

1 ROB BONTA  
Attorney General of California  
2 NICKLAS A. AKERS  
Senior Assistant Attorney General  
3 STACEY D. SCHESSER  
Supervising Deputy Attorney General  
4 JESSICA WANG (SBN 278300)  
Deputy Attorney General  
5 455 Golden Gate Avenue, Suite 11000  
6 San Francisco, CA 94102-7004  
7 Telephone: (415) 510-4400  
Email: Jessica.Wang@doj.ca.gov

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CODE SECTION 6103]

8 *Attorneys for The People of the State of California*

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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF ALAMEDA

**THE PEOPLE OF THE STATE OF CALIFORNIA,**  
  
Plaintiff,  
  
v.  
  
**BLOCK, INC. f/k/a SQUARE, INC.,**  
  
Defendant.

Case No.  
  
**COMPLAINT FOR INJUNCTION, CIVIL PENALTIES, AND OTHER EQUITABLE RELIEF**  
  
(BUS. & PROF. CODE, §§ 17200 *et seq.*, 17500 *et seq.*)

The People of the State of California (“People” or “Plaintiff”), by and through Rob Bonta, Attorney General of the State of California, bring this action against Defendant, Block, Inc. (f/k/a “Square, Inc.”) (“Block” or “Defendant”), for violations of California’s Unfair Competition Law, Business and Professions Code section 17200 *et seq.*, and False Advertising Law, Business and

1 Professions Code section 17500 *et seq.* The People allege the following facts based on  
2 information and belief:

### 3 INTRODUCTION

4 This action arises from Block’s operation of Cash App—a financial technology platform  
5 consumers use to store, send, receive, spend, and invest money. As explained herein, the People  
6 allege that Block engaged in a pattern of unfair and deceptive acts and practices by  
7 misrepresenting the safety, functionality, and protections associated with Cash App.

### 8 PARTIES

9 1. Plaintiff is the People of the State of California. The People bring this action by  
10 and through Rob Bonta, Attorney General, who is authorized by Business and Professions Code  
11 sections 17204 and 17206 to bring actions to enforce the Unfair Competition Law, and Business  
12 and Professions Code section 17536 to bring actions to enforce the False Advertising Law.

13 2. Defendant Block, Inc., formerly known as Square, Inc., operates the Cash App  
14 mobile payment application. Defendant is a Delaware corporation and maintains its principal  
15 executive office in Oakland, California.

### 16 JURISDICTION AND VENUE

17 3. Block has conducted and continues to conduct business within the State of  
18 California, including the County of Alameda. The violations of law described herein were  
19 committed or occurred in the County of Alameda and elsewhere in the State of California.

### 20 DEFENDANT’S BUSINESS ACTS AND PRACTICES

#### 21 A. Block’s Development of Cash App

22 4. In 2013, Block launched Cash App (formerly Square Cash), a mobile payment  
23 application that enables its users to store funds, send and receive peer-to-peer payments, spend  
24 money via associated card products, and invest.

25 5. Each Cash App account is identified by a unique consumer-created name, called a  
26 “\$cashtag” (“Cash Tag”). These unique Cash Tags can then be shared with other users to identify  
27 an account.

1 **B. Cash App’s Procedures for Establishing New Accounts Jeopardized Customer Safety**

2 6. Through at least 2021, Block’s rapid expansion of its Cash App user base was  
3 fueled, in part, by Block’s minimal screening of new Cash App account holders, ostensibly to  
4 avoid customer friction in the enrollment process.

5 7. Cash App users could access Cash App’s peer-to-peer payment services by  
6 creating a “restricted” account using only a phone number or email address, without providing a  
7 date of birth or social security number.

8 8. “Restricted” accounts had limits on the total dollar amount each account could  
9 transact, but because Block placed no limits on the number of accounts that a single customer  
10 could create, one bad actor with multiple “restricted” accounts could receive and transfer  
11 substantial sums of money.

12 9. Block was aware that this weakness allowed bad actors onto the platform and  
13 enabled them to defraud Cash App users, but Block was incentivized to ignore the weakness in  
14 favor of touting substantially overstated user metrics to its investors.

