

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SAN FERNANDO VALLEY DIVISION**

In re:

SYNAPSE FINANCIAL
TECHNOLOGIES, INC.,

Debtor.

CONSUMER FINANCIAL
PROTECTION BUREAU,

Plaintiff,

v.

SYNAPSE FINANCIAL
TECHNOLOGIES, INC.,

Defendant.

Case No.: 1:24-bk-10646-MB

Chapter 11 Case

Adv. No. 1:25-ap-01052

**STIPULATED FINAL JUDGMENT AND
ORDER**

The Consumer Financial Protection Bureau (“Bureau”) commenced this adversary proceeding on August 20, 2025 to obtain injunctive and monetary relief and civil penalties from Debtor Synapse Financial Technologies, Inc. (“Synapse” or “Debtor”). The Complaint alleges violations of sections 1031(a) and 1036(a) of the Consumer Financial Protection Act of 2010 (“CFPA”), 12 U.S.C. §§ 5531(a), 5536(a)(1)(B), in connection with Synapse’s provision of material services to entities engaged in deposit-taking activities, the transmission or exchange of funds, otherwise acting as a custodian of funds or any financial instrument for use by or on behalf of a consumer, or providing payments or other financial data processing products or services to a consumer by any technological means.

The Bureau and Synapse through Jelena McWilliams, solely in her capacity as the duly appointed Chapter 11 Trustee (“Trustee”), agree to entry of this Stipulated Final Judgment and

1 Order (“Order”), without adjudication of any issue of fact or law, to settle and resolve all matters
2 in dispute arising from the conduct alleged in the Complaint.

3
4 **FINDINGS**

5 1. On April 22, 2024, before the commencement of the instant adversary
6 proceeding, Synapse filed a voluntary petition for relief under Chapter 11 of the United States
7 Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, initiating this bankruptcy proceeding (“Bankruptcy
8 Proceeding”) in the United States Bankruptcy Court for the Central District of California, San
9 Fernando Valley Division.

10 2. On May 24, 2024, this Court appointed Jelena McWilliams as the Chapter 11
11 Trustee for Debtor.

12 3. On August 20, 2025, Plaintiff filed the above-captioned adversary proceeding
13 against Debtor’s estate.

14 4. The automatic stay of the Bankruptcy Code does not stay the affirmative relief
15 sought in this adversary proceeding against Debtor because the action falls within the police and
16 regulatory power exception to the automatic stay set forth in 11 U.S.C. § 362(b)(4).

17 5. The Trustee has sought authority to enter into this Order by a motion pursuant to
18 Fed. R. Bankr. P. 9019.

19 6. The Trustee is an independent fiduciary for Debtor and its bankruptcy estate,
20 having been appointed by the Court. Accordingly, Plaintiff makes no allegations against the
21 Trustee, but only against Debtor.

22 7. The Trustee and Debtor neither admit nor deny the allegations in the Complaint,
23 except as specified in this Order. For purposes of this Order, the Trustee and Debtor admit the
24 facts necessary to establish the Court’s jurisdiction over them and the subject matter of this
25 action.
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- 1 b. **“Affected Consumers”** includes any consumer who had an account with a
2 FinTech Platform as of May 17, 2024.
- 3 c. **“Assisting Others”** includes, but is not limited to:
- 4 i. consulting in any form whatsoever;
- 5 ii. providing administrative support services;
- 6 iii. maintaining transaction data and account balances;
- 7 iv. processing transactions;
- 8 v. participating in designing, operating, or maintaining; and
- 9 vi. acting or serving as an owner, officer, director, manager, or principal
10 of any entity.
- 11 d. **“Debtor”** means Synapse Financial Technologies, Inc., and its successors and
12 assigns.
- 13 e. **“Effective Date”** means the date on which the Order is entered by the Court
14 on the docket.
- 15 f. **“Enforcement Director”** means the Enforcement Director of the
16 Enforcement Division for the Consumer Financial Protection Bureau, or their
17 delegate.
- 18 g. **“FinTech Platform”** means nonbank financial technology entities that
19 offered banking services to consumer end users, for which Synapse was a
20 Service Provider.
- 21 h. **“Partner Bank Distributions”** means any amounts paid to Affected
22 Consumers by Evolve Bank & Trust, AMG National Trust Bank, or Lineage
23 Bank between May 17, 2024 and the Effective Date.
- 24 i. **“Related Consumer Action”** means a private action by or on behalf of one
25 or more consumers or an enforcement action by another governmental agency
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brought against Synapse based on substantially the same facts as described in the Complaint.

j. **“Service Provider”** means any person that provides a material service to a covered person, in connection with the offering or provision by such covered person of a consumer financial product or service, including a person that—
(i) participates in designing, operating, or maintaining the consumer financial product or service; or (ii) processes transactions relating to the consumer financial product or service (other than unknowingly or incidentally transmitting or processing financial data in a manner that such data is undifferentiated from other types of data of the same form as the person transmits or processes). “Service Provider” does not include a person solely by virtue of such person offering or providing to a covered person—(i) a support service of a type provided to businesses generally or a similar ministerial service; or (ii) time or space for an advertisement for a consumer financial product or service through print, newspaper, or electronic media. 12 U.S.C. § 5481(26).

k. **“Synapse”** means Synapse Financial Technologies, Inc., and its successors and assigns.

l. **“Trustee”** means Jelena McWilliams solely in her capacity as the duly appointed Chapter 11 Trustee for Debtor, and any successor trustee.

