

NYDFS Joins Multistate Action Against Money Transmitter for Financial and Licensing Violations

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On March 20, the New York Department of Financial Services (NYDFS) entered into a [consent order](#) with a money transmitter, joining a group of state financial regulators acting through a multi-state task force coordinated by the Conference of State Bank Supervisors (CSBS) and the Money Transmitter Regulators Association (MTRA). The regulators alleged that the company violated state money transmission laws by failing to satisfy outstanding transmission liabilities, maintain adequate net worth and permissible investments, and continue licensed operations in a financially sound manner.

New York's action follows an [Interim Consent Order](#) issued on March 21, 2024, after the company disclosed its deteriorating financial condition and inability to meet obligations to consumers. According to the regulators, the company ceased operations and initiated the surrender of its licenses while still owing outstanding transmission liabilities and without sufficient unencumbered assets to make consumers whole.

According to the 2025 consent order, the multi-state investigation identified several violations of state law:

- Failure to satisfy transmission liabilities. The company allegedly did not meet its payment obligations as they became due, in violation of applicable money transmission statutes.
- Insufficient net worth. In jurisdictions where financial thresholds apply, the company allegedly failed to maintain the net worth required to remain licensed.
- Lack of permissible investments. The company allegedly failed to hold sufficient investments to cover its transmission obligations.

As a part of the settlement, the company agreed to permanently cease all money transmission activity and surrender its licenses. It must also pay a \$1 million administrative penalty, to be distributed equally among participating states. The payment is stayed for two years and may be waived if the company complies with specified consumer protection provisions, including maintaining

its website to direct consumers to file complaints and cooperating with bond claim processes.

Putting It Into Practice: This settlement is another example of state regulators asserting their authority in the absence of federal action, particularly in the money transmission and fintech sectors (previously discussed [here](#) and [here](#)). Financial institutions should expect multistate enforcement to become more common under the new administration.

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