15 10. In January of 2025, Block entered into a settlement agreement with forty-eight  
16 state financial regulators, in which they agreed to undertake corrective action for violations of the  
17 Bank Secrecy Act (BSA) and anti-money laundering (AML) laws that safeguard the financial  
18 system from illicit use.

19 **C. Block’s Misrepresentations Regarding Safety, Banking Status, and FDIC Insurance**

20 *i. Block Represented That Cash App was Safe from Fraud at a Time When Its*  
21 *Fraud Prevention Measures were Inadequate*

22 11. Block’s marketing and public messaging created the impression that Cash App  
23 offered safety protections comparable to those of traditional banks, even though Cash App is not  
24 a bank and not subject to the same safety requirements.

25 12. As early as 2018, Block’s “Security” webpage for Cash App assured consumers  
26 that “[w]e’ll help protect you from unauthorized charges” and that Cash App processed payments  
27 with “rigorous safety practices in mind.”  
28

1           13.     Block also represented to consumers that it used “cutting edge... fraud detection  
2 technology,” and, in its Terms of Service, Block again emphasized that by selecting Cash App,  
3 consumers were selecting a financial application that would keep their money safe.

4           14.     Block was aware, however, that it did not have a consistent fraud detection  
5 approach at the time it was making these representations.

6           15.     Instead, Block’s focus on minimizing chargebacks and maximizing customer  
7 acquisition, rather than taking a holistic approach to keeping fraudsters off the platform, made the  
8 platform *less* safe for consumers.

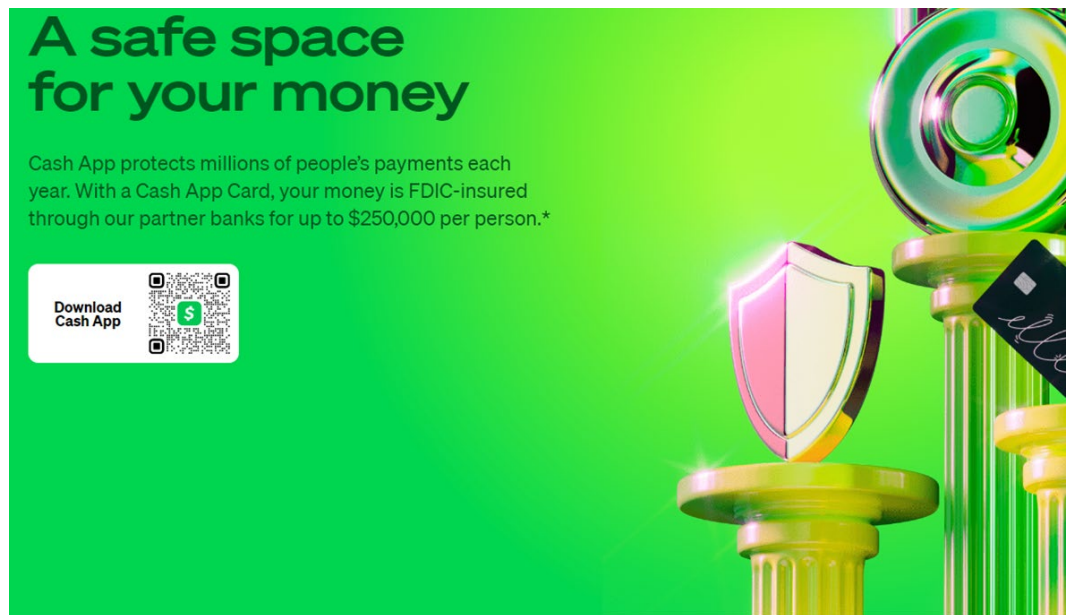
9           ***ii.     Block Misled Users About the Nature of FDIC Insurance Protecting Balances***  
10           ***Stored on Cash App***

11           16.     Block made representations regarding FDIC insurance coverage of Cash App  
12 stored balances which suggested that balances were protected by FDIC insurance in the event of  
13 Block’s failure when they were not.

14           17.     From November 2022 through December 2023, Block represented the following  
15 under a heading titled “Keeping your money safe” on the “Bank” page of the Cash App website  
16 (<https://cash.app/bank>): “With a Cash Card, your Cash balance is FDIC-insured through our  
17 partner banks, which means the federal government promises to protect it.”



