

**UNITED STATES OF AMERICA
CONSUMER FINANCIAL PROTECTION BUREAU**

ADMINISTRATIVE PROCEEDING
File No. 2021-CFPB-0006

In the Matter of:

JPay, LLC

CONSENT ORDER

The Consumer Financial Protection Bureau (Bureau) has reviewed the practices of JPay, LLC (JPay or Respondent, as defined below) with respect to the marketing, provision, and servicing of prepaid cards and has identified the following law violations: (1) Respondent violated the Electronic Fund Transfer Act (EFTA), 15 U.S.C. § 1693k(2), and its implementing Regulation E, 12 C.F.R. § 1005.10(e)(2), by requiring consumers to establish a Prepaid Account as a condition of receipt of a government benefit; (2) by violating EFTA and Regulation E, Respondent offered or provided a consumer financial product or service that is not in conformity with Federal consumer financial law, in violation of section 1036(a)(1)(A) of the CFPA, 12 U.S.C. § 5536(a)(1)(A); (3) Respondent engaged in unfair and abusive acts and practices by providing fee-bearing prepaid

cards to consumers who were required to receive the money owed to them at the time of their release from prison or jail on a prepaid card, in violation of sections 1031(a) and 1036(a)(1)(B) of the Consumer Financial Protection Act (CFPA), 12 U.S.C. §§ 5531(a) and 5536(a)(1)(B); (4) Respondent engaged in unfair acts and practices by causing fees to be charged to consumers to whom it provided prepaid cards, when those fees were not authorized by their cardholder agreements, in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a)(1)(B); and (5) Respondent engaged in deceptive acts and practices by making false or misleading representations about the existence, nature, or amount of fees applicable to prepaid cards, in violation of sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a) and 5536(a)(1)(B). Under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563, 5565, the Bureau issues this Consent Order (Consent Order).

I.

Jurisdiction

1. The Bureau has jurisdiction over this matter under §§ 1053 and 1055 of the CFPA, 12 U.S.C. §§ 5563 and 5565, and EFTA, 15 U.S.C. § 1693o.

II.**Stipulation**

2. Respondent has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated October 13, 2021 (Stipulation), which is incorporated by reference and is accepted by the Bureau. By this Stipulation, Respondent has consented to the issuance of this Consent Order by the Bureau under §§ 1053 and 1055 of the CFPB, 12 U.S.C. §§ 5563, 5565, without admitting or denying any of the findings of fact or conclusions of law, except that Respondent admits the facts necessary to establish the Bureau’s jurisdiction over Respondent and the subject matter of this action.

III.**Definitions**

3. The following definitions apply to this Consent Order:
- a. “Affected Consumer” means any consumer who had no choice but to have the funds owed to that consumer at the time of release from a Secure Facility loaded onto a Debit Release Card, and who paid any Covered Fee in connection with that Debit Release Card from May 18, 2011 to the Effective Date.
 - b. “Assist Others” includes, but is not limited to:

1. performing customer service functions including, but not limited to, receiving or responding to consumer complaints;
 2. formulating or providing, or arranging for the formulation or provision of, any consumer-facing disclosures or representations, including but not limited to Cardholder Agreements, Green Sheets, advertising or marketing material, web or Internet Protocol addresses or domain name registration for any internet websites, affiliate marketing services, or media placement services;
 3. providing names of, or assisting in the generation of, potential customers; and
 4. performing marketing services of any kind.
- c. “Board” means Respondent’s duly-elected and acting Board of Directors.
- d. “Cardholder Agreement” means a document provided to consumers in an envelope with a Debit Release Card and which specifies the terms and conditions applicable to the Debit Release Card, including a list of all fees associated with the Debit Release Card and information on the circumstances under which fees are assessed.
- e. “Clearly and Prominently” means:
- i. In textual communications (e.g., printed publications or words displayed on the screen of an electronic device), the disclosure

- must be of a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background on which it appears;
- ii. In communications made through interactive media such as the internet, online services, and software, the disclosure must be unavoidable and presented in a form consistent with subsection (i); and
- iii. In all instances, the disclosure must be presented before the consumer incurs any financial obligation, in an understandable language and syntax, and with nothing contrary to, inconsistent with, or in mitigation of, the disclosures used in any communication with the consumer.
- f. “Covered Fee” means any fee charged by Respondent, the issuer, or the program manager to a cardholder, other than a reasonable inactivity fee charged no sooner than 90 days after the last consumer-initiated transaction on the Debit Release Card. “Covered Fee” does not include a fee charged by a third party independent of Respondent, the issuer, or the program manager, such as (without limitation) a fee for use of an ATM charged by the owner of the ATM.

