

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

IN RE:)	
)	
STRATEX HOLDCO, LLC)	DOCKET NO. 21-052-B
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)	
)	

STIPULATION AND CONSENT ORDER

The **Vermont Department of Financial Regulation** (the “Department”) and **StratEx HoldCo, LLC**, a Delaware limited liability company (“Respondent”), hereby stipulate and agree as follows (the “Stipulation”):

1. Pursuant to 8 V.S.A. Chapters 1, 72, and 79, the Commissioner of Financial Regulation (the “Commissioner”) is charged with administering and enforcing Vermont law as it pertains to money transmitters in the State of Vermont.

2. Respondent is a limited liability company organized under the laws of the State of Delaware with a principal place of business at 515 N. State Street, Floor 6, Chicago, IL.

3. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order.

4. Respondent and its subsidiaries started providing human resources and payroll processing services to restaurant merchants in Vermont in 2011. In carrying out such payroll processing services, Respondent and/or its subsidiaries receive funds from Respondent’s restaurant merchant customers into bank accounts in the name of its wholly owned subsidiary, Strategy Execution Partners, LLC, and then cause those funds to be transmitted to its customers’ employees. Similarly, Strategy Execution Partners, LLC receives payroll tax funds from its restaurant merchant customers and holds such funds in escrow until transmitting to the appropriate

taxing authorities.

5. In the third quarter of 2019, Toast, Inc. (“Toast”), an entity that provides restaurant businesses with point-of-sale systems and services, acquired Respondent. Respondent’s human resources and payroll processing services were rebranded under the Toast name but are still performed by Respondent and/or its subsidiaries.

6. In October 2019, Toast formed a subsidiary, Toast Processing Services LLC (“TPS”), with the intention of TPS becoming a licensed money services business (MSB) and eventually conducting the payroll processing services then conducted by Respondent and/or its subsidiaries. As of December 13, 2021, TPS is a licensed MSB in thirty-one states and registered with the Financial Crimes Enforcement Network as an MSB. TPS does not currently conduct and has never conducted money transmission activity in Vermont.

7. On May 28, 2021, TPS submitted an application to the Department for a money transmitter license, which remains pending on the date hereof. That application described licensable money transmission business that TPS proposed to conduct in Vermont, including payroll processing services. In response to the Department’s inquiries about prior unlicensed activity by TPS, TPS voluntarily disclosed that Respondent and its subsidiaries had engaged in providing payroll processing services to customers in Vermont since 2011. TPS asserts that Respondent’s position during the acquisition by Toast was that Respondent did not require a license to offer payroll processing services in Vermont.

8. A Vermont money transmitter license is required to provide payroll processing services to any Vermont customer if the provider of such services receives money or monetary value from a Vermont customer for transmission to another location.

9. Respondent is not currently, nor has it ever been, licensed to engage in the business

of money transmission in Vermont.

10. The Department asserts that Respondent engaged in the business of money transmission in Vermont without the license or authorization required by 8 V.S.A. Chapter 79.

11. Respondent and TPS have voluntarily provided the Department with information about Respondent's Vermont activities from 2011 to 2021.

12. Respondent acknowledges that the Department is relying upon Respondent's and TPS's disclosures, representations, and warranties in making its determinations in this matter.

13. Respondent and TPS have cooperated with the Department at all times.

14. The Department has received no complaints regarding Respondent's activity.

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

16. Respondent and the Department expressly agree to enter this Stipulation and Consent Order in full and complete resolution of the violations described herein.

17. Respondent agrees to pay an administrative penalty of \$52,000 to the Department of Financial Regulation. The penalty was calculated based on licensing fees and assessments Respondent would have paid if properly licensed during the period that Respondent conducted business in Vermont without a license and a partial disgorgement of fees earned during the period of unlicensed activity. The administrative penalty shall be paid to the Department within ten (10) days of the execution of this Stipulation and Consent Order.

18. In order to ensure an orderly wind-down of its services to Vermont businesses and residents, Respondent agrees to cease all money transmission activity in the State of Vermont within sixty (60) days after the Department issues a money transmitter license to TPS. Upon doing so, Respondent will promptly notify the Department in writing.

19. This Stipulation and Consent Order shall not prevent any private party from pursuing any claim they may have against Respondent, nor shall it be understood as determining whether any such claim may or may not exist in law or equity.

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

21. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner and consents to the entry of this Stipulation and Consent Order.

22. Respondent acknowledges and agrees that this Stipulation and Consent Order 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 Order.

23. The terms set forth in this Stipulation and Consent Order represent the complete agreement between the parties as to its subject matter.

24. The undersigned representative of Respondent affirms that they have taken all necessary steps to obtain the authority to bind such Respondent to the obligations stated herein and has the authority to bind such Respondent to the obligations stated herein.

STRATEX HOLDCO, LLC

By:  95FDC681B1AE475...

Date: January 5, 2022

Print name & title:

Christopher Comparato, Chief Executive Officer

ACCEPTED BY:

Molly Dillon

Date: January 6th2022

Molly Dillon, Deputy Commissioner
Banking Division, Vermont Department of Financial Regulation

CONSENT ORDER

1. The stipulated facts, terms, agreements, and provisions of the Stipulation, dated of even date herewith, between the Vermont Department of Financial Regulation and StratEx HoldCo, LLC, a Delaware limited liability company, are incorporated by reference herein.

2. Jurisdiction in this matter is established pursuant to Chapters 1, 72, and 79 of Title 8 of the Vermont Statutes Annotated.

3. Pursuant to the Stipulation, StratEx Holdco, LLC consents to the entry of this Consent Order.

4. StratEx Holdco, LLC shall comply with all agreements, stipulations, and undertakings as recited in the Stipulation above.

Dated at Montpelier, Vermont this 6th day of January 2022.



Molly Dillon, Deputy Commissioner
Banking Division, Vermont Department of Financial Regulation