

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

<b>IN RE:</b>	)	
	)	
<b>WAVE FINANCIAL USA INC.</b>	)	
<b>WAVE FINANCIAL INC.</b>	)	<b>DOCKET NO. 20-038-B</b>
	)	

**STIPULATION AND CONSENT ORDER**

The Banking Division of the Vermont Department of Financial Regulation (the “Department”), Wave Financial USA Inc. and Wave Financial Inc. (collectively “Respondents”) 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. Wave Financial USA Inc. is a Delaware corporation formed in 2018, with a principal place of business at 1550 Wewatta Street, Suite 200, Denver, CO 80202.
3. Wave Financial Inc. is a Canadian corporation with a principal place of business at 235 Carlaw Street, Suite 501, Toronto, Ontario, M4M 2S1.
4. Respondents acknowledge and admit the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order set forth herein.
5. Respondents are financial technology companies in the business of providing financial software and services to small businesses. Respondents offer a suite of products and services including payroll processing.
6. On August 14, 2020, Respondent Wave Financial USA Inc. submitted an application through the Nationwide Multistate Licensing System (“NMLS”) to obtain a Vermont

money transmitter license. Prior to that time, neither Wave Financial USA Inc. nor Wave Financial Inc. applied for a money transmitter license in Vermont.

7. For the period February 26, 2018 through November 30, 2019, Respondent Wave Financial Inc. engaged in payroll processing in Vermont.

8. Beginning December 1, 2019, Wave Financial USA Inc. assumed the payroll processing services in Vermont previously provided by Wave Financial Inc.

9. Prior to February 26, 2018, Respondent Wave Financial Inc. partnered with another entity (“Partner Entity”) to process ACH payments such that the ACH relationship was exclusively between the client and Partner Entity.

10. Vermont’s Money Services Act, 8 V.S.A. Chapter 79 defines “money transmission” to include “receiving money or monetary value for transmission to a location within or outside the United States.” 8 V.S.A. § 2500(11).

11. The Department asserts that, prior to receiving a Vermont money transmitter license, Respondents engaged in the business of money transmission in Vermont without the license or authorization required by 8 V.S.A. Chapter 79 by providing payroll processing services.

12. Respondents represent that they consulted with established banks and legal advisors prior to Wave Financial Inc. ending its relationship with Partner Entity. Respondents did not believe that assuming the payroll processing function constituted money transmission requiring a license.

13. As part of this Stipulation and Consent Order, Respondents neither admit nor deny the Department’s allegation that Respondents violated Vermont’s money transmitter laws.

14. The Department has not received any complaints stemming from Respondents’

Vermont activity.

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

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

17. Respondents agree to pay an administrative penalty of \$7,200 to the Department of Financial Regulation representing licensing fees, assessments, and the disgorgement of a portion of the fees earned during the period of unlicensed activity. This shall be paid within ten (10) days of the execution of this Stipulation and Consent Order.

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

19. The Department acknowledges that the license application of Wave Financial USA Inc. is complete and all the requirements for licensure are met except the resolution of prior unlicensed activity. The parties enter into this Stipulation and Consent Order to resolve this prior unlicensed activity, therefore, upon execution of this Stipulation and Consent Order and payment by Respondents of the \$7,200 described in paragraph 17, such license shall issue and becomes effective upon issuance.

20. This Stipulation and Consent Order shall not prevent any person from pursuing any claim he or she may have against Respondents, 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 Respondents.

21. 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 Respondents, and the Department reserves the right to pursue restitution in connection with any complaint filed with the Department.

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

23. Respondents hereby waive their statutory right to notice and a hearing before the Commissioner of the Department, or his designated appointee, regarding this matter.

24. Respondents acknowledge and agree that this stipulation is entered into freely and voluntarily and that, except as set forth herein, no promise was made to induce Respondents to enter into it. Respondents acknowledge their understanding of and agree to all terms, conditions, and obligations contained in this Stipulation and Consent Order.

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

26. The undersigned representative of each Respondent affirms that he or she has 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.

Wave Financial USA Inc.

By: \_\_\_\_\_



Date: \_\_\_\_\_

1/27/2021

Print name & title: \_\_\_\_\_

LES WHITING, CHIEF FINANCIAL SERVICES OFFICER

Wave Financial Inc.

By: \_\_\_\_\_



Date: \_\_\_\_\_

1/27/2021

Print name & title: \_\_\_\_\_

LES WHITING, CHIEF FINANCIAL SERVICES OFFICER

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**ACCEPTED BY:**

*M Dillon*

Date: 3/3/21

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

## 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, Respondents consent to the entry of this Consent Order.
4. Respondents shall comply with all agreements, stipulations, and undertakings as recited above.

Dated at Montpelier, Vermont this 4<sup>th</sup> day of March ~~January~~ 2021.



Michael S. Pieciak, Commissioner  
Vermont Department of Financial Regulation