

## Judge Rules CFL Applies To Cryptocurrency Lending

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The California Financing Law prohibits any person from engaging in the business of a "finance lender" without a license from the Department of Financial Protection & Innovation. Cal. Fin. Code § 22100(a). The CFL provides that a "'finance lender' includes any person who is engaged in the business of making consumer loans or making commercial loans". Cal. Fin. Code §22010(a). The statute further explains that "may include lending money" and taking security. *Id.*

In *Jeong v. Nexo Cap. Inc.*, 2022 WL 3590329 (N.D. Cal. Aug. 22, 2022), the plaintiff predicated an unfair competition claim on the alleged failure of the defendant, Nexo Capital, Inc., to obtain a license under the CFL. In seeking dismissal, Nexo argued that "the CFL defines 'money' as 'a medium of exchange that is authorized or adopted by the United States or a foreign government', Cal. Fin. Code § 2003(p), but Plaintiff fails to plead his loan was in 'money,' rather than a non-fiat currency 'stablecoin' like USDT or USDC." Although not noted by the Court, the definition of "money" cited by the defendant is found in the California Money Transmission Act, not the CFL. In any event, Judge [Beth Labson Freeman](#) ruled that "In keeping with the CFL provision that it should be 'liberally construed and applied to promote its underlying purposes and policies,' one of which is '[t]o protect borrowers against unfair practices by some lenders,' Cal. Fin. C. § 22001(a)(4), the Court finds that Plaintiff is not required to plead that his loan was in fiat currency."

While it is true that the word "include" is generally interpreted as a term of enlargement rather than limitation, the problem is that the statute is that this makes the statute entirely open-ended.

I first began contemplating the meaning of "money" nine years ago in these posts: [Ever Wonder What Money Is? California Has Some Answers And I Have Some Questions](#) and [Bitcoin And The Corporations Code](#).

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