



Arkansas Securities
Department



HUGH McDONALD
SECRETARY OF COMMERCE

SUSANNAH MARSHALL
COMMISSIONER
ARKANSAS SECURITIES DEPARTMENT

To: Joint Budget Committee
Co-Chairs, Rep. Lane Jean, and Sen. Jonathan Dismang
c/o Marty Garrity, Bureau of Legislative Research

B.2

From: Arkansas Securities Department

Re: Quarterly Report Pursuant to AR Code § 23-42-111 (2023)

Date: March 31, 2025

During the 3rd quarter of Fiscal Year 2025, the Arkansas Securities Department collected a total of \$1,906,401.83 assessed from orders. Of the total, \$1,906,401.83 was deposited into General Revenue. A list of the orders is provided on the attached spreadsheet. No settlements or agreements directed payments to a specific entity. Copies of the orders are available on the Department's website at www.securities.arkansas.gov under the legal section.

Pursuant to the Arkansas Securities Act, fines paid for violations involving the Securities Act are deposited into the Investor Education Fund, until the total amount of fines collected reaches \$150,000.00 for each fiscal year. Securities Act fine money in excess of \$150,000.00 collected in any one year is designated as general revenues. All funds collected for violations of the Fair Mortgage Lending Act are directed to general revenue.

During the 3rd quarter of Fiscal Year 2025, the Department spent \$848.04 on operating expenses, \$4,238.51 on promotional items, and \$10,000.00 on grants from the Investor Education Fund. The Investor Education Program 18 presentations to approximately 728 persons during this quarter. These presentations focused on financial literacy, saving for retirement, and functions of the Arkansas Securities Department. Throughout the 3rd quarter, the Investor Education Program continued its partnership with Economics Arkansas to host a program for the Stock Market Game. This program is designed to instruct the students and teachers on matters of financial literacy.

Date	Name of Order	Order Number	Total Amount of Fines Assessed	Funds Received by SIE0000	Funds Received by AGA0000	Rescission Offer or Restitution to Arkansas investors	Activities Funded	Summary
1/16/2025	Lakeview Loan Servicing, LLC, Pingora Loan Servicing, LLC, Community Loan Servicing, LLC, Bayview Asset Management, LLC	C-22-0049-25-OR01	\$ 109,006.00	\$ -	\$ 109,006.00	\$ -	General Revenue	Lakeview Loan Servicing, LLC is a Delaware limited liability company with headquarters in Coral Gables, Florida, Pingora Loan Servicing, LLC is a Delaware limited liability company with headquarters in Denver, Colorado, Community Loan Servicing, LLC is a Delaware limited liability company with headquarters in Coral Gables, Florida, and Bayview Asset Management, LLC, is a Delaware limited liability company with headquarters in Coral Gables, Florida. Respondents experienced a cybersecurity event that began on or about October 11, 2021, when an employee of the Respondents, in the course of performing job-related duties, unknowingly downloaded malicious software ("malware") during an internet search. The initial malware remained stationary until launching additional malware on the affected system on or about October 24, 2021. During the period of October 27, 2021, through December 7, 2021, the criminal threat actor was able to extract data, including personally identifiable information, from the Respondents' network. Respondents conducted an investigation into the Incident and made their initial required consumer notifications over a period of several months after the Incident, ultimately notifying approximately 5.8 million consumers that their personal information may have been compromised. Further, based on its investigation, Respondents provided consumer notifications, rolled out consumer support services, and offered notified consumers the ability to receive free consumer credit and identity theft monitoring. Respondents, upon discovery of the Incident and throughout their investigation into the Incident notified numerous state and federal regulators and key counterparties about the incident. However, of the state mortgage regulators that have independent notification requirements related to the breach of a security system, not all of those state mortgage regulators were provided timely notification of the Incident. Respondents shall pay an Administrative Penalty (\$19,629,400) to be prorated among each Participating State. Arkansas' total administrative fine of \$109,006 was paid in full.
1/25/2025	Block, Inc.	C-25-0001-25-OR01	\$ 1,797,395.83		\$ 1,797,395.83		General Revenue	Block, Inc. (f/k/a Square, Inc.) ("Block") is a Delaware corporation with its principal executive office in Oakland, California. Block is licensed as a money transmitter under the respective laws of each Participating State. Block operates the funds transfer platform called "Cash App." on or about May 15, 2023, the State Money Transmission Regulators commenced a multi-state examination (the "Multi-State Examination") of Block covering the period of January 1, 2021, through March 31, 2023, to determine Block's compliance with applicable State and Federal laws and regulations. The Multi-State Examination was conducted by the State Money Transmission Regulators of California, Colorado, Kentucky, Massachusetts, New Hampshire, Ohio, Texas, and Washington. The Multi-State Examination of Block was conducted pursuant to their respective statutory authorities, and in accordance with the protocols established by the Protocol for Performing Multi-State Examinations as well as the Nationwide Cooperative Agreement for MSB Supervision (collectively the "CSBS/MTRA Protocol and Agreement"). The Joint Multi-State Report of Examination ("ROE") was issued on November 6, 2023, and identified findings related to the adequacy of Block's Bank Secrecy Act/Anti-Money Laundering Program ("AML Program"), including certain anti-money laundering matters that have allegedly occurred over this and past examination cycles. On or about December 6, 2023, Block provided its response to the ROE, including a summary of new controls put into place during and following the exam period to enhance its AML Program and further planned enhancements. Block has worked cooperatively with the State Money Transmission Regulators throughout the Multi-State Examination. Block shall pay an Administrative Penalty of seventy-nine million and seventy-five thousand dollars (\$79,075,000) to be distributed equally among the Participating States. Block shall pay Administrative Costs of nine hundred and twenty-five thousand dollars (\$925,000) to the Participating States. The total Administrative Penalty paid to Arkansas was \$1,799,395.83, and Arkansas received a total of \$150,000.00 in administrative costs.
		Totals	\$1,906,401.83	\$0.00	\$1,906,401.83	\$0.00		