1 18. In December 2023, the company altered and moved this representation to the  
2 “Security” page of the Cash App website (<https://cash.app/security>), which is linked from the  
3 home page and from the “Bank” page. Under a heading titled, “A safe space for your money,”  
4 Block represented the following: “Cash App protects millions of people’s payments each year.  
5 With a Cash App Card, your money is FDIC-Insured through our partner banks for up to  
6 \$250,000 per person.\*” The asterisk at the end of that sentence refers to another representation  
7 that appears in tiny print: “Cash App is a financial services platform, not a bank. Banking  
8 services and FDIC Insurance provided by Cash App’s bank partner(s). With a Cash App Card,  
9 your funds are FDIC-insured through our partner banks, Wells Fargo Bank, N.A. and Sutton  
10 Bank, Members FDIC, for up to \$250,000 per person. Prepaid debit cards issued by Sutton  
11 Bank.”



\*Cash App is a financial services platform, not a bank. Banking services and FDIC Insurance provided by Cash App's bank partner(s). With a Cash App Card, your funds are FDIC-insured through our partner banks, Wells Fargo Bank, N.A. and Sutton Bank, Members FDIC, for up to \$250,000 per person. Prepaid debit cards issued by Sutton Bank. [Learn more](#)

23 19. These representations advertised the Cash App platform and appeared next to a  
24 QR Code directing consumers to the Apple App Store or Google Play, where they could quickly  
25 download Cash App to their mobile device. The primary purpose of these representations was to  
26 encourage new users to sign up for Cash App by assuring them that money in their Cash App  
27  
28

1 account would be protected from loss the same way it would be protected if it were in a  
2 traditional bank account.

3 20. These representations are deceptive and misleading. FDIC pass-through insurance  
4 applies only if Cash App’s partner bank fails—not Cash App itself.

5 **D. Block’s Actions and Omissions Increased Cash App Users’ Risk of Fraud on the**  
6 **Platform**

7 *i. Block Failed to Provide Customer Support by Telephone Despite Knowing the*  
8 *Harm this Caused to Cash App Users*

9 21. Until 2021, Block did not provide live inbound phone support for Cash App users  
10 despite publishing a customer-service telephone number on Cash App debit cards and in its  
11 Terms of Service.

12 22. Instead of reaching a live person when they called Cash App, consumers were  
13 routed to a prerecorded message directing them to message customer service via the app.

14 23. For some Cash App users experiencing account takeovers (discussed below) or for  
15 non-users experiencing identity theft, the inability to quickly reach Cash App resulted in  
16 additional financial loss.

17 24. Block often took 24-48 hours to provide an initial response to app messages, and  
18 Block was aware that frustrated Cash App users unable to get an immediate response often  
19 searched online for a phone number where they could obtain timely assistance from Cash App.

20 25. Bad actors exploited Cash App’s lack of live customer service phone support by  
21 creating fake Cash App webpages with 1-800 phone numbers that purported to lead to Cash App  
22 customer service, but in fact led to these bad actors.

23 26. When Cash App users called, these bad actors posed as Cash App customer  
24 support representatives and convinced users to disclose the verification code that provided access  
25 to their accounts. Once the criminal had access to a customer’s Cash App account, they could  
26 empty the funds stored there, or even make transfers directly from the consumer’s linked third-  
27 party bank account or debit card. In many cases, the criminal also removed the consumer’s ability  
28 to access the account. Block refers to this form of fraud as an account takeover, or “ATO.”

1 27. As early as October 2018, Block was aware that its failure to maintain live phone  
2 support for Cash App users created opportunities for fraud, especially ATOs.

3 28. In fact, the company was aware that the fake 1-800 number fraud was the most  
4 common type of account takeover reported by Cash App users.

5 29. Block was warned repeatedly that Cash App's lack of live customer support was  
6 problematic for consumers, and particularly for those Cash App users who faced fraud.