- g. “Debit Release Card” means a Prepaid Account which contains the funds owed to a consumer at the time of the consumer’s release from incarceration and which is offered or provided to consumers by Respondent, or through a contract with Respondent, and any card issued in connection with such a Prepaid Account.
- h. “DOC(s)” means any state, federal, or local department(s) of correction.
- i. “Effective Date” means the date on which the Consent Order is entered on the administrative docket.
- j. “Enforcement Director” means the Assistant Director of the Office of Enforcement for the Consumer Financial Protection Bureau, or his or her delegate.
- k. “Gate Money” means any financial entitlement provided pursuant to state or local law, policy, or regulation to ease transition for an individual reentering society after release from prison or jail.
- l. “Green Sheet” means a disclosure provided to consumers in some jurisdictions, typically on green-colored paper, and which states various Debit Release Card terms, including certain fees, but does not include the disclosure constituting or containing the short form disclosure defined at 12 C.F.R. § 1005.18(b)(2) and (3).

m. “Prepaid Account” is synonymous in meaning and equal in scope to the definition of the term, as of the Effective Date, in Subpart A of Regulation E, 12 C.F.R. §1005.2(b)(3), as set forth in Appendix A of this Order.

- n. “Related Consumer Action” means a private action by or on behalf of one or more consumers or an enforcement action by another governmental agency brought against Respondent based on substantially the same facts as described in Section IV of this Consent Order.
- o. “Respondent” means JPay, LLC, and its successors and assigns.
- p. “Secure Facility” means a jail or prison.

IV.

Bureau Findings and Conclusions

The Bureau finds the following:

4. Respondent is a Delaware limited liability company headquartered in Miramar, Florida. Respondent is a wholly-owned subsidiary of Securus Technologies.
5. Since its founding in 2002, Respondent has contracted with DOCs to provide a suite of products and services, including money-transfer services.

6. One product Respondent has provided since at least 2008 through its contracts with some DOCs is a Debit Release Card that is given to formerly-incarcerated consumers at the time of their release from a Secure Facility.
7. Respondent is a “covered person” under the CFPA because it has provided stored-value products to consumers, which are “consumer financial product[s] or service[s]” under the CFPA. 12 U.S.C. §§ 5481(6)(A), (15)(A)(v).
8. Respondent is a “person” under Regulation E. 12 C.F.R. § 1005.2(j).

Background on Respondent’s Debit Release Cards

9. Between 2011 and the Effective Date, Respondent has provided approximately 1,200,000 Debit Release Cards to consumers.
10. The Debit Release Card contained the balance of funds owed to a consumer at the time of release from incarceration, including the consumer’s own commissary or trust funds, as well as, in multiple states, any Gate Money.
11. At the moment of release, many consumers who are not met immediately by family members or other contacts are unlikely to have access to money aside from the funds loaded onto the Debit Release Card.
12. Respondent has contracted with a program manager and an issuing bank to provide the Debit Release Cards to consumers. The bank has held the funds for the card accounts, while the program manager has managed the Debit

Release Card accounts, provided customer service tools to consumers under Respondent's name, and engaged in other business services that allow Respondent to meet its obligations under its contracts with DOCs.

13. Among other services, the program manager has collected transaction fees from cardholder accounts on behalf of Respondent, and it remitted the balance of those fees to Respondent on a monthly basis, less any funds owed to the program manager for its services.
14. Cardholder Agreements identified the bank as the issuer of the card, and presented themselves as agreements between cardholders and the bank. But between at least 2011 and 2016 multiple versions of the Cardholder Agreements identified "JPay Prepaid Mastercard" as "[t]he third party that markets and services" the Debit Release Card. Cardholder Agreements during that period also informed consumers that they should contact Respondent for customer support. When consumers called the customer support line, customer support representatives identified themselves as employees or agents of Respondent.
15. To provide Debit Release Cards, Respondent submitted bids in response to requests for proposals from DOCs. In its bids, Respondent proposed a fee schedule. Once a final fee schedule was negotiated between Respondent and the DOC, Respondent provided the fee schedule to its program manager,

which input the fee schedule into a template Cardholder Agreement drafted by the bank.

16. Once the bank approved a completed Cardholder Agreement for use, the program manager worked with a vendor to create fulfillment packages in which the card and Cardholder Agreement were placed into sealed envelopes for distribution to Secure Facilities, whose staff gave the Debit Release Cards to consumers at the time of their release from incarceration.

Findings and Conclusions as to the Required Use of Debit Release Cards

17. With the exception of some instances in one state, consumers being released from a Secure Facility had no choice but to receive the funds owed to them at the time of their release on a Debit Release Card.
18. Respondent designed and implemented the Debit Release Card product to eliminate cash or check options previously offered by DOCs.
19. When Respondent provided Debit Release Cards for a DOC's releasees, it was the sole provider of Debit Release Cards for that DOC. Accordingly, consumers had no choice but to establish a Prepaid Account in order to receive their commissary or trust funds and their Gate Money.
20. Respondent believed that entering into contracts with DOCs for the Debit Release Card could help it compete for additional DOC contracts pertaining to additional services, including money transfers to commissary or trust

accounts. Respondent's ability to gain additional DOC contracts was not derived from consumers' demand for the Debit Release Card product.

