

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

IN RE:)	
)	
MERCARI, INC.)	DOCKET NO. 17-031-B
NMLS # 1486447)	
)	

STIPULATION AND CONSENT ORDER

The Banking Division of the Vermont Department of Financial Regulation (the “Department”) and Mercari, Inc. (“Respondent”) 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. Mercari, Inc. is a Delaware corporation with its principal place of business at 22 4th Street, San Francisco, California 94103.
3. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order set forth herein.
4. Mercari operates a technology platform to provide an e-commerce marketplace that enables users to buy and sell items online or from their mobile devices. Mercari facilitates payments between users who buy and sell items on the platform and offers stored value accounts for platform users.
5. Respondent has offered services in Vermont since 2014 but did not begin to charge fees to sellers until October 19, 2016.
6. Vermont’s Money Services Act, 8 V.S.A. Chapter 79 defines “money transmission” broadly and the definition includes “receiving money or monetary value for transmission to a location within or outside the United States” and “selling or issuing stored

value.” 8 V.S.A. § 2500(11). Vermont does not exempt a payment processor or an agent of a payee from licensure.

7. On October 16, 2016, Respondent initiated an application through the Nationwide Multistate Licensing System (“NMLS”) to obtain a Vermont money transmitter license. Prior to that time, Respondent did not apply for a money transmitter license in Vermont.

8. The Department asserts that, prior to receiving a Vermont money transmitter license, Respondent, by accepting funds from buyers and transmitting funds to sellers and/or by issuing stored value, engaged in the business of money transmission in Vermont without the license or authorization required by 8 V.S.A. Chapter 79.

9. Based on information provided by Respondent, the Department finds that prior to obtaining a license in Vermont, in aggregate, Respondent effected 27,785 transactions for Vermont buyers and sellers totaling \$614,456 and received \$7,973 in fees.

10. The Department asserts that Respondent violated Vermont’s money transmitter laws by engaging in money transmission without a license. Respondent asserts that, at the time, it believed a license was not required for its activities under Vermont’s money transmitter laws. As part of this Stipulation and Consent Order, Respondent neither admits nor denies the Department’s allegation that it violated Vermont’s money transmitter laws by engaging in money transmission without a license or authorization under Title 8, Chapter 79.

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

12. The Department has not received any complaints stemming from Respondent’s activity in Vermont.

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

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

15. Respondent agrees to pay an administrative penalty to the Department of Financial Regulation in the amount of \$4,097 to include \$3,300 representing the cost of initial licensing, renewal fees, and assessments for the period of unlicensed activity plus \$797 representing a disgorgement of an appropriate amount of the fees earned from unlicensed activity. This shall be paid within ten (10) days of the execution of this Stipulation and Consent Order.

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

17. This Stipulation and Consent Order 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.

18. Nothing contained in this Stipulation and Consent Order 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.

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

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

21. 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 Order. Respondent consents to the entry of this Stipulation and Consent Order.

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

23. The undersigned representative 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.

Mercari, Inc.

By:  _____ Date: 2/27/2018

Print name & Title:

Lisa Lechner Chief Compliance Officer

ACCEPTED BY:

 _____ 3/15/2018

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

Date

CONSENT ORDER

1. The stipulated facts, terms, and provisions of the Stipulation are incorporated by reference herein.
2. Jurisdiction in this matter is established pursuant to Chapters 1 and 79 of Title 8.
3. Pursuant to the Stipulation, Respondent consents to the entry of this Consent Order.
4. Respondent shall comply with all agreements, stipulations, and undertakings as recited above.

Dated at Montpelier, Vermont this 15th March day of ~~February~~ 2018.

A handwritten signature in black ink, appearing to read 'Michael S. Pieciak', written over a horizontal line.

Michael S. Pieciak, Commissioner
Vermont Department of Financial Regulation