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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

Pebble Financial, Inc.,

Respondent.

Order No.: S-22-3429-23-CO01

CONSENT ORDER

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INTRODUCTION

9 Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department
10 of Financial Institutions (“Securities Division”) and Respondent Pebble Financial, Inc. do hereby enter into
11 this Consent Order in settlement of the matters alleged herein. Respondent Pebble Financial Inc. neither
12 admits nor denies the Findings of Fact and Conclusions of Law as stated below.

13

FINDINGS OF FACT

14

Respondent

15 1. Pebble Financial, Inc. (“Pebble”), is a Delaware corporation formed on October 28, 2021.
16 Pebble is a financial services corporation that previously offered investors a platform to utilize digital
17 financial products, including digital wallets.

18

Nature of the Conduct

19 2. From at least May 23, 2022 through August 2, 2022, Pebble offered and sold securities in the
20 form of yield-generating digital asset accounts and marketed, offered, and sold those securities to Washington
21 residents.

22 3. In 2022, Pebble launched an IOS application where investors deposited money into digital
23 wallets where it was converted to USDC, a US dollar denominated digital currency. Pebble wallet users then

CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 41200
Olympia, WA 98504-1200
360-902-8760

1 could “deposit, save, and spend their USDC, while accessing 5% APY, 5% cash back, debit card, bill pay...”
2 Pebble marketed itself as “something better” than a bank. This financial product was offered to the general
3 public through Pebble’s website (www.pebble.us).

4 4. Pebble investors earned a return on their deposits when Pebble account funds, held by a third
5 party, were moved into a centralized lending pool and then lent to other financial institutions. Pebble
6 investors received an annual percentage yield (“APY”) from the profits of this lending process. The deposit
7 of funds by an investor into their Pebble account was the sole investor undertaking necessary to earn APY.

8 5. Pebble itself described the business model as follows:

9 “Let’s take a look at our APY rewards, for example. We lend out short-term
10 loans with our users’ idle, unused funds, and in return we receive rewards on
11 these loans. In order to sustain our growth, we do keep a portion of the reward,
12 but we pass along a substantial portion to the customer.”

13 6. Pebble began offering its digital wallet and yield-generating accounts to Washington residents
14 on May 23, 2022.

15 7. Pebble sold accounts to at least eleven Washington investors since the product launch.

16 8. The total amount of currency, including virtual currency, held in Pebble accounts by
17 Washington investors between launch date and the end of June 2022 was \$4,929.75.

18 9. In offering Pebble accounts to Washington investors, Pebble failed to fully disclose material
19 aspects of its business that may impact the accounts, including, but not limited to the types of investments,
20 trades and activities that it, or third parties, engaged in with Pebble account virtual currencies; the identities
21 and creditworthiness of the financial institutions that borrowed Pebble investor funds; and information or
22 statements related to Pebble’s financial state.

23 10. Pebble stopped onboarding new Washington investors on August 2, 2022.

1 11. Pebble stopped providing services to all Washington investors, including existing investors
2 on October 13, 2022.

3 12. On November 30, 2022, Pebble officially sunset their platform, subsequently making the
4 announcement on their website.

5 **Registration Status**

6 13. Pebble is not currently registered to sell its securities in the state of Washington and has not
7 previously been so registered.

8

9 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

10 **CONCLUSIONS OF LAW**

11 1. The offer and/or sale of Pebble's yield-generating accounts described above constitutes the
12 offer and/or sale of a security as defined in RCW 21.20.005(14) and (17).

13 2. Pebble has violated RCW 21.20.140 because, as set forth in the Tentative Findings of Fact,
14 Respondents offered and/or sold securities for which no registration is on file with the Securities
15 Administrator.

16 Based upon the foregoing and finding it in the public interest:

17 **CONSENT ORDER**

18 IT IS AGREED AND ORDERED that Respondent Pebble, and their agents and employees, each shall
19 cease and desist from violating RCW 21.20.140, the securities registration section of the Securities Act of
20 Washington.

21 IT IS FURTHER AGREED AND ORDERED that Pebble shall be liable for and shall pay a fine of
22 \$5,000.00 on or before the entry of this Consent Order.

23

1 IT IS FURTHER AGREED AND ORDERED that Pebble shall be liable for and shall pay investigative
2 costs of \$3,500.00 on or before entry of this Consent Order.

3 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

4 IT IS FURTHER AGREED that Respondent Pebble entered into this Consent Order freely and
5 voluntarily and with a full understanding of its terms and significance.

6 IT IS FURTHER AGREED that in consideration of the foregoing, Respondent Pebble waives their
7 right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

8 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

9
10 Signed this 21st day of September 2023.

11 Signed by:

12 Pebble Financial, Inc.

13
14 /s/Sahil Phadnis

15 Name of signer: Sahil Phadnis

16 Title of signer: Chief Technology Officer

17 /s/Aaron Bai

18 Name of signer: Aaron Bai

19 Title of signer: CEO

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PO Box 41200
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1 SIGNED and ENTERED this 27th day of September 2023.



7 /s/William Beatty

8 _____
9 William M. Beatty
10 Securities Administrator

11 Approved by:

Presented by:

12 /s/Brian Guerard

13 /s/Megan Campbell

14 _____
15 Brian Guerard
16 Chief of Enforcement

17 _____
18 Megan Campbell
19 Financial Legal Examiner

20 Reviewed by:

21 /s/Holly Mack-Kretzler

22 _____
23 Holly Mack-Kretzler
Financial Legal Examiner Supervisor

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