

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

CASE NO. C-22-0006

ORDER NO. C-22-0006-22-OR01

RECEIVED
22 MAR -3 PM 3:40
ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:
FACEBOOK PAY (USA) LIMITED**

RESPONDENT

CEASE AND DESIST ORDER

On March 3, 2022, the Staff of the Arkansas Securities Department (“Staff”) filed a Request for a Cease and Desist Order (“Request”). In its Request, the Staff states that it has certain information and evidence indicating that Facebook Pay (USA) Limited (“FPUL”) has violated provisions of the Money Services Act (“Act”), Ark. Code Ann. §§ 23-55-101 through 23-55-1007. The Arkansas Securities Commissioner (“Commissioner”) has reviewed the Request, and based upon representations made therein, finds that:

FINDINGS OF FACT

The Request contains the following representations of fact:

1. FPUL is an unincorporated entity that has never been licensed with the Arkansas Securities Department (“Department”) in any capacity. FPUL primarily communicates with users through the email address facebookonlinepaymentunit@gmail.com.
2. FPUL should not be confused with Facebook Payments, Inc. (“Facebook Pay”), NMLS No. 918740. Facebook Pay is the payment system offered by Meta Platforms, Inc. (“Meta”), the multinational technology conglomerate and parent company of Facebook, Inc (“Facebook”). Facebook Pay is designed to facilitate payments on Meta’s social media networks, including Facebook, and across the internet. Facebook Pay was approved by the Department for a money transmission license on June 13, 2011.

3. FPUL uses a trade name similar to the name of approved licensee Facebook Pay. In written communications to users, FPUL claims to be authorized as an electronic money institution and regulated in the United States by the Financial Services Authority (“FSA”), holding registrant number 368104. After review, the Staff determined that Facebook Pay is not registered with the FSA in any capacity. In any event, the FSA is not an agency authorized to approve money transmission licenses in the current system of money services regulation in the United States.
4. FPUL was brought to the Staff’s attention in January 2022, when a written complaint was filed with the Department by Arkansas Resident 1 (“AR1”). AR1 attempted to sell a phone to a buyer through the Facebook Marketplace network. Upon completion of the transaction, AR1 received an email from FPUL confirming receipt of the payment from the buyer and instructing AR1 to provide the tracking number for the order. FPUL claimed that providing the tracking number for the phone would allow for the buyer’s funds to be deposited in AR1’s account.
5. AR1 provided the tracking number according to the instructions. Shortly thereafter, AR1 received a second email from FPUL. Through this second email, FPUL attempted to scam a \$2,000 payment from AR2. FPUL claimed that the buyer’s account was over-credited on the transaction and that AR1 needed to send a \$2,000 payment to the buyer’s separate PayPal account to cover the excess credit and receive the funds for the sale of the phone. FPUL instructed AR1 to send a screenshot of the PayPal transfer to complete the transaction. Once the \$2,000 payment was sent to the buyer’s PayPal account, FPUL claimed all funds, including the buyer’s funds for the purchase of the phone, would be returned to AR1.

6. As of today's date, FPUL has not deposited any funds into AR1's account and states that it will not do so until AR1 sends a \$2,000 payment to the buyer's separate PayPal account, along with a screenshot of the payment to FPUL.
7. During this transaction involving AR1, FPUL impersonated a legitimate licensee, Facebook Pay, and represented to be a licensed money transmitter in Arkansas. FPUL executed this scheme in an attempt to defraud AR1 out of a \$2,000 payment.

APPLICABLE LAW

8. Ark. Code Ann. § 23-55-102(12)(A) defines "money transmission" as selling or issuing payment instruments, stored value, or prepaid access, or receiving money, virtual currency, or monetary value for transmission.
9. Ark. Code Ann. § 23-55-201(a) states that a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission unless the person is licensed under the Act, is an authorized delegate of a person under the Act, or is excluded from licensing under the Act.
10. Ark. Code Ann. § 23-55-807(a)(2) states that if as a result of an investigation the Commissioner finds that a person has engaged or is about to engage in an act or practice constituting a violation of the Act or a rule of order under the Act, the Commissioner may summarily issue a cease and desist order under § 23-5-803.

CONCLUSIONS OF LAW

11. FPUL violated Ark. Code Ann. § 23-55-201(a) by holding itself as a licensed money transmitter eligible to provide money transmission services, as defined by Ark. Code Ann. § 23-55-102(12)(A), for AR1 and her buyer. These actions are detailed in number paragraphs five through eight above.

12. The conduct, acts, and practices of FPUL threaten immediate and irreparable public harm.

A cease and desist order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-55-807.

ORDER

13. FPUL is ordered to cease and desist from engaging or attempting to engage in money transmission activities in the State of Arkansas until such time as FPUL has been properly registered under the Act.

14. A hearing on this Cease and Desist Order shall be held, if requested in writing, within thirty (30) days of the date of the entry of this Cease and Desist Order or if otherwise ordered by the Commissioner. Ark. Code Ann. § 23-55-807(c)(2). Such request should be addressed to the Commissioner, 1 Commerce Way, Little Rock, Arkansas 72202.

15. If no hearing is requested and none is ordered by the Commissioner, this Cease and Desist Order will remain in effect until it is modified or vacated by the Commissioner. Ark. Code Ann. § 23-55-807(d).

Dated this 3rd day of MARCH, 2022.



Eric P. Munson
Arkansas Securities Commissioner