21. In California, Colorado, and Georgia, Respondent provided to consumers and, as of the Effective Date of this Consent Order Respondent continues to provide to consumers, Debit Release Cards that are loaded with non-needs-tested Gate Money.
22. In most jurisdictions, consumers were charged transaction fees according to fee schedules Respondent negotiated with DOCs. The fees applicable to the Debit Release Cards have varied by jurisdiction and over time.
23. In many jurisdictions, until 2018, the small-print Cardholder Agreements disclosed no mechanism by which consumers could close their card account and obtain the balance on their cards.
24. Until at least December 2016, the small-print Cardholder Agreements used in other jurisdictions disclosed that consumers could close their card account and obtain the balance of their card only if they paid a fee.
25. After December 2016, the small-print Cardholder Agreements referenced in Paragraph 24 were changed to provide that consumers may close their card account and obtain the balance on the cards without paying a fee by requesting a check within seven days of card activation.

26. Beginning in 2018, in all jurisdictions Respondent disclosed in Cardholder Agreements or other disclosures that consumers may close their card account and obtain the balance on their cards without paying a fee by requesting a check within seven days—or in one case, ten days—of card activation.
27. But consumers who wished to avail themselves of the option described in Paragraphs 25 and 26 faced one or more significant obstacles: among other things, they had to have (1) received the card in a timely manner; (2) read the small-print disclosure to learn that they have the option of obtaining the balance on their card within seven days without incurring a fee; (3) access to a phone to make the request; and (4) established a mailing address within seven or ten days of their release from incarceration to be able to provide an address at which they can receive a check.
28. Between May 2011 and June 2017 alone, over 500,000 consumers were forced to receive the funds owed to them at the time of their release on a fee-bearing Debit Release Card. Those cardholders incurred over \$3 million in fees during that period. After June 2017, additional consumers were forced to receive the funds owed to them at the time of their release on a fee-bearing Debit Release Card.

Violations of EFTA and Regulation E

29. EFTA provides: “No person may … require a consumer to establish an account for receipt of electronic fund transfers with a particular financial institution as a condition of employment or receipt of a government benefit.” 15 U.S.C. § 1693k(2).
30. Regulation E, implementing EFTA, provides: “No financial institution or other person may require a consumer to establish an account for receipt of electronic fund transfers with a particular institution as a condition of employment or receipt of a government benefit.” 12 C.F.R. § 1005.10(e)(2).
31. Among the states in which Respondent currently provides Debit Release Cards, the Gate Money provided to consumers in California, Colorado, and Georgia is a government benefit.
32. Consumers in California, Colorado, and Georgia who were provided Debit Release Cards have been required to establish an account with the financial institution that issued the Debit Release Cards. Thus, establishing an account with that financial institution was required for those consumers to receive their Gate Money.
33. Therefore, Respondent required consumers to establish an account with a particular financial institution as a condition of receipt of a government benefit in violation of 15 U.S.C. § 1693k(2) and 12 C.F.R. § 1005.10(e)(2).

Violations of the CFPA

Unfair Acts or Practices

34. Section 1036(a)(1)(B) of the CFPA prohibits “unfair, deceptive, or abusive” acts or practices. 12 U.S.C. § 5536(a)(1)(B).
35. An act or practice is unfair if it causes or is likely to cause consumers substantial injury that is not reasonably avoidable and if the substantial injury is not outweighed by countervailing benefits to consumers or to competition. 12 U.S.C. § 5531(c).
36. In numerous instances, Respondent caused fees to be imposed on consumers who were required to receive the money owed to them at the time of their release from prison or jail on a Debit Release Card. These fees constituted substantial injury to these consumers.
37. Consumers could not reasonably avoid incurring fees on the Debit Release Card because they were required to receive the money owed to them at the time of their release on a Debit Release Card, and because there was no reasonably available mechanism by which consumers could close their card account and obtain the balance of their cards without paying a fee.
38. The substantial injury to consumers was not outweighed by any countervailing benefits to consumers or to competition.

39. Therefore, Respondent has engaged in unfair acts or practices in violation of Sections 1031 and 1036 of the CFPA. 12 U.S.C. §§ 5531(a) and (c), 5536(a)(1)(B).

Abusive Acts or Practices

40. An act or practice is abusive if it, among other things, takes unreasonable advantage of the inability of a consumer to protect the interests of the consumer in selecting or using a consumer financial product or service. 12 U.S.C. § 5531(d)(2)(B).
41. Numerous consumers were unable to protect their interests in the selection or use of the Debit Release Cards because they were required to receive the money owed to them at the time of their release from a prison or jail on a Debit Release Card, and because there was no reasonably available mechanism by which consumers could close their card account and obtain the balance of their cards without paying a fee, as described above. Respondent played a key role in depriving consumers of the ability to select another means to access and use their money.
42. In numerous instances, Respondent caused fees to be collected from these consumers. By causing fees to be charged to these vulnerable consumers who were deprived of the ability to select another means to access and use their money at the time of release, Respondent took unreasonable advantage

of their inability to protect their interests in selecting or using a consumer financial product or service.

43. Respondent also took unreasonable advantage of consumers' inability to protect their interests in selecting or using a consumer financial product or service by entering into contracts with DOCs for the Debit Release Card—thereby enabling the DOCs to eliminate cash or check options they previously offered—under the belief that doing so could help Respondent compete for additional DOC contracts.
44. Therefore, Respondent has engaged in abusive acts or practices in violation of Sections 1031 and 1036 of the CFPA. 12 U.S.C. §§ 5531(a) and (d)(2)(B), 5536(a)(1)(B).

