

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

**IN RE:** )  
 )  
**ZENPAYROLL, INC.** ) **DOCKET NO. 21-021-B**  
 )

**STIPULATION AND CONSENT ORDER**

The **Vermont Department of Financial Regulation** (the “Department”) and **ZenPayroll, Inc. d/b/a Gusto** (“Respondent”) hereby stipulate and agree as follows:

1. Pursuant to 8 V.S.A. Chapters 1, 72, and 79, the Commissioner of the Vermont Department 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 corporation organized under the laws of the State of Delaware with a principal place of business at 525 20th Street, San Francisco, CA 94107.

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

4. Respondent is a payroll services company that targets small businesses seeking all-in-one human resources solutions, including payroll processing. In the performance of Respondent’s payroll processing services, Respondent debits the employer-customer’s bank account and then receives the debited funds in Respondent’s own bank account for transmission to other locations, including to the employer-customer’s employees, contractors, benefits providers and taxing authorities. When such funds become payable by the employer-customer, Respondent transmits the funds to the appropriate payees.

5. Respondent has provided payroll processing services to Vermont employer-customers since 2015. Respondent represents that its only Vermont customers are employers, and

that Respondent has never offered nor performed any money transmission services in Vermont for any Vermont customers other than employers. Respondent asserts that it did not believe that Vermont law required it to obtain a money transmission license to provide payroll processing services to employers in Vermont.

6. The Department asserts that 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.

7. Respondent is not currently, nor has it ever been, licensed to engage in the business of money transmission in Vermont.

8. After being notified by the Department that the provision of payroll processing services may require a Vermont money transmitter license, Respondent applied for a Vermont money transmitter license in a timely manner.

9. 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.

10. Respondent has voluntarily provided the Department with information about its Vermont activities from 2015 to 2020.

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

12. Respondent has cooperated with the Department at all times.

13. The Department has not received any complaints stemming from Respondent's Vermont activity.

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

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

16. Respondent agrees to pay an administrative penalty of \$135,000 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 within ten (10) days of the execution of this Stipulation and Consent Order.

17. This Stipulation and Consent Order shall not prevent any private party 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.

18. Nothing contained in this Stipulation and Consent Order shall restrain or limit the Department in responding to and addressing any 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 all agree that this Stipulation and Consent Order does not constitute an adjudication of a violation of statute or regulation. 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.

20. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner.

21. Respondent acknowledges and agrees that this Stipulation and Consent Order is



## 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, 72, and 79 of Title 8 of the Vermont Statutes Annotated.
3. Pursuant to the Stipulation, ZenPayroll, Inc. consents to the entry of this Consent Order.
4. ZenPayroll, Inc. shall comply with all agreements, stipulations, and undertakings as recited above.

Dated at Montpelier, Vermont this 30th day of March 2021.



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