State Regulators Issue $80 Million Penalty to Block, Inc., Cash App for BSA/AML Violations

PRESS RELEASES

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Washington, D.C.— In a coordinated enforcement action by 48 state financial regulators, Block, Inc. will pay an $80 million fine and undertake corrective action for violations of the Bank Secrecy Act (BSA) and anti-money laundering (AML) laws that safeguard the financial system from illicit use.

More than 50 million consumers use Cash App, Block's mobile payment service, to spend, send, store, and invest money.

In the multistate settlement signed this week, Block agreed to pay the assessed penalty to the state agencies, hire an independent consultant to review the comprehensiveness and effectiveness of its BSA/AML program, and 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.

State regulators in Arkansas, California, Massachusetts, Florida, Maine, Texas, and Washington State led the multistate enforcement effort. Block cooperated with the states in the settlement.

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, and 99% of transmission activity through those firms is governed by the state-developed Money Transmission Modernization Act. 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.

Consumers who have questions about the settlement should contact their state financial regulator. Consumers can also visit NMLS Consumer Access to verify that a company is licensed to do business in their state, and they may also view past enforcement actions.

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

For more information, refer to the CSBS backgrounder on the enforcement action. Additional information on the state regulatory framework for money transmission can be found here.

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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.