*Failure to Provide a Consumer Financial Product or Service
in Conformity with Federal Consumer Financial Law*

45. Section 1036(a)(1)(A) of the CFPA prohibits covered persons from offering or providing a consumer financial product or service that is not in conformity with Federal consumer financial law. 12 U.S.C. § 5536(a)(1)(A).
46. EFTA and Regulation E are Federal consumer financial laws. 12 U.S.C. § 5481(12)(C), (14).
47. The Debit Release Cards were not offered or provided in conformity with EFTA and Regulation E, as described above. Therefore, Respondent violated the CFPA. 12 U.S.C. § 5536(a)(1)(A).

**Findings and Conclusions as to Charging Fees
Not Authorized by the Cardholder Agreement**

48. Debit Release Cards have been provided to consumers in an envelope containing the card and the Cardholder Agreement.
49. All versions of the Debit Release Card Cardholder Agreements have included a section titled “Schedule of Fees and Charges,” which contained general disclosures in paragraph form regarding how fees would be assessed with respect to certain aspects of card use (including, for instance, that a cardholder may be assessed a fee for a balance inquiry at an ATM even if they do not complete a funds transfer), followed by a fee table.
50. Until December 14, 2016, the Schedule of Fees and Charges section of the Cardholder Agreements applicable to certain cards contained a disclosure that stated: “No fees will be incurred on the card until additional funds are loaded onto your card.” The same section further stated: “No fees will be incurred on the card prior to the first load.”
51. Nearly 160,000 consumers whose cards were activated before December 14, 2016 incurred a variety of fees before their cards were loaded with additional funds. Over \$1 million in total fees were incurred by those cardholders before their cards were reloaded with additional funds.

Violations of the CFPA

Unfair Acts or Practices

52. Respondent's practice of causing fees to be charged to consumers before their cards were loaded with additional funds, contrary to the terms stated in these consumers' Cardholder Agreements, caused substantial injury to consumers that was not reasonably avoidable or outweighed by any countervailing benefit to consumers or to competition.
53. Thus, Respondent engaged in unfair acts and practices in violation of §§ 1036(a)(1)(B) and 1031(c)(1) of the CFPA. 12 U.S.C. §§ 5536(a)(1)(B), 5531(c)(1).

**Findings and Conclusions as to
Deceptive Representations in Green Sheets**

54. In many jurisdictions, in addition to the envelope containing the Debit Release Card and the small-print Cardholder Agreement, Respondent has provided Green Sheets for distribution to consumers.
55. The fee disclosures on all versions of the Green Sheets have followed the same format: the title "Do I have to pay a fee to use my [Debit Release] Card?" was followed by a list of various fees that differed depending on the state and time period during which the Green Sheet was in use.
56. In certain instances, the Green Sheets contradicted the fee disclosures in the small-print Cardholder Agreements that accompanied them.

57. For example, the Green Sheets issued to consumers in Georgia stated: “There are no fees for using your [Debit Release] Card.” But Cardholder Agreements for three different Debit Release Cards issued in Georgia during the time period in which those Green Sheets were in use each disclosed at least one fee. Over 31,000 Georgia consumers incurred over \$113,000 in fees during that time period.
58. Similarly, the Green Sheet issued to consumers in Missouri beginning in 2015 disclosed that all ATM withdrawals (at MoneyPass ATMs) were completely free; that there were no fees for purchases or customer service; and that there was a \$1.50 fee for ATM balance inquiries and a \$1.95 decline fee. But approximately 3,600 Missouri consumers received cards in 2015 with a Cardholder Agreement that disclosed the following fees: \$2.00 for ATM withdrawals, \$0.70 for purchases, \$1.00 per call to speak to a customer service representative, \$0.50 for ATM balance inquiries, and \$0.50 for declined purchases or ATM withdrawals. Neither the Green Sheet nor the Cardholder Agreement contained any statement about which schedule of fees was accurate.
59. In other cases, the Green Sheet disclosed some—but not all—applicable fees while failing to notify consumers that additional fees were set forth in the Cardholder Agreement.

60. For example, the Green Sheet issued to consumers in Virginia beginning in 2014 disclosed fees for ATM use (after the first transaction), signature or PIN purchases, and transactions declined due to insufficient funds, but failed to disclose an array of other fees that were disclosed in the Cardholder Agreement, including fees for balance inquiries, phone-based customer service, print and mail statements, card closure, direct deposits, and recurring monthly and inactivity fees. But consumers in Virginia incurred many of the fees that were undisclosed in the Green Sheets. The Virginia Green Sheet did not inform consumers that the fees listed in the Green Sheet were incomplete and that they had to look to the Cardholder Agreement for a list of all fees.
61. With one exception, no Green Sheet that was provided to consumers contained language informing consumers that the fees listed in the Green Sheet were incomplete and that they had to look to the Cardholder Agreement for a list of all fees.
62. From approximately 2014 through at least 2017, at least 176,000 consumers received Green Sheets that were inaccurate, incomplete, or both.

