IN THE CIRCUIT COURT OF THE STATE OF OREGON

FOR THE COUNTY OF MULTNOMAH

STATE OF OREGON ex rel. DAN RAYFIELD, Attorney General for the State of Oregon, Plaintiff, v. BLOCK, INC. f/k/a SQUARE, INC., Defendant.	Case No. COMPLAINT **ORS 20.140 - State fees deferred at filing**

1.

Plaintiff State of Oregon ("State" or "Oregon" or "Plaintiff"), acting through its Attorney General, Dan Rayfield, brings this action against Defendant, Block, Inc. (f/k/a Square, Inc.) (hereinafter "Block" or "Defendant"), for violations of Oregon's Unlawful Trade Practices Act ("UTPA"), ORS 646.605 to ORS 646.656, and all rules adopted pursuant to the UTPA, and alleges the following:

INTRODUCTION

2.

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

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

PARTIES

3.

Plaintiff is the State of Oregon, *ex rel.* Dan Rayfield in his official capacity as Attorney General for the State of Oregon, and has offices located at 100 SW Market Street, Portland, OR 97201.

4.

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

JURISDICTION AND VENUE

5.

The State files this complaint and institutes these proceedings under the provisions of the Oregon consumer protection laws, including the Oregon Unlawful Trade Practices Act ("UTPA"), ORS 646.605 to ORS 646.656.

6.

The Court has subject matter jurisdiction over this matter pursuant to ORS 14.030 and personal jurisdiction over Defendant pursuant to ORCP 4 A(4).

7.

Venue is proper in the Multnomah County Circuit Court pursuant to ORS 14.080(2) and ORS 646.605(1)(c), because Block conducts regular, sustained business activity in Multnomah County, Block has an office for the transaction of business in Multnomah County, and Block's conduct in violation of the UTPA took place in Multnomah County.

/ / /

/ / /

/ / /

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

BACKGROUND AND FACTUAL ALLEGATIONS

(BLOCK'S DEVELOPMENT OF CASH APP)

8.

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

9.

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

(CASH APP'S PROCEDURES FOR ESTABLISHING NEW ACCOUNTS JEOPARDIZED CUSTOMER SAFETY)

10.

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

11.

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

12.

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

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

13.

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

14.

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

(BLOCK'S MISREPRESENTATIONS REGARDING SAFETY, BANKING STATUS, AND FDIC INSURANCE)

Block Represented That Cash App was Safe from Fraud at a Time When Its Fraud Prevention Measures were Inadequate

15.

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

16.

As early as 2018, Block's "Security" webpage for Cash App assured consumers that "[w]e'll help protect you from unauthorized charges" and that Cash App processed payments with "rigorous safety practices in mind."

17.

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

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

18.

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

19.

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

Block Misled Users About the Nature of FDIC Insurance Protecting Balances Stored on Cash App

20.

Block made representations regarding FDIC insurance coverage of Cash App stored balances, which suggested that balances were protected by FDIC insurance in the event of Block's failure when they were not.

21.

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

/ / /

/ / /

/ / /

/ / /

/ / /

/ / /

/ / /

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884



22.

