b. the right to present defenses to the allegations in this proceeding;
- c. notice and hearing prior to imposition of this Order;
- d. the filing of proposed findings of fact and conclusions of law;
- e. the issuance of a proposal for decision by an administrative law judge;
- f. the filing of exceptions and briefs with respect to such proposal for decision;
- g. any review of this Order by the Texas Finance Commission; and
- h. judicial review of this Order as provided by *Texas Government Code* § 2001.171 *et seq.*, and any other challenge to the validity of this Order.

8. Respondent and the Commissioner agree to this Order solely for the purpose of this proceeding, and without Respondent admitting or denying the factual findings of the Commissioner stated herein or any violations of law or regulations. Specifically, this Order does not constitute an admission by Respondent that Chapter 151 or a rule adopted or order issued under Chapter 151 has been violated.

9. The Commissioner has considered this matter and finds as follows:

- a. Beginning in 2021 or earlier, Respondent commenced providing money transmission services to its customers, including persons located in Texas, which consist of Respondent receiving money or monetary value from its customers and promising to remit that money or monetary value to those customers or their designees at a later time or different location.
- b. Under Finance Code § 151.301(b)(4), money transmission means “the receipt of money or monetary value by any means in exchange for a promise to make the money or monetary value available at a later time or different location.” The Finance Code defines engaging in the business of money transmission as receiving compensation or expecting to receive compensation, directly or indirectly, for conducting money transmission. Finance Code § 151.302(b).
- c. Finance Code § 151.302(a) provides that “a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as a person that engages in the business of money transmission” without a license unless it is an authorized delegate of a license holder, is excluded from licensure under Chapter 151, or has been granted an exemption under Chapter 151.
- d. The Department has concluded that: (i) Respondent has been conducting money transmission in Texas; (ii) the Department has not licensed Respondent; (iii) Respondent is not an authorized delegate of a license holder; (iv) Respondent is not excluded from licensure under Chapter 151; and (v) Respondent is not subject to an exemption under Chapter 151 or applicable rules.
- e. Consequently, the Commissioner finds that Respondent has been in violation of Finance Code § 151.302.
- f. Respondent has filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court), which prevents customer withdrawals and other pre-petition creditor payments without court order (Bankruptcy Case).
- g. The Commissioner’s actions as detailed herein are actions to enforce the Commission’s police or regulatory powers. As a result, these actions are excepted from the automatic stay pursuant to 11 U.S.C. § 362(b)(4).

10. This Order does not restrain or enjoin the distribution, investment, or withdrawal of digital assets, money and monetary value owned or held by Respondent and being administered in accordance with the United States Bankruptcy Code or pursuant to any order of the Bankruptcy Court. For the avoidance of doubt, nothing herein shall preclude the

full distribution of digital assets, money and monetary value held by Respondent in the Bankruptcy Case.

11. This Order does not restrict the Department with respect to any enforcement action or other recourse regarding any violations by Respondent not arising under Chapter 151. This Order does not restrict the Department with respect to any enforcement action or other recourse regarding any other violations by Respondent arising under Chapter 151 not now known to the Department that come to the attention of the Department. Nothing herein shall be construed to limit Respondent's right to contest any future finding or determination of non-compliance.

12. This Order does not liquidate, fix, or otherwise affect any potential monetary claims against Respondent or liabilities of the Respondent, including without limitation any claims or liabilities for restitution under Finance Code § 151.701(f) and any claims or liabilities for administrative penalties under Finance Code § 151.707.

Order

It is hereby ORDERED, ADJUDGED, and DECREED that Respondent will:

- (a) immediately, as of the effective date of this Order, cease and desist from engaging in the unauthorized business of money transmission in Texas, including advertising to and soliciting persons in Texas, whether conducted through Respondent's activities or through those of others;
- (b) immediately, as of the effective date of this Order, refuse transfers of money, stablecoin, or other monetary value from any customers located in Texas;
- (c) within seven (7) days of the effective date of this Order, provide all affected customers with written or electronic notice of this Order and a hyperlink to the Department's

webpage with the Order, along with notice of Respondent's bankruptcy case to the extent such notice has not been provided; and

- (d) confirm to the Department in writing, within fourteen (14) days of the effective date of this Order, that the requirements above have been completed.

Effective Date

This Order against Respondent is effective on the date signed by the Commissioner and is final and non-appealable as of that date.

Signed on this 26th day of August, 2023.

/s/ Charles G. Cooper
Charles G. Cooper
Commissioner, Department of Banking

AGREED AS TO FORM AND SUBSTANCE:

Genesis Global Capital, LLC
/s/ Andrew Sullivan
By: Andrew Sullivan, General Counsel, Lending

Date: August 25, 2023

APPROVED AS TO FORM:

/s/ Jesse T. Moore
Jesse Moore
Assistant General Counsel
Texas Department of Banking

Date: August 25, 2023