Violations of the CFPA

Deceptive Acts or Practices

63. As described in Paragraphs 54–62, in numerous instances, Respondent provided Green Sheets to consumers that made representations, expressly or by implication, about the existence, nature, or amount of fees applicable to the consumer’s Debit Release Card.
64. In fact, the fees applicable to the consumer’s Debit Release Card, as disclosed in the Cardholder Agreement, were different from Respondent’s representations about those fees in the Green Sheet. In numerous instances, the fees disclosed on the Green Sheet were for the incorrect amount or there were additional fees that were omitted from the Green Sheet, without any indication that the fee disclosure in the Green Sheet was incomplete.
65. Respondent’s representations in the Green Sheets about the existence, nature, or amount of fees applicable to the consumer’s Debit Release Card were false or likely to mislead consumers acting reasonably under the circumstances.
66. The Green Sheets’ fee disclosures were material because they involved information that was likely to affect consumers’ conduct or decisions concerning their Debit Release Cards.

67. Therefore, Respondent engaged in deceptive acts or practices in violation sections 1031(a) and 1036(a)(1)(B) of the CFPA, 12 U.S.C. §§ 5531(a), 5536(a)(1)(B).

V.

Conduct Provisions

IT IS ORDERED, under §§ 1053 and 1055 of the CFPA, that:

68. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, may not violate Section 913 of EFTA, 15 U.S.C. § 1693k, or its implementing Regulation E, 12 C.F.R. § 1005.10(e)(2), and specifically must take the following affirmative action:
- a. Respondent will take steps to ensure that, before non-needs-tested Gate Money is loaded onto a Debit Release Card provided to any consumer, the consumer is provided the option to receive such non-needs-tested Gate Money through a mechanism other than the Debit Release Card; and
 - b. Respondent will create and provide written disclosures that Clearly and Prominently inform consumers of their option to receive non-needs-tested Gate Money through a mechanism other than the Debit Release Card.

69. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, in connection with the marketing, provision, or servicing of Debit Release Cards, may not violate Sections 1031 and 1036 of the CFPA, 12 U.S.C. §§ 5531 and 5536, and specifically may not:
- a. Charge, or cause others to charge, any Covered Fees to a consumer in connection with a Debit Release Card;
 - b. Charge, or cause others to charge, any fee to a consumer in connection with a Debit Release Card unless such fees are disclosed in the applicable document provided to the consumer constituting or containing the long form disclosure required by 12 C.F.R. § 1005.18(b)(4); or
 - c. Misrepresent, or Assist Others in misrepresenting, expressly or impliedly, any fee applicable to a Debit Release Card, including but not limited to, the existence, nature, or amount of such fees.
70. Respondent and its officers, agents, servants, employees, and attorneys who have actual notice of this Consent Order, whether acting directly or indirectly, in connection with the marketing, provision, or servicing of Debit Release Cards, must take the following affirmative actions:
- a. On any Green Sheet or any similar disclosure provided to a consumer, Respondent must either:

- i. Disclose all fees applicable to the Debit Release Cards; or
- ii. State Clearly and Prominently that the Green Sheet or similar disclosure does not list all applicable fees and that a list of all applicable fees is contained in the document constituting or containing the long form disclosure required by 12 C.F.R. § 1005.18(b)(4).

VI.

Compliance Plan

IT IS FURTHER ORDERED that:

71. Within 30 days of the Effective Date, Respondent must submit to the Enforcement Director for review and determination of non-objection a comprehensive compliance plan designed to ensure that Respondent's marketing, provision, and servicing of Debit Release Cards complies with all applicable Federal consumer financial laws and the terms of this Consent Order (Compliance Plan). The Compliance Plan must include, at a minimum:
 - a. detailed steps, including the development and implementation of policies and procedures, for addressing each action required by this Consent Order;

- b. a description of the amount and type of any fee Respondent will charge, or cause others to charge, consumers in accordance with this Consent Order; and
 - c. specific timeframes and deadlines for implementation of the steps described above.
72. The Enforcement Director will have the discretion to make a determination of non-objection to the Compliance Plan or direct Respondent to revise it. If the Enforcement Director directs Respondent to revise the Compliance Plan, Respondent must revise and resubmit the Compliance Plan to the Enforcement Director within 30 days.
73. After receiving notification that the Enforcement Director has made a determination of non-objection to the Compliance Plan, Respondent must implement and adhere to the steps, recommendations, deadlines, and timeframes outlined in the Compliance Plan.

VII.

Role of the Board

IT IS FURTHER ORDERED that:

74. The Board must review all submissions (including plans, reports, programs, policies, and procedures) required by this Consent Order prior to submission to the Bureau.

75. Although this Consent Order requires Respondent to submit certain documents for review or non-objection by the Enforcement Director, the Board will have the ultimate responsibility for proper and sound management of Respondent and for ensuring that Respondent complies with the laws that the Bureau enforces, including Federal consumer financial laws and this Consent Order.
76. In each instance that this Consent Order requires the Board to ensure adherence to, or perform certain obligations of Respondent, the Board must:
 - a. Authorize whatever actions are necessary for Respondent to fully comply with the Consent Order;
 - b. Require timely reporting by management to the Board on the status of compliance obligations; and
 - c. Require timely and appropriate corrective action to remedy any material non-compliance with any failures to comply with Board directives related to this Section.