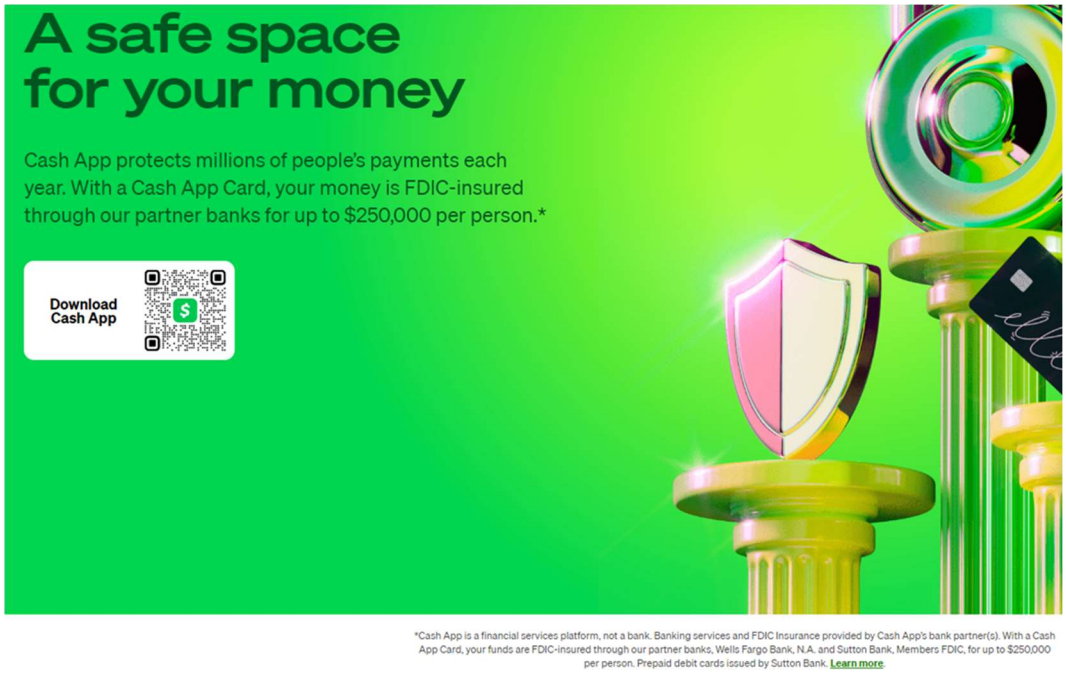
In December 2023, the company altered and moved this representation to the "Security" page of the Cash App website (https://cash.app/security), which is linked from the home page and from the "Bank" page. Under a heading titled, "A safe space for your money," Block represented the following: "Cash App protects millions of people's payments each year. With a Cash App Card, your money is FDIC-Insured through our partner banks for up to $250,000 per person.*" The asterisk at the end of that sentence refers to another representation that appears in tiny print: "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."

/ / /

/ / /

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884



23.

These representations advertised the Cash App platform and appeared next to a QR Code directing consumers to the Apple App Store or Google Play, where they could quickly download Cash App to their mobile device. The primary purpose of these representations was to encourage new users to sign up for Cash App by assuring them that money in their Cash App account would be protected from loss the same way it would be protected if it were in a traditional bank account.

24.

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

(BLOCK'S ACTIONS AND OMISSIONS INCREASED CASH APP USERS' RISK OF FRAUD ON THE PLATFORM.)

Block Failed to Provide Customer Support by Telephone Despite Knowing the Harm this Caused to Cash App Users

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

25.

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

26.

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

27.

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

28.

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

29.

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

30.

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

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

31.

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

32.

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

33.

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

34.

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

Block Identified Fraud Against Its Users Caused by Its "Cash App Fridays" Promotion, but Block Continued it Anyway

35.

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

36.

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

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

37.

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

38.

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

(WHEN USERS REPORTED FRAUD, BLOCK'S RESPONSES WERE INADEQUATE)

39.

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

40.

A Notice is generally a complaint received from a consumer that is timely and not anonymous. Among other things, Notices of Error include complaints about (i) unauthorized electronic fund transfers; (ii) incorrect electronic fund transfers to or from the consumer's account; (iii) omissions of an electronic fund transfer from a periodic statement; (iv) computational or bookkeeping errors made by the financial institution relating to an electronic fund transfer; or (v) the consumer's receipt of incorrect amounts of money from electronic terminals.

41.

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

42.

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

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

43.

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

44.

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

45.

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

46.

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

47.

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

48.

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

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

49.

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

50.

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

51.

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

52.

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

53.

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

/ / /

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

54.

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

55.

Block also failed to uphold its promise of granting provisional credits within ten days of Cash App users' fraud reports, oftentimes waiting much longer to provisionally credit eligible accounts, and only granting provisional credits when the fraudulent or unauthorized transaction involved a Cash Card dispute.

(BLOCK FAILED TO NOTIFY CASH APP USERS AND TIMELY RESPOND TO INQUIRIES ABOUT ACCOUNT LOCKS, ACCOUNT SUSPENSIONS, AND ACCOUNT DEACTIVATIONS)

56.

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

57.

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

/ / /

/ / /

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

58.

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

59.

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

60.

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

61.

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

62.

Block's ability to summarily lock, deactivate, and suspend accounts was described only in Cash App's lengthy "Terms of Service," which state that Block can "terminate or deny you access to our services at any time, for any reason," and upon closure, "any funds that we are holding in custody … less any applicable fees … may be made available for you to cash out in the Company's discretion … and … We reserve the right to hold your funds at our discretion to protect the Company or a third party … In addition, if an investigation is pending at the time of closure, we may hold your funds until resolution of the investigation."

