

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO**

In the matter of

PAYCHEX HOLDINGS, LLC,
PAYCHEX, INC.

Docket No. 2020-12-03

AGREEMENT AND ORDER

The Department of Finance, acting through its Securities Bureau (“Department”), pursuant to the authority under the Idaho Money Transmitter Act, Idaho Code § 26-2901, *et seq.*, has reasonable grounds to believe that violations of the Idaho Money Transmitter Act (“Act”) have occurred. Paychex Holdings, LLC, and Paychex, Inc. (“Respondents”) and the Department have agreed to resolve this matter without a public hearing or adjudication of this matter. Therefore, the Director of the Department of Finance (“Director”) deems it appropriate and in the public interest, that this Agreement and Order be entered into, and Respondents consent to the entry of this Agreement and Order.

RESPONDENTS

1. Paychex Holdings, LLC is a New York limited liability company that presently maintains money transmitter licenses in thirteen states and has money transmission applications pending in seven others states, including Idaho. Paychex Holdings, LLC filed articles of organization in New York on May 30, 2018. Paychex Holdings, LLC’s principal office and mailing address is 911 Panorama Trail South, Rochester, NY 14625. Paychex Holdings, LLC has been assigned National Multistate Licensing System (NMLS) company identification number 1764512.

2. Paychex, Inc. is a Delaware corporation that presently maintains money transmitter licenses in eleven states. Paychex, Inc. filed its certificate of incorporation in Delaware on April 26, 1979. Paychex, Inc.'s principal office and mailing address is 911 Panorama Trail South, Rochester, NY 14625. Paychex, Inc. is the parent company Paychex Holding, LLC, possessing 100% ownership interest. Paychex, Inc. has been assigned NMLS company identification number 1029977.

3. Respondents are in the for-profit business as a provider of integrated human capital management solutions for payroll, benefits, human resource, retirement, and insurance services for small to medium sized businesses in the United States. Paychex, Inc.'s services included money transmission services through May 29, 2018, until it formed Paychex Holdings, LLC to carry out money transmission services.

4. The Department has never received a complaint regarding the Respondents' businesses.

FINDINGS OF FACTS

5. On August 30, 2018, Paychex Holdings, LLC submitted an application for a money transmitter license to the State of Idaho.

6. The Respondents self-disclosed unlicensed money transmission activity occurring in Idaho. The unlicensed activity disclosed by Paychex, Inc. occurred April 1, 2016 through May 29, 2018, and includes ninety thousand, forty-seven (90,047) transactions totaling \$481,022,073.84 in value. The unlicensed activity disclosed by Paychex Holdings, LLC covers May 30, 2018 through December 31, 2019, and includes eighty thousand, three hundred fifty (80,350) transactions, totaling \$428,807,519.32. The total unlicensed activity disclosed by the

Respondents covers April 1, 2016 to December 31, 2019, and includes one hundred seventy thousand three hundred ninety-seven (170,397) transactions, totaling \$909,829,593.16 in value.

CONCLUSIONS OF LAW

7. Idaho Code § 26-2903(1) provides that “no person except a person exempt pursuant to the provisions of section 26-2904, Idaho Code, shall engage in the business of money transmission without a license as provided in accordance with the provisions of this chapter.”

8. Respondents are not exempt entities identified under Idaho Code § 26-2904, or any other applicable law or rule.

9. The Respondents provided money transmission services in Idaho without licensure.

10. Idaho Code § 26-2923(1) provides that the Director may order a civil penalty of up to one thousand dollars (\$1,000) for each violation, or in the case of continued violation one thousand dollars (\$1,000) for each day that the violation continues, but not to exceed twenty-five thousand dollars (\$25,000) in the aggregate.

REMEDIES

11. Respondents admit the foregoing Findings of Facts and Conclusions of Law. To economically and efficiently resolve the pending dispute, the parties agree to this Agreement and Order in lieu of other proceedings.

12. Respondents waive their right to notice and opportunity for hearing on this matter provided by Idaho Code § 26-2923 and under the contested case provisions of the Idaho Administrative Procedures Act Title 67, Chapter 52, Idaho Code. Respondents further waive their right to seek judicial review of this order.

13. Respondents represent that the information provided in the course of the processing of the licensing application to the Department in its investigation of this matter is complete and accurate.

14. Respondent Paychex Holdings, LLC represents that once licensed it will be operating in full compliance with the Act.

15. Respondents agree to pay a civil penalty of twenty thousand dollars (\$20,000.00) to the Department in resolution of this matter, pursuant to Idaho Code § 26-2923. Said civil penalty is to be paid not later than ninety (90) days from the date the Director executes this Order. Payment shall be made payable to the "Idaho Department of Finance."

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16. Respondents agree to operate in compliance with the Act.

AGREED TO and ACKNOWLEDGED this 19 day of April, 2020.

PAYCHEX HOLDINGS, LLC
BY: _____
ITS (TITLE) Vice President, Risk, Compliance, and
Data Analytics

PAYCHEX, INC.
BY: _____
ITS (TITLE) Vice President, Risk, Compliance, and
Data Analytics

IT IS SO ORDERED

DATED this 23rd day of April, 2020.

PATRICIA R. PERKINS, Director
Idaho Department of Finance