7 30. Instead of setting up live phone support or some equivalent method to resolve the  
8 most prevalent cause of account takeovers affecting Cash App users, Block let it go on for years  
9 and simply trained its staff to expect to receive communications from Cash App users who were  
10 subjected to this fraud.

11 *ii. Block Identified Fraud Against Its Users Caused by Its “Cash App Fridays”*  
12 *Promotion, but Block Continued it Anyway*

13 31. Block began a promotion in 2017 called “Cash App Fridays” that escalated into a  
14 weekly cash prize giveaway on multiple social media platforms. Cash App users were encouraged  
15 to enter the giveaway by responding to the post with their Cash Tag. These giveaways were  
16 popular and often resulted in tens of thousands of consumer responses.

17 32. Fraudsters targeted participating Cash App users for account takeovers by posing  
18 as Cash App employees and tricking users to provide their log-in credentials.

19 33. Cash App knew at least as early as 2019 that these promotions led to increased  
20 fraud and account takeovers.

21 34. Instead of halting this promotion to bring an end to this known fraud, Block  
22 continued the promotion for years and simply trained its staff to expect to receive  
23 communications from Cash App users who were subjected to this fraud.

24 **E. When Users Reported Fraud, Block’s Responses were Inadequate**

25 35. Due in part to short staffing and policy decisions, Block failed to timely respond to  
26 or investigate consumers’ Notices of Error.

27 36. A Notice is generally a complaint received from a consumer that is timely and not  
28 anonymous. Notices of Error include complaints about (i) unauthorized electronic fund transfers;

1 (ii) incorrect electronic fund transfers to or from the consumer's account; (iii) omissions of an  
2 electronic fund transfer from a periodic statement; (iv) computational or bookkeeping errors made  
3 by the financial institution relating to an electronic fund transfer; or (v) the consumer's receipt of  
4 incorrect amounts of money from electronic terminals; among other things.

5 37. An unauthorized electronic fund transfer refers to an electronic fund transfer from  
6 a consumer's account initiated by a person other than the consumer without actual authority to  
7 initiate the transfer and from which the consumer receives no benefit.

8 38. Block represented that users would receive, at the very least, attention to their  
9 Notice of Error and, in many cases, refunds for unauthorized electronic fund transfers.

10 39. In 2017, Block told Cash App users "[w]e treat unauthorized P2P transfers  
11 seriously and will provide you with all the support we can to help you resolve an unauthorized  
12 P2P transfer."

13 40. By 2019, Block explicitly promised to make defrauded Cash App users whole.  
14 Cash App's 2019 Terms of Service included the heading "Your Liability for Unauthorized  
15 Transactions," under which Block represented "[w]e will protect you from Unauthorized  
16 Transactions in your Account. When this protection applies, we will cover you for the full amount  
17 of the Unauthorized Transaction . . . An 'Unauthorized Transaction' occurs when money is sent  
18 from your Account that you did not authorize and that did not benefit you."

19 41. Block further promised to "provisionally credit funds to your Cash App within ten  
20 (10) business days for the amount of the suspected error."

21 42. In reality, prior to 2021, Block's customer support infrastructure was inadequate to  
22 address unauthorized transactions and fraud. Block did not adequately staff and train its customer  
23 support unit, nor did it have live phone support or the technology required to handle the volume  
24 of Notices of Error it received each day.

25 43. For example, by early 2017, Cash App had more than 10.3 million active accounts  
26 with only a handful of employees assigned to handle consumer fraud complaints and other  
27 Notices of Error.

28

1           44.     By 2018, despite increasing account takeovers, Block still assigned only a small  
2 number of employees to help these Cash App users. Those employees were required to  
3 collectively review a substantial number of suspicious transactions per day, often working  
4 overtime to do so.

5           45.     Due to this understaffing, Block was unable to respond to reported thefts of  
6 consumer funds in real time, which is crucial to the recovery of stolen funds.

7           46.     In addition, prior to Block's implementation of live phone support, Cash App's in-  
8 app messaging feature was the designated avenue for reporting fraud. However, this avenue of  
9 reporting fraud was unavailable for victims of account takeovers and for victims of identity theft  
10 who had fraudulent Cash App accounts created in their names because they could not access their  
11 accounts.

