



Jan. 15, 2025

Background Information for Multistate Financial Regulator Settlement with Block, Inc., Cash App for BSA/AML Violations

Which states participated in the enforcement action?

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming, the District of Columbia.

Lead enforcement state agencies:

- Arkansas Securities Department
- California Department of Financial Protection and Innovation
- Massachusetts Division of Banks
- Florida Office of Financial Regulation
- Maine Bureau of Consumer Credit Protection
- Texas Department of Banking
- Washington State Department of Financial Institutions

How many users does Block's money transmitter Cash App have?

According to its most recent filings with the U.S. Securities and Exchange Commission:

- Cash App had 56 million monthly transacting users and was the number 10 most downloaded finance app in the IOS App Store and Google Play as of December 2023.
- Cash App had monthly transacting activities in each of the 50 states and nearly every county as of December 2023.
- Its transaction activities brought more than \$248 billion in inflows into Cash App in 2023.

What are the terms of the enforcement action?

- Monetary penalty:
 - Administrative Penalty: \$79,075,000 to be distributed among participating states.
 - Administrative Costs: \$925,000 to be broken out amongst the states that led the multi-state enforcement team.
- Corrective plan requirements:
 - Take corrective action to improve their internal processes and controls in compliance with BSA/AML regulations.
 - Retain an independent consultant to review and report on the comprehensiveness and effectiveness of the company' BSA/AML program and submit it to the lead enforcement states within nine months.



- Correct additional deficiencies identified by the independent consultant within 12 months.
- Block will provide periodic reports to the states.

Why specifically was this enforcement action taken against Block?

The multi-state enforcement team reached a settlement with Block to correct the identified issues with its BSA/AML compliance program and for Block to take further action to improve BSA/AML compliance going forward.

What is the BSA/AML?

The Bank Secrecy Act (BSA) is a federal law requiring financial institutions such as Block to maintain programs to detect and prevent misuse of those institutions to launder dirty money, such as funds obtained through fraud. This includes due diligence requirements to prevent bad actors from accessing the company's services, monitoring for and investigating suspicious activity, and filing reports to support law enforcement efforts.

Compliance with the BSA is also required under state laws, and the BSA enables federal authorities to rely on state-level BSA/ anti-money laundering (AML) examinations. Preventing money laundering and facilitation of criminal activity is an important part of ensuring state-licensed financial institutions maintain safety and soundness. By creating barriers to committing money laundering, fraud, and other criminal activity through the company, BSA compliance is key to protecting consumers.

The BSA sets out "four pillars" that AML programs must have. First, the company must have qualified management with the authority and resources to implement an effective AML program. Second, the company must have internal controls for AML: written policies and procedures as well as the tools to carry them out. Third, all staff and management must receive training to understand money laundering and carry out their part of the AML program. Fourth, the compliance program must be independently tested on a regular basis to ensure it is actually effective.

What is the NMLS and licensing information for Block?

- Block, Inc. (NMLS 942933)

What is NMLS Consumer Access?

NMLS Consumer AccessSM is a free, fully searchable website that provides the public with standardized information concerning state-licensed companies, branches and mortgage loan originators, as well as federally registered financial institutions and mortgage loan originators. Information on mortgage loan originators include: identification information about the individual, employment history, license and registration status, and the individual's current employer.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico, and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and a variety of non-depository financial services. CSBS, on



behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance, and debt industries.