

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF: StratEx Holdco, LLC 515 North State Street, Floor 6 Chicago, Illinois))))))	FINDINGS OF FACT CONCLUSIONS OF LAW AND CONSENT AGREEMENT
------------------------------------------------------------------------------------------------------	----------------------------	------------------------------------------------------------------------------------------------

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”), by and through its Director, pursuant to its authority under the Nebraska Money Transmitters Act, Neb. Rev. Stat. §§ 8-2701 to 8-2747 (Cum. Supp. 2020, Supp. 2021) (the “Act”). Pursuant to Neb. Rev. Stat. § 8-2744 (Cum. Supp. 2020), the Department has investigated alleged violations of the Act by StratEx Holdco, LLC, 515 North State Street, Floor 6, Chicago, Illinois (“StratEx”). As a result of such investigation, and being duly advised and informed in the matter, the Director and StratEx enter into the following Findings of Fact, Conclusions of Law, and Consent Agreement (“Consent Agreement”).

FINDINGS OF FACT

1. On July 21, 2021, Toast Processing Services LLC (“Toast Processing”), an affiliate of StratEx, submitted a Money Transmitter License Application to the Department through the Nationwide Mortgage Licensing System and Registry (“NMLS”), under Identifier No. 2020419. Toast Processing has not been previously licensed by the Department. Toast Processing and StratEx, a Delaware limited liability company, are wholly owned subsidiaries of Toast, Inc. (“Toast”), a Delaware corporation.

2. Toast Processing has represented to the Department that Toast Processing has never conducted money transmission activities in Nebraska. However, Toast Processing further represented to the Department that StratEx had processed payroll on behalf of Nebraska residents from January 1, 2019 to March 31, 2022 including 1,832 transactions generating \$244,651 in fees during the foregoing period.

3. StratEx has never been licensed as a money transmitter with the Department. In 2019, Toast acquired StratEx and rebranded its human resources, payroll, and related services under the Toast name.

4. The Department incurred a minimum of One Thousand Five Hundred Dollars (\$1,500.00) in investigation costs in this matter.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 8-2716 (Cum. Supp. 2020) defines money transmission as the business of the sale or issuance of payment instruments or stored value or of receiving money or monetary value for transmission to a location within or outside of the United States by any and all means, including wire, facsimile, or electronic transfer. Notwithstanding any other provision of law, money transmission also includes bill payment services not limited to the right to receive payment of any claim for another but does not include bill payment services in which an agent of a payee receives money or monetary value on behalf of such payee.

2. Neb. Rev. Stat. § 8-2725 (Cum. Supp. 2020) provides that a person shall not engage in money transmission without a license issued pursuant to the Act.

3. Neb. Rev. Stat. § 8-2726 (Cum. Supp. 2020) provides that to qualify for a license under the Act, an applicant at the time of filing for a license, and a licensee at all times after a license is issued, shall satisfy the following requirements: (a) Each applicant or licensee must have

a net worth of not less than fifty thousand dollars; (b) The financial condition and responsibility, financial and business experience, and character and general fitness of the applicant or licensee must reasonably warrant the belief that the applicant's or licensee's business will be conducted honestly, fairly, and in a manner commanding the confidence and trust of the community; (c) Each corporate applicant or licensee must be in good standing in the state of its incorporation; and (d) Each applicant or licensee must be registered or qualified to do business in the state.

4. Section 8-2744 provides that if the Director finds, after notice and hearing in accordance with the Administrative Procedure Act, that any person has violated the Act or any rule, regulation, or order of the Director thereunder, the Director may order such person to pay (a) an administrative fine of not more than five thousand dollars for each separate violation and (b) the costs of investigation.

5. The facts listed in above Finding of Fact Nos. 2 and 3 constitute a sufficient basis for the Director to have determined that StratEx has violated the Act by engaging in unlicensed activity. Each of StratEx's money transmitter transactions constitute a separate violation of Section 8-2725. As a result, the Director would have cause to deny Toast Processing's license application and/or could institute a proceeding to impose an administrative fine upon StratEx in an amount of not more than five thousand dollars for each separate violation, plus costs of investigation, in accordance with Section 8-2744.

6. Under the Act's statutory framework, the Director has the legal and equitable authority to fashion significant remedies.

7. It is in the best interest of StratEx and Toast Processing, and it is in the best interest of the public, for StratEx and the Department to resolve the issues included herein.

STIPULATIONS

In connection with this Consent Agreement, StratEx and the Director stipulate to the following:

1. The Department has jurisdiction as to all matters herein.
2. This Consent Agreement shall resolve all matters raised by the Department's investigation of StratEx and Toast Processing in connection with Toast Processing's application for a license under the Act. Should future circumstances warrant, the facts from this matter may be considered in future administrative action by the Department.
3. This Consent Agreement shall be in lieu of all other proceedings available to the Department, except as specifically referenced in this Consent Agreement.

StratEx further represents as follows:

1. StratEx is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross-examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.
2. StratEx is acting free from any duress or coercion of any kind or nature.
3. This Consent Agreement is executed to avoid further proceedings. StratEx neither admits nor denies any violations of the Act.

CONSENT AGREEMENT

IT IS THEREFORE AGREED as follows:

1. Within ten (10) days after the effective date of this Consent Agreement, StratEx shall pay a fine of Twenty-Four Thousand Five Hundred Dollars (\$24,500.00) for its violations of Section 8-2725.

2. Within ten (10) days after the effective date of this Consent Agreement, StratEx shall pay the Department's investigation costs in this matter in the amount of One Thousand Five Hundred Dollars (\$1,500.00).

3. The total amount of the fine, Twenty-Four Thousand Five Hundred Dollars (\$24,500.00), plus the total amount of investigation costs, One Thousand Five Hundred Dollars (\$1,500.00), shall be payable in one check or money order in the amount of Twenty-Six Thousand Dollars (\$26,000.00) to the Department. At its option, StratEx may transmit payment electronically to the Department, which will provide ACH transfer instructions upon request.

4. In the event StratEx fails to comply with any of the provisions of this Consent Agreement, the Department may commence such action as it deems necessary and appropriate in the public interest.

5. If, at any time, the Department determines StratEx has committed any other violations of the Act, the Department may take any action available to it under the Act.

6. Within thirty (30) days after the Department's receipt of StratEx's full payment of all fines and costs, the Department shall approve Toast Processing's Money Transmitter License Application through the NMLS. If the license is issued in 2022, the license will expire on the last day of December 2022, unless sooner renewed for the following year, suspended, revoked, cancelled, or surrendered.

7. Within thirty (30) days after the Department's approval of Toast Processing's license application, StratEx shall transfer all money transmission business being conducted by StratEx in Nebraska to Toast Processing. Should Toast Processing's license application be denied, or such license not issued, for any reason, StratEx will cease all money transmission business in Nebraska with thirty (30) days.

8. The effective date of this Consent Agreement will be the date of the Director's signature.

DATED this 9th day of June, 2022.

STRATEX HOLDCO, LLC

DocuSigned by:

Brian Elworthy, General Counsel

By: BAF984FE16454A9...

Brian Elworthy, General Counsel & Secretary

515 North State Street, Floor 6
Chicago, Illinois 60654-4825
(617) 780-5466

DATED this 9th day of June, 2022.



**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**

DocuSigned by:

Kelly Lammers

By: 81A8ACE4898B41D...

Kelly Lammers, Director

1526 K Street, Suite 300
Lincoln, Nebraska 68508
(402) 471-2171