MONETARY PROVISIONS

VIII.

Order to Pay Redress

IT IS FURTHER ORDERED that:

77. A judgment for monetary relief and damages is entered in favor of the Bureau and against Respondent in the amount of \$4 million.
78. Within 10 days of the Effective Date, Respondent must pay to the Bureau, by wire transfer to the Bureau or to the Bureau's agent, and according to the Bureau's wiring instructions, \$4 million in full satisfaction of the judgment as ordered in Paragraph 77 of this Section.
79. Any funds received by the Bureau in satisfaction of this judgment will be deposited into a fund or funds administered by the Bureau or to the Bureau's agent according to applicable statutes and regulations to be used for redress for injured consumers, including but not limited to refund of moneys, restitution, damages, or other monetary relief, and for any attendant expenses for the administration of any such redress.
80. If the Bureau determines, in its sole discretion, that redress to consumers is wholly or partially impracticable or if funds remain after redress is completed, the Bureau will deposit any remaining funds in the U.S. Treasury. Respondent will have no right to challenge any actions that the Bureau or its representatives may take under this Section.
81. Payment of redress to any Affected Consumer under this Consent Order may not be conditioned on that Affected Consumer waiving any right.

IX.

Order to Pay Civil Money Penalty

IT IS FURTHER ORDERED that:

82. Under § 1055(c) of the CFPA, 12 U.S.C. § 5565(c), by reason of the violations of law described in Section IV of this Consent Order, and taking into account the factors in 12 U.S.C. § 5565(c)(3), Respondent must pay a civil money penalty of \$2 million to the Bureau.
83. Within 10 days of the Effective Date, Respondent must pay the civil money penalty by wire transfer to the Bureau or to the Bureau's agent in compliance with the Bureau's wiring instructions.
84. The civil money penalty paid under this Consent Order will be deposited in the Civil Penalty Fund of the Bureau as required by § 1017(d) of the CFPA, 12 U.S.C. § 5497(d).
85. Respondent, for all purposes, must treat the civil money penalty paid under this Consent Order as a penalty paid to the government. Regardless of how the Bureau ultimately uses those funds, Respondent may not:
 - a. Claim, assert, or apply for a tax deduction, tax credit, or any other tax benefit for any civil money penalty paid under this Consent Order; or
 - b. Seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made under any

insurance policy, with regard to any civil money penalty paid under this Consent Order.

86. To preserve the deterrent effect of the civil money penalty in any Related Consumer Action, Respondent may not argue that Respondent is entitled to, nor may Respondent benefit by, any offset or reduction of any compensatory monetary remedies imposed in the Related Consumer Action because of the civil money penalty paid in this action or because of any payment that the Bureau makes from the Civil Penalty Fund. If the court in any Related Consumer Action offsets or otherwise reduces the amount of compensatory monetary remedies imposed against Respondent based on the civil money penalty paid in this action or based on any payment that the Bureau makes from the Civil Penalty Fund, Respondent must, within 30 days after entry of a final order granting such offset or reduction, notify the Bureau, and pay the amount of the offset or reduction to the U.S. Treasury. Such a payment will not be considered an additional civil money penalty and will not change the amount of the civil money penalty imposed in this action.

X.

Additional Monetary Provisions

IT IS FURTHER ORDERED that:

87. In the event of any default on Respondent's obligations to make payment under this Consent Order, interest, computed under 28 U.S.C. § 1961, as amended, will accrue on any outstanding amounts not paid from the date of default to the date of payment, and will immediately become due and payable.
88. Respondent must relinquish all dominion, control, and title to the funds paid to the fullest extent permitted by law and no part of the funds may be returned to Respondent.
89. Under 31 U.S.C. § 7701, Respondent, unless it already has done so, must furnish to the Bureau its taxpayer-identification numbers, which may be used for purposes of collecting and reporting on any delinquent amount arising out of this Consent Order.
90. Within 30 days of the entry of a final judgment, consent order, or settlement in a Related Consumer Action, Respondent must notify the Enforcement Director of the final judgment, consent order, or settlement in writing. That notification must indicate the amount of redress, if any, that Respondent paid

or is required to pay to consumers and describe the consumers or classes of consumers to whom that redress has been or will be paid.

COMPLIANCE PROVISIONS

XI.

Reporting Requirements

IT IS FURTHER ORDERED that:

91. Respondent must notify the Bureau of any development that may affect compliance obligations arising under this Consent Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor company; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Consent Order; the filing of any bankruptcy or insolvency proceeding by or against Respondent; or a change in Respondent's name or address. Respondent must provide this notice, if practicable, at least 30 days before the development, but in any case no later than 14 days after the development.
92. Within 7 days of the Effective Date, Respondent must:
 - a. designate at least one telephone number and email, physical, and postal addresses as points of contact that the Bureau may use to communicate with Respondent;