12          47.     The only effective methods these victims had for receiving help from Cash App  
13 was to contact the company on social media, post a review in the Apple App Store or Google  
14 Play, send a letter by regular mail, or sign up for a new Cash App account.

15          48.     When Cash App users managed to report fraud to Block employees, the users  
16 frequently received non-individualized form emails, which required that they jump through  
17 multiple hoops before Block would investigate their claims. For example, Block frequently sent  
18 emails requesting more information from the consumer, and if the consumer did not, or was  
19 unable to, provide it, Block closed the case without further investigation. In some cases, Block  
20 would even close the case when the consumer did provide the requested information.

21          49.     Block also sent emails requiring the victims of fraud to contact the perpetrator or  
22 file a police report as a prerequisite for Block initiating a fraud investigation, and Block also  
23 required some Cash App users to dispute fraud with their linked banks.

24          50.     As a result of the foregoing practices, and contrary to Block's promises, many  
25 customer reports of fraud lodged with Block were closed without any investigation at all, and  
26 numerous Cash App users were not reimbursed after experiencing fraud or theft on the platform.

27          51.     Block also failed to uphold its promise of granting provisional credits within ten  
28 days of Cash App users' fraud reports, oftentimes waiting much longer to provisionally credit

1 eligible accounts, and only granting provisional credits when the fraudulent or unauthorized  
2 transaction involved a Cash Card dispute.

3 **F. Block Failed to Notify Cash App Users and Timely Respond to Inquiries About Account**  
4 **Locks, Account Suspensions, and Account Deactivations**

5 52. Block’s Cash App platform has become increasingly central to how Cash App  
6 users, especially unbanked and underbanked users who chose Cash App as an alternative to a  
7 traditional bank, manage their finances—including meeting critical obligations like paying rent  
8 and other bills. Because of this, account locks, suspensions, and deactivations cause severe  
9 consumer harm.

10 53. To encourage users to use Cash App as an alternative to traditional banks, Block  
11 made various statements in its advertising and within Cash App regarding the ability of users to  
12 freely access and control funds deposited in a consumer’s Cash App account. For example, Block  
13 claims that Cash App users can “withdraw cash from [their] account at any time.” Also, Block  
14 tells consumers that Cash App can be used to “Pay Anyone Instantly.”

15 54. Despite these reassurances, in some instances Block prevented Cash App users  
16 from accessing the funds in their accounts suddenly and without notice by employing account  
17 locks, account suspensions, and account deactivations.

18 55. An account lock occurs when Block temporarily locks a Cash App account to  
19 protect a consumer from a suspected account takeover or freezes a Cash App balance at the  
20 request of law enforcement.

21 56. An account suspension occurs when Block temporarily suspends a Cash App  
22 account to prevent users that are suspected of violating Cash App’s Terms of Service from further  
23 participating on the platform.

24 57. An account deactivation is when Block deactivates a Cash App account to prevent  
25 users that are suspected of violating Cash App’s Terms of Service from further participating on  
26 the platform.

27 58. Block’s ability to summarily lock, deactivate, and suspend accounts was described  
28 only in Cash App’s lengthy “Terms of Service,” which state that Block can “terminate or deny

1 you access to our services at any time, for any reason,” and upon closure, “any funds that we are  
2 holding in custody ... less any applicable fees ... may be made available for you to cash out in the  
3 Company’s discretion ... and ... We reserve the right to hold your funds at our discretion to  
4 protect the Company or a third party ... In addition, if an investigation is pending at the time of  
5 closure, we may hold your funds until resolution of the investigation.”

6 59. While these actions by Block were aimed at the worthwhile goal of stopping bad  
7 actors operating on the platform, Block did not have the customer support infrastructure  
8 necessary to resolve these issues and restore access to innocent Cash App users in a timely  
9 fashion.

10 60. Upon information and belief, when innocent Cash App users’ accounts were  
11 locked or when they were suspended or deactivated in error, those users were often left for days  
12 or weeks without access to their money and, for unbanked users, no means to pay for basic needs.

13 61. Oftentimes, consumer accounts were locked, suspended, or deactivated with no  
14 explanation from Block and no instructions for how to resolve the problem.