CONDUCT PROVISIONS

I.

Cessation of Business Operations

IT IS ORDERED that:

15. Debtor, whether acting directly or indirectly, is permanently enjoined and restrained from:

- a. Participating in or Assisting Others in advertising, marketing, promoting, offering for sale, selling, or provision of any deposit-taking activities, the transmission or exchange of funds, activities that otherwise involve acting as a custodian of funds, or payments or other financial data processing; or
- b. Receiving any remuneration or other consideration from, holding any ownership interest in, providing services to, or working in any capacity for any person engaged in or assisting in advertising, marketing, promoting, offering for sale, selling, or providing any deposit-taking activities, the transmission or exchange of funds, activities that otherwise involve acting as a custodian of funds, or payments or other financial data processing.

Nothing in this Order shall be read as an exception to this Paragraph.

16. The Trustee will not move the Court pursuant to 11 U.S.C. § 721, or otherwise seek authorization for Debtor to engage, whether directly or indirectly, in any of the prohibited acts described in Paragraph 15 above. This prohibition does not apply to the extent it may relate to recovering avoidable transfers or obtaining turnover or possession of property of the estate.

II.

Customer Information

IT IS FURTHER ORDERED that:

17. Debtor and the Trustee, whether acting directly or indirectly, may not sell customer information, including names, addresses, telephone numbers, email addresses, social security numbers, other identifying information, or any data that enables access to a customer's account that Debtor obtained before the Effective Date.

MONETARY PROVISIONS

III.

Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

18. Under section 1055(c) of the CFPA, 12 U.S.C § 5565(c), by reason of violations of the law alleged in the Complaint and continuing until the Effective Date, and taking into account the factors in 12 U.S.C. § 5565(c)(3), a civil money penalty in favor of the Bureau and against Debtor is ordered in the amount of \$1.00 (One U.S. Dollar) which shall be deemed an allowed general unsecured claim in the Bankruptcy Proceeding and against the estate.

19. The civil money penalty paid under this Order will be deposited in the Civil Penalty Fund of the Bureau as required by Section 1017(d) of the CFPA, 12 U.S.C. § 5497(d).

20. Debtor, for all purposes, must treat the civil money penalty paid under this Order as a penalty paid to the government for all purposes. Regardless of how the Bureau ultimately uses those funds, Debtor may not:

- a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Order; or
- b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any insurance policy, with regard to any civil money penalty paid under this Order.

21. Subject to 11 U.S.C §§ 507(a) and 726 governing priorities of expenses and claims in the Bankruptcy Proceeding, the Trustee relinquishes all dominion, control, and title to the funds paid under this Order to the fullest extent permitted by law and no part of the funds may be returned to the estate.

22. The facts alleged in the Complaint will be taken as true and be given collateral estoppel effect, without further proof, in any proceeding based on the entry of the Order, or in

1 any subsequent civil litigation by or on behalf of the Bureau, including in a proceeding to enforce
2 its rights to any payment or monetary judgment under this Order.

3 23. Within 30 days of the entry of a final judgment, order, or settlement in a Related
4 Consumer Action, to the extent that such a Related Consumer Action is commenced in the
5 Bankruptcy Proceeding or otherwise on notice to the Trustee while the Bankruptcy Proceeding
6 is pending, then the Trustee must notify the Enforcement Director of the final judgment, order,
7 or settlement in writing. That notification must indicate the amount of redress, if any, that Debtor
8 paid or is required to pay to consumers and describe the consumers or classes of consumers to
9 whom that redress has been or will be paid.

10 **IV.**

11 **Notices**

12 **IT IS FURTHER ORDERED** that:

13 24. Unless otherwise directed in writing by the Bureau, Debtor and the Trustee must
14 provide all submissions, requests, communications, or other documents relating to this Order in
15 writing, with the subject line, “*In re Synapse*, Case No. 24-bk-10646-MB” and send them by
16 email to Enforcement_Compliance@cfpb.gov:

17 ATTN: Enforcement Director

18 Consumer Financial Protection Bureau

19 Enforcement Division

20 **V.**

21 **Cooperation with the Bureau**

22 **IT IS FURTHER ORDERED** that:

23 25. The Trustee will provide information in its or its agents’ possession or control
24 requested by the Bureau within 14 days of receiving a written request for such information.
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26. Given that the Trustee is not operating and will not seek to operate the business of Debtor, extensive compliance obligations by the Trustee are not warranted. The Trustee shall notify the Bureau of the occurrence of any of the following:

- a. The Trustee's discovery of assets in the estate or any assets that could be subject to a turnover motion by the Trustee;
- b. The Trustee's filing of a motion under 11 U.S.C. § 363 in the Bankruptcy Case to use, sell, or lease property of the estate;
- c. The Trustee's filing of any interim report to the Bankruptcy Court; and
- d. The closure of the Bankruptcy Case.

The Trustee must provide this notice at least 21 days before the development or as soon as practicable after learning about the development, whichever is sooner.

VI.

Retention of Jurisdiction

IT IS FURTHER ORDERED that:

27. The Court will retain jurisdiction of this matter for the purpose of enforcing this Order.

SYNAPSE FINANCIAL TECHNOLOGIES, INC.

Jelena McWilliams
Chapter 11 Trustee

August 21, 2025

By: _____
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GEORGE E. ZOBITZ (*pro hac vice*)

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August 21, 2025

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August 21, 2025

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