- b. identify all businesses for which Respondent is the majority owner, or that Respondent directly or indirectly controls, by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; and
 - c. describe the activities of each such business, including the products and services offered, and the means of advertising, marketing, and sales.
93. Respondent must report any change in the information required to be submitted under Paragraph 92 at least 30 days before the change or as soon as practicable after learning about the change, whichever is sooner.
94. Within 90 days of the Effective Date, and again one year after the Effective Date, Respondent must submit to the Enforcement Director an accurate written compliance progress report (Compliance Report) that has been approved by the Board, sworn to under penalty of perjury, which, at a minimum:
- a. lists each applicable paragraph and subparagraph of the Order and describes in detail the manner and form in which Respondent has complied with each such paragraph and subparagraph of the Consent Order;
 - b. describes in detail the manner and form in which Respondent has complied with the Compliance Plan;

- c. attaches copies of all Green Sheets or similar disclosures provided to consumers, and copies of all disclosures provided to consumers in accordance with Paragraph 68(b) of this Consent Order; and
- d. attaches a copy of each Order Acknowledgment obtained under Section XII, unless previously submitted to the Bureau.

XII.

Order Distribution and Acknowledgment

IT IS FURTHER ORDERED that:

- 95. Within 7 days of the Effective Date, Respondent must submit to the Enforcement Director an acknowledgment of receipt of this Consent Order, sworn under penalty of perjury.
- 96. Within 30 days of the Effective Date, Respondent must deliver a copy of this Consent Order to each of its board members and executive officers, as well as to any managers, employees, service providers, or other agents and representatives who have responsibilities related to the subject matter of the Consent Order, and any DOCs with whom Respondent has a contract for the offering or provision of Debit Release Cards.
- 97. For 5 years from the Effective Date, Respondent must deliver a copy of this Consent Order to any business entity resulting from any change in structure referred to in Section XI, any DOCs with whom Respondent enters into a

contract for the offering or provision of Debit Release Cards after the Effective Date, any future board members and executive officers, as well as to any managers, employees, Service Providers, or other agents and representatives who will have responsibilities related to the subject matter of the Consent Order, before they assume their responsibilities.

98. Respondent must secure a signed and dated statement acknowledging receipt of a copy of this Consent Order, ensuring that any electronic signatures comply with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.*, within 30 days of delivery, from all persons receiving a copy of this Consent Order under this Section.
99. Within 90 days of the Effective Date, Respondent must provide the Bureau with a list of all persons and their titles to whom this Consent Order was delivered through that date under Paragraphs 96-97 and a copy of all signed and dated statements acknowledging receipt of this Consent Order under Paragraph 98.

XIII.

Recordkeeping

IT IS FURTHER ORDERED that:

100. Respondent must create and retain the following business records:
 - a. All documents and records necessary to demonstrate full compliance with

each provision of this Consent Order, including all submissions to the Bureau.

- b. Copies of all Green Sheets, Cardholder Agreements, and other disclosures applicable to Debit Release Cards, including any such materials used by a third party on Respondent's behalf.

101. Respondent must retain the documents identified in Paragraph 100 for the duration of the Consent Order.

102. Respondent must make the documents identified in Paragraph 100 available to the Bureau upon the Bureau's request.

XIV.

Notices

IT IS FURTHER ORDERED that:

103. Unless otherwise directed in writing by the Bureau, Respondent must provide all submissions, requests, communications, or other documents relating to this Consent Order in writing, with the subject line, "*In re JPay, LLC*, File No. 2021-CFPB-0006" and send them by overnight courier or first-class mail to the below address and contemporaneously by email to Enforcement_Compliance@cfpb.gov:

Assistant Director for Enforcement
Consumer Financial Protection Bureau
ATTENTION: Office of Enforcement

1700 G Street, N.W.
Washington D.C. 20552

XV.

Cooperation with the Bureau

IT IS FURTHER ORDERED that:

104. Respondent must cooperate fully to help the Bureau determine the identity and location of, and the amount of injury sustained by, each Affected Consumer. Respondent must provide any such information that is in its or its agents' possession or control within 14 days of receiving a written request from the Bureau.

XVI.

Compliance Monitoring

IT IS FURTHER ORDERED that:

105. Within 14 days of receipt of a written request from the Bureau, Respondent must submit additional Compliance Reports or other requested information, which must be made under penalty of perjury; provide sworn testimony; or produce documents.
106. Respondent must permit Bureau representatives to interview any employee or other person affiliated with Respondent who has agreed to such an interview regarding: (a) this matter; (b) anything related to or associated with

the conduct described in Section IV; or (c) compliance with the Consent Order. The person interviewed may have counsel present.

107. Nothing in this Consent Order will limit the Bureau's lawful use of civil investigative demands under 12 C.F.R. § 1080.6 or other compulsory process.

XVII.

Modifications to Non-Material Requirements

IT IS FURTHER ORDERED that:

108. Respondent may seek a modification to non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) by submitting a written request to the Enforcement Director.
109. The Enforcement Director may, in his or her discretion, modify any non-material requirements of this Consent Order (*e.g.*, reasonable extensions of time and changes to reporting requirements) if he or she determines good cause justifies the modification. Any such modification by the Enforcement Director must be in writing.

ADMINISTRATIVE PROVISIONS

XVIII.

