

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

In re:)
PayPal, Inc., as successor to Venmo, LLC)
NMLS # 910457) **Docket No. 16-016-B**
)

STIPULATION AND CONSENT AGREEMENT

The Banking Division of the Vermont Department of Financial Regulation (the “Department”) and PayPal, Inc. (“PayPal”), as successor to Venmo, LLC (“Venmo”), hereby stipulate and agree as follows:

1. Pursuant to 8 V.S.A. Chapters 1 and 79, the Commissioner of the Vermont Department of Financial Regulation is charged with administering and enforcing Vermont law as it pertains to money transmitters in the State of Vermont.
2. PayPal, in its capacity as successor to Venmo (“Respondent”) acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Agreement set forth herein.
3. Venmo is a mobile payment service that lets users transfer money to each other. Venmo users sign up using their mobile app or on the Venmo website and can link their bank accounts, debit cards, or credit cards to their Venmo account.
4. Prior to December 30, 2015, Venmo was a Delaware limited liability corporation with its principal place of business at 95 Morton St., Floor 5, New York, NY 10014, and a wholly owned subsidiary of PayPal. On December 30, 2015, Venmo’s separate corporate

existence was dissolved and Venmo was merged into PayPal. Venmo now is offered and exists only as a service of PayPal, with money transmission provided by PayPal, pursuant to PayPal's licenses.

5. Prior to its dissolution and merger into PayPal, Venmo received a Vermont money transmitter license in November 2015. It surrendered its Vermont license following the merger and dissolution.

6. The Department asserts that, prior to receiving a Vermont money transmitter license, Venmo engaged in the business of money transmission in Vermont without the license or authorization required by 8 V.S.A. Chapter 79.

7. Based on information provided by Venmo, the Department finds that prior to obtaining a license in Vermont, in the aggregate, Venmo transmitted to, from or among Vermont residents a total of \$22,266,089 on 231,109 transactions, receiving \$34,034 in fees.

8. The Department alleges that Venmo violated Vermont's money transmitter laws by engaging in money transmission without a license. Venmo asserts that it was acting as an authorized delegate of a Vermont transmitter licensee. However, given that Venmo did not have a physical presence in Vermont, and that having a physical presence in Vermont is a requirement to be an authorized delegate, the Department asserts that Venmo could not have been acting as an authorized delegate under Vermont law. Venmo neither admits nor denies the Department's allegation that Venmo violated Vermont's money transmitter laws by engaging in money transmission without a license or authorization under Title 8, Chapter 79.

9. At all times, Respondent has cooperated with the Department.

10. The parties wish to resolve this matter without administrative or judicial proceedings.

11. Respondent and the Department expressly agree to enter into this Stipulation and Consent Agreement in full and complete resolution of the alleged violations described herein.

12. Respondent agrees to pay: (a) an administrative penalty to the Department of Financial Regulation in the amount of \$30,000.00; and (b) a \$5,000.00 payment to the VT DFR-Financial Services Education & Training Special Fund. Respondent's payment of these amounts shall be deemed a settlement with, and release of Respondent and Respondent's officers, directors, and employees by the Department with respect to the Department's allegations and contentions set forth above.

13. Respondent shall not, either directly or through its affiliates, engage in the business of money transmission in Vermont without a Vermont money transmitter license.

14. This Stipulation and Consent Agreement shall not prevent any person from pursuing any claim he or she may have against Respondent, nor shall it be understood as determining whether any such claim may or may not exist in law or equity. Nothing contained herein shall be deemed an admission by Respondent.

15. Nothing contained in this Stipulation and Consent Agreement shall restrain or limit the Department in responding to and addressing any actual complaint filed with the Department involving Respondent and the Department reserves the right to pursue restitution in connection with any complaint filed with the Department.

16. The Department and Respondent are entering into this Stipulation and Consent Agreement to settle a dispute between them and both agree that this Stipulation and Consent Agreement does not constitute an adjudication of a violation of statute or regulation.

17. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner of the Department, or her designated appointee.


18. Respondent acknowledges and agrees that this stipulation is entered into freely and voluntarily and that except as set forth herein, no promise was made to induce the Respondent to enter into it. Respondent acknowledges its understanding of and agrees to all terms, conditions, and obligations contained in this Stipulation and Consent Agreement.

19. Venmo and Department knowingly and voluntarily waive any rights they may have to judicial review by any court of whether or not Venmo LLC engaged in unauthorized money transmission in Vermont by way of suit, appeal, or extraordinary relief resulting from entry or enforcement of this Stipulation and Consent Agreement.


20. The undersigned representatives of Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

AGREED AND ACCEPTED:

PayPal, Inc., as successor to Venmo, LLC

By:  Date: 5/20/2016
Print name & Title: Russell S Elmer
Secretary

Division of Banking, Vermont Department of Financial Regulation

By:  Date: 5.31.16
Print name & Title: Cynthia L Stuart
Deputy Commissioner
OF BANKING

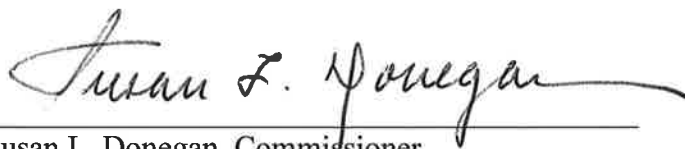
ORDER

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

21. Respondent shall comply with all agreements, stipulations, and undertakings as recited above.

22. Respondent shall make the payments described in paragraph 12 on or before May 23, 2016.

Dated at Montpelier, Vermont this 31st day of May 2016.

A handwritten signature in cursive script that reads "Susan L. Donegan". The signature is written in black ink and extends across the width of the text area below it.

Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation