

ORDER NO. 2023-028

IN THE MATTER OF:	§	BEFORE:
	§	
BLOCKCHAIN.COM, INC.	§	THE BANKING
	§	COMMISSIONER OF TEXAS
	§	
MIAMI, FLORIDA	§	AUSTIN, TRAVIS COUNTY, TEXAS

CONSENT ORDER

On this day, in the matter of Blockchain.com, Inc. (Respondent) was submitted to me, Charles G. Cooper, Banking Commissioner (Commissioner) of the State of Texas, for consideration and action.

1. Respondent is a Miami, Florida based fintech company that operates a website whereby retail and customers can engage in a number of virtual currency-related services.
2. The Texas Department of Banking (Department) has jurisdiction over Respondent and the subject matter of this proceeding pursuant to *Texas Finance Code* (Finance Code) Chapter 152 (Chapter 152). The Commissioner has the authority to issue this Consent Order (Order) and to assess administrative penalties pursuant to Finance Code §§ 152.406 and 152.407.
3. Respondent has been properly notified of its right to an administrative hearing under Chapter 152.
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 include, but are not limited to, Finance Code §§ 152.003, 152.101, 152.401, 152.406, and 152.407.
6. Any violation of this Order could subject Respondent to additional regulatory or enforcement actions authorized by Chapter 152 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 152 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 any violations of law or regulations. This Order does not constitute an admission by Respondent that Chapter 152 or a rule adopted, or order issued under Chapter 152 has been violated.
9. The Commissioner has considered this matter and finds as follows:
- a. Through its website, Blockchain.com, Respondent provides virtual currency services including custody, transfer, and buy/sell transactions to retail customers. Among the products and services offered is a digital wallet in which customers may deposit fiat and stablecoin.
 - b. On April 19, 2022, the Department received an application for a money transmission license from the Respondent. During the course of the review of the license application, the Respondent identified and made the Department aware of, unlicensed activity that had been conducted by itself and its predecessor, Blockchain Access UK Limited, involving the digital wallets described above. The Respondent was granted a temporary license on September 9, 2022, which ran until March 8, 2023. With the expiry of the temporary license, the application has since been

withdrawn. While the Respondent intends to reapply, Respondent has confirmed to the Department that, as of May 19, 2023, all unlicensed activity for Texas residents, other than to process withdrawals or other activity not regulated by the Finance Code, has been ceased.

- c. At the time of the unlicensed activity, money transmission was regulated in Texas under Chapter 151 of the Finance Code. Under Finance Code § 151.301(b)(4), money transmission was defined as “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 defined 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). A person could not engage in such activity, or advertise, solicit, or hold itself out as a person that engages in the business of money transmission without a license unless it was acting as an authorized delegate of a license holder, or was otherwise exempt or excluded from licensure under Chapter 151. Finance Code § 151.302(a).
- d. Chapter 152 of the Finance Code was adopted by the Texas Legislature as a replacement of Chapter 151 and became effective on September 1, 2023. Under Finance Code § 152.003(22), “money transmission” means “receiving money for money transmission services from a person located in this state.” The receipt of money or monetary value by any means in exchange for a promise to make money or monetary value available at a later time or different location is a money transmission service. The Finance Code states that “a person engages in the business of money transmission if the person receives compensation or expects to receive compensation, directly or indirectly, for conducting money transmission.” Finance Code § 152.101(b). Finance Code § 152.254 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 the person is exempt under Chapter 152.

- e. Whether under the provisions of Chapter 151 or Chapter 152 of the Finance Code, Respondent engaged in the business of money transmission in this state by allowing Texas customers to deposit fiat and/or stablecoin in digital wallets in exchange for a promise to make the fiat and/or stablecoin available at a later time or different location.
 - f. As described above, the Department has concluded that: (i) Respondent has conducted unlicensed money transmission in Texas; (ii) the Department has not yet licensed Respondent; (iii) Respondent was not subject to an exemption under Chapter 151 or applicable rules, and (iv) Respondent is not subject to an exemption under Chapter 152 or applicable rules.
 - g. As required by Finance Code § 152.407(d), the Commissioner has considered the seriousness of the violations, Respondent's compliance history, and Respondent's good faith in attempting to comply with Chapter 152.
 - h. Based on these findings and based on the representations made by Respondent as to the volume of transactions and length of time it has been conducting an unlicensed money transmission business in Texas, the Commissioner finds that a penalty of \$17,775.00 is appropriate.
- 10. Respondent has agreed to comply with the terms that are set out in the Order below.
 - 11. Nothing in this Order shall prohibit Respondent from obtaining a money transmission license from the Department in the future.
 - 12. This Order does not restrict the Department with respect to any enforcement action or other recourse regarding any other violations by Respondent 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.

Order

It is hereby ORDERED, ADJUDGED and DECREED that:

1. Within 30 days of the effective date of this Order, Respondent will pay \$17,775.00 to the Department as an administrative penalty under Texas Finance Code § 152.407.
2. Prior to providing, and/or advertising or soliciting, any money transmission products or services to persons in Texas, Respondent and/or any subsidiary or affiliate thereof, will obtain from the Department a license to engage in the business of money transmission in this state pursuant to Chapter 152 of the Finance Code, or obtain confirmation from the Department that such activity is exempt from the licensure requirement.

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 4th day of October, 2023.

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

AGREED AS TO FORM AND SUBSTANCE

Blockchain.com, Inc.

/s/ Nicolas Cary

By: Nicolas Cary, Director

Date: October 2, 2023

APPROVED AS TO FORM:

/s/ Marcus Adams

Marcus Adams
Deputy General Counsel
Texas Department of Banking

Date: October 2, 2023