IT IS FURTHER ORDERED that:

110. The provisions of this Consent Order do not bar, estop, or otherwise prevent the Bureau from taking any other action against Respondent, except as described in Paragraph 111. Further, for the avoidance of doubt, the provisions of this Consent Order do not bar, estop, or otherwise prevent any other person or governmental agency from taking any action against Respondent.
111. The Bureau releases and discharges Respondent from all potential liability for law violations that the Bureau has or might have asserted based on the practices described in Section IV of this Consent Order, to the extent such practices occurred before the Effective Date and the Bureau knows about them as of the Effective Date. The Bureau may use the practices described in this Consent Order in future enforcement actions against Respondent and its affiliates, including, without limitation, to establish a pattern or practice of violations or the continuation of a pattern or practice of violations or to calculate the amount of any penalty. This release does not preclude or affect any right of the Bureau to determine and ensure compliance with the Consent Order, or to seek penalties for any violations of the Consent Order.
112. This Consent Order is intended to be, and will be construed as, a final Consent Order issued under § 1053 of the CFPA, 12 U.S.C. § 5563, and

expressly does not form, and may not be construed to form, a contract binding the Bureau or the United States.

113. This Consent Order will terminate on the later of 5 years from the Effective Date or 5 years from the most recent date that the Bureau initiates an action alleging any violation of the Consent Order by Respondent, if such action is initiated within 5 years of the Effective Date. If such action is dismissed or the relevant adjudicative body rules that Respondent did not violate any provision of the Consent Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Consent Order will terminate as though the action had never been filed. The Consent Order will remain effective and enforceable until such time, except to the extent that any provisions of this Consent Order have been amended, suspended, waived, or terminated in writing by the Bureau or its designated agent.
114. Calculation of time limitations will run from the Effective Date and be based on calendar days, unless otherwise noted.
115. Should Respondent seek to transfer or assign all or part of its operations that are subject to this Consent Order, Respondent must, as a condition of sale, obtain the written agreement of the transferee or assignee to comply with all applicable provisions of this Consent Order.

116. The provisions of this Consent Order will be enforceable by the Bureau. For any violation of this Consent Order, the Bureau may impose the maximum amount of civil money penalties allowed under §1055(c) of the CFPA, 12 U.S.C. § 5565(c). In connection with any attempt by the Bureau to enforce this Consent Order in federal district court, the Bureau may serve Respondent wherever Respondent may be found and Respondent may not contest that court's personal jurisdiction over Respondent.
117. This Consent Order and the accompanying Stipulation contain the complete agreement between the parties. The parties have made no promises, representations, or warranties other than what is contained in this Consent Order and the accompanying Stipulation. This Consent Order and the accompanying Stipulation supersede any prior oral or written communications, discussions, or understandings.
118. Nothing in this Consent Order or the accompanying Stipulation may be construed as allowing Respondent, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED, this 18 day of October, 2021.

Rohit Chopra
Rohit Chopra
Director
Consumer Financial Protection Bureau

APPENDIX A

12 C.F.R. § 1005.2(b)(3)

(i) “Prepaid account” means:

(A) A “payroll card account,” which is an account that is directly or indirectly established through an employer and to which electronic fund transfers of the consumer’s wages, salary, or other employee compensation (such as commissions) are made on a recurring basis, whether the account is operated or managed by the employer, a third-party payroll processor, a depository institution, or any other person; or

(B) A “government benefit account,” as defined in § 1005.15(a)(2); or

(C) An account that is marketed or labeled as “prepaid” and that is redeemable upon presentation at multiple, unaffiliated merchants for goods or services or usable at automated teller machines; or

(D) An account:

(1) That is issued on a prepaid basis in a specified amount or not issued on a prepaid basis but capable of being loaded with funds thereafter,

(2) Whose primary function is to conduct transactions with multiple, unaffiliated merchants for goods or services, or at automated teller machines, or to conduct person-to-person transfers, and

(3) That is not a checking account, share draft account, or negotiable order of withdrawal account.

(ii) For purposes of paragraphs (b)(3)(i)(C) and (D) of this section, the term “prepaid account” does not include:

(A) An account that is loaded only with funds from a health savings account, flexible spending arrangement, medical savings account, health reimbursement arrangement, dependent care assistance program, or transit or parking reimbursement arrangement;

- (B) An account that is directly or indirectly established through a third party and loaded only with qualified disaster relief payments;
- (C) The person-to-person functionality of an account established by or through the United States government whose primary function is to conduct closed-loop transactions on U.S. military installations or vessels, or similar government facilities;
- (D) (1) A gift certificate as defined in § 1005.20(a)(1) and (b);
 - (2) A store gift card as defined in § 1005.20(a)(2) and (b);
 - (3) A loyalty, award, or promotional gift card as defined in § 1005.20(a)(4), or that satisfies the criteria in § 1005.20(a)(4)(i) and (ii) and is excluded from § 1005.20 pursuant to § 1005.20(b)(4); or
 - (4) A general-use prepaid card as defined in § 1005.20(a)(3) and (b) that is both marketed and labeled as a gift card or gift certificate; or
- (E) An account established for distributing needs-tested benefits in a program established under state or local law or administered by a state or local agency, as set forth in § 1005.15(a)(2).