

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

In the matter of
ZENPAYROLL, INC., d/b/a GUSTO,

Docket No. 2020-12-05
AGREEMENT AND ORDER

The Department of Finance, acting through its Securities Bureau (“Department”), pursuant to 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. ZenPayroll, Inc. d/b/a Gusto (“Respondent”) and the Department have agreed to resolve this matter without a public hearing or adjudication of this matter. Therefore, the Director of the Department (“Director”) deems it appropriate and in the public interest, that this Agreement and Order be entered into, and Respondent consents to the entry of this Agreement and Order.

RESPONDENT

1. ZenPayroll, Inc. is a Delaware corporation. Respondent filed articles of incorporation in Delaware on November 18, 2011 under the name Switchboard Labs, Inc., which was amended to ZenPayroll, Inc. on July 20, 2012. Respondent’s principal office and mailing address is 525 20th Street, San Francisco, California, 94107.

2. Respondent is a for-profit business operating as a service provider including money transmission, integrated human capital management solutions for payroll, benefits, human resource, retirement, and insurance services for small to medium sized businesses in the United States.

FINDINGS OF FACTS

3. On November 1, 2019, on its own initiative, Respondent applied for an Idaho money transmitter license.

4. In its application process, Respondent self-disclosed unlicensed money transmission activity related to its processing of payroll for businesses located in Idaho. The unlicensed activity disclosed by the Respondent occurred January 1, 2016 to January 24, 2020.

5. The Department has never received a complaint regarding the Respondent's business.

6. The Department finds that Respondent demonstrated good faith in submitting an application to become licensed as a money transmitter and submitted information with its application regarding activity prior to licensure.

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. Respondent is not an exempt entity as identified under Idaho Code § 26-2904, or any other applicable law or rule.

9. Respondent operated as an unlicensed money transmitter in violation of the Act from January 1, 2016 to January 24, 2020.

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. Respondent admits 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. Respondent waives its 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 at Title 67, Chapter 52, Idaho Code. Respondent further waives its right to seek judicial review of this order.

13. Respondent represents that the information provided to the Department in its investigation of this matter, and in the course of the licensing application review process, is complete and accurate.

14. Respondent represents that it will be operating in full compliance with the Act in the future. In the event that Respondent commits future violations of the Act, or fails to adhere to the terms of this Agreement and Order, Respondent acknowledges that the Department can incorporate the facts and findings giving rise to this Order in any future proceedings. Nothing in this Order shall prohibit Respondent from obtaining a money transmission license from the Department.

//
//
//

15. Respondent agrees to pay a civil penalty of ten thousand dollars (\$10,000.00) to the Department for the violations of the Act, pursuant to Idaho Code § 26-2923. Said civil penalty is to be paid not later than thirty (30) days from the date the Director executes this Order. Payment shall be made payable to the "Idaho Department of Finance."

16. This order shall be the sole enforcement action or other recourse for Respondent's previous unlicensed money transmission activity related to its payroll processing in Idaho between January 1, 2016 and January 24, 2020. Nothing herein shall be construed to limit Respondent's right to contest any future finding or determination of non-compliance.

AGREED TO and ACKNOWLEDGED this 27 day of July, 2020.

Megan Niedermeyer

ZENPAYROLL, INC., d/b/a Gusto

BY: Megan K. Niedermeyer

Patricia Highley

PATRICIA HIGHLEY, Securities Bureau Chief
Idaho Department of Finance

IT IS SO ORDERED

DATED this 30th day of July, 2020.



Patricia R. Perkins

PATRICIA R. PERKINS, Director
Idaho Department of Finance