

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES
550 WEST SEVENTH AVENUE, SUITE 1850
ANCHORAGE, ALASKA 99501
(907)269-8140

1 STATE OF ALASKA
2 DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
3 DIVISION OF BANKING AND SECURITIES

4 IN THE MATTER OF:)
5 Wave Financial Inc. and)
6 Wave Financial USA Inc.)
7 AK-MT-013154)
8 NMLS #1846278)
Respondent.)
_____)

ORDER NO. 20-124-C
ORDER ASSESSING CIVIL
PENALTIES AND CONSENT TO
ORDER

9 The Department of Commerce, Community, and Economic Development, Division of
10 Banking and Securities (“Department”) has conducted an investigation into the activities of
11 Wave Financial Inc. and Wave Financial USA Inc. (collectively “Respondents”) and has
12 determined that Respondents violated certain provisions of Alaska Statute (“AS”) 06.55 et seq
13 (“Alaska Uniform Money Services Act”).

14 Respondents agree that the Department has jurisdiction over Respondents and these
15 matters pursuant to the Alaska Uniform Money Services Act.

16 Respondents wish to resolve and settle this matter with the Department. As evidenced
17 by the authorized signature on this Order, Respondents consent to the entry of this Order to
18 assess civil penalties based on the Conclusions of Law and Order. Respondents waive their
19 right to a hearing.

20 **I. FINDINGS OF FACT**

21 1. Wave Financial Inc. (“Wave Financial”) is a Canadian corporation and maintains a
22 principal address of 235 Carlaw Avenue, Suite 501, Toronto, Ontario, Canada M4M 2S1.

23 2. Wave Financial USA Inc. (“Wave USA”) is a corporation formed under the laws
24 of the state of Delaware, and maintains a principal address of 1550 Wewatta Street, Suite

1 200, Denver, CO 80202. Wave USA can be served with process through its registered agent,
2 Corporation Service Company, at 251 Little Falls Drive, Wilmington, DE 19808.

3 3. Respondents operate a website located at waveapps.com. Respondents also operate
4 several mobile applications. Through Respondents' website and applications, Respondents'
5 customers electronically pay their employees and contractors. Respondents calculate and
6 submit taxes and mandates to the appropriate federal and state divisions, calculate net pay for
7 each customer's employee, and facilitate payment to the employee. Respondents transfer
8 funds through the Automated Clearing House network from the customer's bank account to
9 the Respondents' bank accounts, then from the Respondents' bank accounts to the bank
10 accounts specified by the customer, or to the bank accounts of tax authorities. Respondents
11 receive monthly subscription fees based on the customer's subscription service plan, which
12 includes unlimited transactions.

13 4. On July 31, 2020, Wave USA applied for a money transmission license in Alaska.
14 Wave USA submitted an Alaska Money Services Business Affidavit ("Affidavit") through
15 the Nationwide Multistate Licensing System & Registry ("NMLS"). The NMLS is the system
16 of record for non-depository financial services licensing or registration in participating state
17 agencies. Wave USA reported in its Affidavit that it conducted money transmission in Alaska
18 without a license.

19 5. Upon request by the Department, Wave USA provided a log of transaction activity
20 in Alaska from February 2018 through September 2020.

21 6. From February 26, 2018 through November 30, 2019, Wave Financial conducted
22 236 transactions with 30 Alaskan businesses, and collected \$8,387 in fees.

23 7. Beginning December 2019, Wave USA bought the assets of Wave Financial and
24 assumed the payroll processing services in Alaska previously provided by Wave Financial.

1 8. From December 1, 2019 through September 25, 2020, Wave USA conducted 149
2 transactions with 10 Alaskan businesses, and collected \$4,997.41 in fees.

3 9. Respondents have cooperated with the Department in its investigation into this
4 matter.

5 II. CONCLUSIONS OF LAW

6 1. From February 26, 2018 until becoming licensed in April 2021, Respondents
7 engaged in “money transmission” in Alaska as defined in AS 06.55.990(15) by receiving
8 money or monetary value for transmission.

9 2. From February 2018 to April 2021, Respondents violated AS 06.55.101(a) by
10 engaging in money transmission in Alaska without a money transmission license.

11 3. Pursuant to AS 06.55.605, Respondents are subject to a civil penalty because they
12 violated AS 06.55.101(a). The Department may assess a civil penalty against a person who
13 violates AS 06.55.010(a) in an amount not to exceed \$1,000 each day for each day the violation
14 is outstanding.

15 4. Pursuant to AS 06.55.407(b), this Order is a public document, as the Department
16 has determined that the release of information is reasonably necessary for the protection of the
17 public and in the interests of justice.

18 III. ORDER

19 Pursuant to the Alaska Uniform Money Services Act and on the basis of the Findings of
20 Fact, Conclusions of Law, and Respondents’ consent to the entry of this Order, the Department
21 ORDERS:

22 1. Respondents shall pay a civil penalty under AS 06.55.605 in the amount of \$24,000,
23 plus \$1,000 to reimburse the Department for the costs of its investigation, for a total amount of
24 \$25,000. This amount was calculated at \$6,000 for each year Respondents engaged in

1 unlicensed activity.

2 2. This Order constitutes full resolution of the matter and the Department will not take
3 any future enforcement action against Respondents based upon the facts and violations
4 provided herein unless Respondents have violated or are about to violate this Order.

5 3. This Order is a publicly disclosable document and is reportable to the NMLS.

6 **IT IS SO ORDERED.**

JULIE ANDERSON, Commissioner
Department of Commerce, Community and
Economic Development

11 DATED: 9/20/2021

/s/ F. James McConnell
BY: F. James McConnell, Director
Division of Banking and Securities

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1 **Consent to Entry of Order**

2 Kirk Simpson, President, as authorized representative of Wave Financial Inc. and
3 Wave Financial USA Inc. (“Respondents ”), acknowledges that he has read the foregoing
4 Order and that he knows and fully understands the Order contents; that Respondents neither
5 admit nor deny any wrongdoing by its entry; that Respondents voluntarily and without any
6 force or duress, consent to the entry of this Order, expressly waiving their right to a hearing
7 in this matter; that Respondents understand that the Department reserves the right to take
8 further actions to enforce this Order or to take appropriate action upon discovery of other
9 violations of the Alaska Uniform Money Services Act, and that Respondents will fully
10 comply with the terms and conditions stated herein.

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1 Respondents further assure the Department that Respondents and their officers,
2 employees and agents will only effect money transmissions in Alaska in full compliance with
3 the terms of this Order and the Alaska Uniform Money Services Act.

4 Respondents acknowledge that this Order is a publicly disclosable document.

5 Sept. 9, 2021
6 Date

/s/ Kirk Simpson
Kirk Simpson
President, Wave Financial Inc. and Wave
Financial USA Inc.

7
8 SUBSCRIBED AND SWORN TO before me this 9th day of September, 2021 at
9 Toronto, Ontario.

/s/ Vinh The Tran, Esq.
Notary Public in and for Ontario

Vinh The Tran
Notary Printed Name
My commission expires: Unlimited

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13 Contact Person:
14 Robert Renuart
15 Investigator
16 (907) 269-7675
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