

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Money Transmitter License  
3 of:

No. 16F-BD067-SBD

4 **CHIME, INC.**

**CONSENT ORDER**

5 239 E. 5<sup>TH</sup> Street, 4B  
6 New York, New York 10003

7 Respondent.

8 On February 29, 2016, the Arizona Department of Financial Institutions (“Department”)  
9 issued an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order,  
10 alleging that Chime, Inc. had violated Arizona law. Upon learning it was not properly designated as  
11 a money transmitter “authorized delegate,” and with no intent to violate Arizona’s statutes, Chime,  
12 Inc. promptly self-reported itself to the Department, ceased all money transmitter activities in  
13 Arizona, and fully cooperated with the Department’s investigation into this matter. In the spirit of  
14 cooperation, Chime, Inc. wishes to resolve this matter in lieu of an administrative hearing, and it  
15 consents to the following Findings of Fact and Conclusions of Law, and consents to the entry of the  
16 following Order.

17 **FINDINGS OF FACT**

18 1. Chime, Inc. (“Respondent Company”) is a Delaware corporation registered as a  
19 foreign corporation with the Arizona Corporation Commission, since August 25, 2014, License No.  
20 F19482326. Respondent Company has never been licensed with the Department.

21 2. Drew Durbin (“Mr. Durbin”) is the Chief Executive Officer (“CEO”) of Respondent  
22 Company, whose business is that of a money transmitter within the meaning of A.R.S. § 6-1201(11).  
23 Respondent Company was not and has not, at any time material herein, authorized to transact  
24 business in Arizona as a money transmitter within the meaning of A.R.S. § 6-1201, *et seq.*

25 3. Respondent Company is not exempt from licensure as a money transmitter within the  
26 meaning of A.R.S. § 6-1203.

1           4.     On May 11, 2015, Respondent Company submitted a Money Transmitter license  
2 application to the Department. At the time, Respondent Company stated they were contracted as an  
3 authorized delegate of PreCash, based on representations made to Respondent Company by PreCash.

4           5.     On August 10, 2015, the Department received a letter from Michael Luebbert, the  
5 Chief Compliance Officer for Respondent Company. The purpose of his letter was to apologize for  
6 misinforming the Department that his company was an authorized delegate for PreCash. As a result  
7 of Mr. Luebbert's communication, the Department requested a complete ledger history of  
8 Respondent Company's money transmitter transactions with Arizona residents.

9           6.     The transaction report from Respondent Company disclosed the following:

10           i.     Respondent Company conducted 12,978 money transmissions totaling  
11                 \$1,563,828.45 between November 1, 2014 and August 4, 2015.

12           ii.    Respondent Company's average money transmitter transaction was \$120.50.

13           iii.   Respondent Company's Balance Sheet, as of June 30, 2015, reflected liquid  
14                 assets totaling \$4,394,513.40 and a total equity of \$5,088,757.41.

15           iv.    Respondent Company was then licensed in twenty-three (23) states and the  
16                 District of Columbia, and is now licensed in forty-four (44) states and the  
17                 District of Columbia.

18           7.     On August 10, 2015, the Department received an e-mailed letter from Mr. Luebbert in  
19 which he explained that on September 16, 2014, Respondent Company signed a Merchant Services  
20 Agreement with PreCash to be an authorized delegate for PreCash in all states where Respondent  
21 Company did not have a license except for Massachusetts. The PreCash Agreement specifically lists  
22 the State of Arizona as one of the states where they would be an authorized delegate. PreCash went  
23 live with Respondent Company's mobile application on October 31, 2014.

24           8.     On October 5, 2015, the Department sent a written notification to Respondent  
25 Company that they were operating as an unlicensed Money Transmitter in the State of Arizona, in  
26 violation of A.R.S. § 6-1202(A) *et seq.*





1 SO ORDERED this 5<sup>th</sup> day of July, 2016.

2 Robert D. Charlton  
3 Superintendent of Financial Institutions

4 By: Tammy Seto  
5 Tammy Seto  
6 Division Manager  
7 Consumer Affairs & MSBs  
8 Department of Financial Institutions

9 **CONSENT TO ENTRY OF ORDER**

10 A. Respondent Company acknowledges that it has been served with a copy of the foregoing  
11 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, has read the same,  
12 is aware of the right to an administrative hearing in this matter, and has knowingly, intelligently, and  
13 voluntarily waived that right.

14 B. Respondent Company knowingly, intelligently, and voluntarily accepts the jurisdiction of  
15 the Superintendent.

16 C. Respondent Company knowingly, intelligently, and voluntarily consents to the entry of  
17 the foregoing Findings of Fact, Conclusions of Law, and Order.

18 D. Respondent Company states that no promise of any kind or nature has been made to  
19 induce it to consent to the entry of this Order.

20 E. Respondent Company agrees to immediately cease from engaging in the violative  
21 conduct set forth in the Findings of Fact and Conclusions of Law.

22 F. Respondent Company acknowledges that the acceptance of this Consent to Entry of  
23 Order by the Superintendent is solely to settle this matter and does not preclude this Department or  
24 any other agency of this state or subdivision thereof from instituting other proceedings as may be  
25 appropriate now or in the future.

26 G. Failure to correct the violations set forth above in this Order or any future findings of  
repeated violations may result in disciplinary action that may include a greater civil money penalty.

1 H. Mr. Durbin represents that he is the Chief Executive Officer of Respondent Company and  
2 has been authorized by Respondent Company to consent to the entry of this Order on its behalf.

3 I. Respondent Company waives all rights to seek any administrative or judicial review or  
4 otherwise to challenge or contest the validity of this Order before any court of competent  
5 jurisdiction.

6 DATED this 7<sup>th</sup> day of June, 2016.

7  
8 By: Drew Durbin  
9 Drew Durbin, CEO  
Chime, Inc.

10 ORIGINAL of the foregoing filed this 5<sup>th</sup>  
11 day of July, 2016, in the office of:

12 Robert D. Charlton  
13 Superintendent of Financial Institutions  
14 Arizona Department of Financial Institutions  
ATTN: June Beckwith  
2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

15 COPY mailed/delivered same date to:

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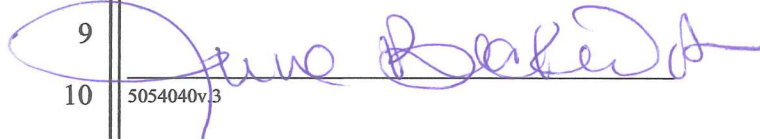
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Chief Compliance Officer  
26 [MLuebbert5@gmail.com](mailto:MLuebbert5@gmail.com)

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3 Respondents

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Attorney for Respondent Company

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8 Statutory Agent for Respondent Company

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