/ / /

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

63.

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

64.

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

65.

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

66.

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

67.

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

CAUSE OF ACTION

(COUNT I)

Violations of the Oregon Unlawful Trade Practices Act (ORS 646.605, *et seq.*)

69.

The allegations contained in paragraphs 1 through 68 are adopted and incorporated as if fully set forth herein.

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

70.

The UTPA prohibits any person or entity from engaging in unlawful trade practices in the course of their business by:

(a) representing that services have characteristic, benefits, or qualities that the services do not have (ORS 646.608(1)(e));

(b) representing that services are of a particular standard, quality, or grade, if the services are of another (ORS 646.608(1)(g));

(c) advertising services with the intent not to provide the services as advertised (ORS 646.608(1)(i));

(d) making false or misleading statements about a prize, contest, or promotion used to publicize a service (ORS 646.608(1)(p)); and

(e) promising to deliver services within a certain period of time with intent not to deliver the services as promised (ORS 646.608(1)(q)).

71.

Misrepresentations actionable under ORS 646.608(1) "may be any manifestation of any assertion by words or conduct, including, but not limited to, a failure to disclose a fact" (ORS 646.608(2)).

72.

Through its actions and material omissions, described above, Block willfully engaged in unlawful trade practices, in violation of ORS 646.608(1), as follows:

(a) representing that Cash App possessed the security protections and safeguards associated with traditional banks, despite not holding a bank charter;

(b) misleading consumers that balances stored in Cash App accounts were insured by the FDIC in the event of Block's failure when they were not;

/ / /

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

(c) representing that Cash App maintained effective fraud-prevention measures while failing to adequately address known fraud on the platform such as telephone scams and the "Cash App Fridays" campaign;

(d) representing that Block would investigate, resolve, and refund unauthorized electronic funds transfers while maintaining policies and practices, such as understaffing, that resulted in delay and many consumers never receiving refunds; and

(e) representing that users could freely access and control funds deposited in a Cash App account but failing to notify users when Block locks, suspends, or deactivates their account, and failing to timely respond to their inquiries when they later discover such a lock, suspension, or deactivation.

PRAYER FOR RELIEF

WHEREFORE, the State respectfully requests that this Court enter judgment in its favor and grant relief against Block as follows:

(a) declare that Block's acts described above are unlawful trade practices, in violation of the UTPA, ORS 646.605 to 646.656, and that each any every unlawful act, practice, or representation constitutes a separate and independent violation of the UTPA;

(b) permanently enjoin Block and all other persons acting on its behalf, directly or indirectly, from engaging in any acts that violate the UTPA, including, but not limited to, the unlawful acts and practices alleged herein, pursuant to ORS 646.632(1);

(c) direct Block to pay a civil penalty in the amount of up to $25,000 for each and every violation of the UTPA, pursuant to ORS 646.642(3);

(d) direct Block to make full restitution to all Oregon consumers who have suffered losses as a result of the acts and practices alleged in this complaint and any other acts or practices proved by the State, pursuant to ORS 646.636;

/ / /

/ / /

DEPARTMENT OF JUSTICE
100 SW Market Street
Portland, OR 97201
Phone: (971) 673-1880 / Fax: (971) 673-1884

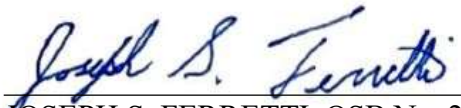
(e) direct Block to pay the State's reasonable costs and attorney's fees incurred in this action and in the investigation leading up to this action, pursuant to ORS 646.632(8) and ORCP 68; and

(f) grant such further relief as the Court determines is just and equitable.

DATED this 8th day of July 2026.

Respectfully submitted,

DAN RAYFIELD
Attorney General



JOSEPH S. FERRETTI, OSB No. 201944
KATHERINE G. McKEON, OSB No. 220870
SHANNON SUEHR, OSB No. 201406
Assistant Attorneys General
Oregon Department of Justice
Consumer Protection Section
100 SW Market Street
Portland, Oregon 97201
Phone: (971) 673-1880
Fax: (971) 673-1884
Email: Joseph.Ferretti@doj.oregon.gov
Kate.McKeon@doj.oregon.gov
Shannon.Suehr@doj.oregon.gov
Attorneys for Plaintiff