

Washington DFI Jointly Leads \$80 Million Multistate Enforcement Action Against Block, Inc., Cash App

Regulators take action in response to violations of Bank Secrecy Act and anti-money laundering laws safeguarding the financial system from illicit use

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“

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DFI Director Charlie Clark

Department of Financial Institutions (DFI) and 47 state financial regulatory agencies have taken coordinated action against Block, Inc., for violations of Bank Secrecy Act (BSA) and anti-money laundering (AML) laws that safeguard the financial system from illicit use.

More than 50 million people in the United States use Cash App, Block’s mobile payment service, to spend, send, store, and invest money.

“Just because a company develops a popular financial service that customers want to use, it does not excuse the

company from complying with all regulatory requirements, including laws in place to prevent money laundering,” DFI Director Charlie Clark said. “My team, in coordination with other state regulators, will hold companies like Block responsible when they have ignored existing law.”

In the [multistate settlement](#) signed this week, Block agreed to:

- Pay an \$80 million penalty to the state agencies.
- Hire an independent consultant to review the comprehensiveness and effectiveness of its BSA/AML program.
- Submit a report to the states within nine months. Block then will have 12 months to correct any deficiencies found in the review after the report is filed.

The Washington DFI, along with state regulators in Arkansas, California, Florida, Maine, Massachusetts, and Texas, led the multistate enforcement effort.

Under BSA/AML rules, financial services firms are required to perform due diligence on customers, including verifying customer identities, reporting suspicious activity, and applying

appropriate controls for high-risk accounts. State regulators found Block was not in compliance with certain requirements, creating the potential that its services could be used to support money laundering, terrorism financing, or other illegal activities.

Through a strong, nationwide regulatory framework, state financial regulators license and serve as the primary supervisor of money transmitters. States license more than 700 money transmitters. To protect consumers and enforce safety and soundness requirements, state regulators regularly coordinate supervision of multistate firms and, when necessary, initiate enforcement actions. This coordination – Networked Supervision – supports consistency and collaboration, while preserving the authority of individual states to take direct action. Additional information on the state regulatory framework for money transmission can be found [here](#).

State financial regulators license and supervise more than 34,000 nonbank financial services companies through the Nationwide Multistate Licensing System (NMLS), including mortgage companies, money services businesses, consumer finance providers, and debt collectors.

Washington State residents who have questions about the enforcement action should contact Washington DFI at cseforcement@dfi.wa.gov or 360-902-8703. Residents can also visit [NMLS Consumer Access](#) to verify that a company is licensed to do business in Washington State and they may also view past enforcement actions. Additional enforcement action information is available on DFI's website at [Division of Consumer Services Enforcement Actions](#). If you live in Washington State and wish to file a complaint against one of DFI's licensees, you may do so at <https://dfi.wa.gov/complaint-form>.

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About DFI □ www.dfi.wa.gov □ 360-902-8700 □ 877-RINGDFI (746-4334)

The Washington State Department of Financial Institutions regulates a variety of financial service providers such as banks, credit unions, mortgage brokers, consumer loan companies, payday lenders and securities brokers and dealers. The department also works to improve financial education throughout Washington through its outreach programs and online clearinghouse www.dfi.wa.gov/financial-education. In addition to posting information about licensees and administrative actions, DFI uses the Web and social media to provide financial education information: www.facebook.com/wadfi □ www.instagram.com/wastatedfi/ □ twitter.com/dficonsumers □ <https://dfi.wa.gov/financial-education/blog> □ <https://www.youtube.com/user/WADFI> □ www.homeownership.wa.gov □ www.linkedin.com/company/state-of-washington-department-of-financial-institutions/

About the Division of Consumer Services □ www.dfi.wa.gov/cs □ 360-902-8703

The mission of the Division of Consumer Services is to protect consumers from illegal and fraudulent financial products and services. The division accomplishes its mission through licensing, licensee examinations, investigations, and enforcing selected state and federal statutes and rules. Consumer Services regulates the business activities of consumer loan companies, mortgage brokers, money transmitters and currency exchangers, as well as check cashers and

sellers, also known as "payday lenders." The Division is entirely self-supporting, with funding provided by licensing, auditing, and policing of regulated businesses and individuals. No money is received from the state General Fund or other public revenue source.

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