15 62. Further, Block’s Cash App customer service representatives were instructed not to  
16 notify the customer and instead to transfer a customer’s case to the queue upon receiving notice  
17 that a customer was locked out of their account.

18 63. As noted above, because Block did not scale its customer service response to meet  
19 demand and did not make a live phone line available until 2021, Cash App users experiencing  
20 account locks, suspensions, or deactivations were unable to reach Block’s customer service team  
21 by way of the in-app messaging that was the primary means of communicating with them.

22 **FIRST CAUSE OF ACTION**  
23 **FOR VIOLATIONS OF THE FALSE ADVERTISING LAW**  
24 **(BUSINESS AND PROFESSIONS CODE SECTION 17500 ET SEQ.)**

25 64. The People reallege and incorporate by reference each of the paragraphs above as  
26 though fully set forth therein.

27 65. Block has engaged in acts or practices that constitute violations of Business and  
28 Professions Code section 17500 *et seq.* by making false or misleading statements with the intent

1 to induce members of the public to use Cash App when Block knew, or by the exercise of  
2 reasonable care should have known, that the statements were false or misleading.

3 66. Block's false or misleading statements include, but are not limited to, the  
4 following:

- 5 a. Representing that Cash App possessed the security protections and safeguards  
6 associated with traditional banks, despite not holding a bank charter;
- 7 b. Misleading consumers that balances stored in Cash App accounts were insured by  
8 the FDIC in the event of Block's failure when they were not;
- 9 c. Representing that Block would investigate, resolve, and refund unauthorized  
10 electronic funds transfers while maintaining policies and practices, such as  
11 understaffing, that resulted in delay and many consumers never receiving refunds;  
12 and
- 13 d. Representing that users could freely access and control funds deposited in a Cash  
14 App account but failing to notify users when Block locks, suspends, or deactivates  
15 their account, and failing to timely respond to their inquiries when they later  
16 discover such a lock, suspension, or deactivation.

17 **SECOND CAUSE OF ACTION**  
18 **FOR VIOLATIONS OF THE UNFAIR COMPETITION LAW**  
19 **(BUSINESS AND PROFESSIONS CODE SECTION 17200 ET SEQ.)**

20 67. The People reallege and incorporate by reference each of the paragraphs above as  
21 though fully set forth therein.

22 68. Block has engaged in unlawful, unfair, or fraudulent acts or practices, which  
23 constitute unfair competition within the meaning of Section 17200 of the Business and  
24 Professions Code. Block's acts or practices include, but are not limited to, making false  
25 statements in violation of Business and Professions Code section 17500.  
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1 **PRAYER FOR RELIEF**

2 WHEREFORE, Plaintiff prays for judgment as follows:

3 1. That the Court makes such orders as may be necessary to prevent Defendants, their  
4 successors, agents, representatives, employees, and all persons who act in concert with them,  
5 from engaging in any practice that constitutes unfair competition or false advertising, under the  
6 authority of Business and Professions Code §§ 17203 and 17535, respectively;

7 2. That the Court assess a civil penalty of \$2,500 for each violation of the Unfair  
8 Competition Law, pursuant to Business and Professions Code, § 17206;

9 3. That the Court assess a civil penalty of \$2,500 for each violation of the False  
10 Advertising Law, pursuant to Business and Professions Code, § 17536;

11 4. That the Court direct Block to make full restitution to all Californian consumers  
12 who have suffered losses as a result of the acts and practices alleged in this Complaint and any  
13 other acts or practices provided by the State, pursuant to Business and Professions Code, § 17203;

14 5. Pursuant to Government Code, § 12527.6, the Court awards the remedy of  
15 disgorgement;

16 6. That the People recover their costs of suit;

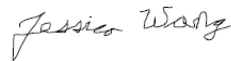
17 7. That the People receive all other relief to which they are legally entitled;

18 8. For such other and further relief that the Court determines to be just and proper.

19  
20 Dated: July 8, 2026

Respectfully submitted,

21 ROB BONTA  
22 Attorney General of California

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24 JESSICA WANG  
25 Deputy Attorney General  
26 *Attorneys for The People of the State of*  
27 *California*