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CASE #: 26-2-21808-1 SEA

STATE OF WASHINGTON  
KING COUNTY SUPERIOR COURT

STATE OF WASHINGTON,

Plaintiff,

v.

BLOCK, INC.,

Defendant.

NO.

COMPLAINT FOR INJUNCTIVE  
AND OTHER RELIEF

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1 Plaintiff State of Washington (“State” or “Washington” or “Plaintiff”), acting through its  
2 Attorney General, Nicholas W. Brown, brings this action against Defendant, Block, Inc.  
3 (f/k/a “Square, Inc.”) (hereinafter “Block” or “Defendant”), for violations of the  
4 Consumer Protection Act, ch 19.86 RCW, and alleges the following:

### 5 I. INTRODUCTION

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

### 10 II. PARTIES

11 1. Plaintiff is the Washington State Attorney General’s Office, Consumer Protection  
12 Division.

13 2. Defendant Block, Inc., formerly known as Square, Inc., is a Delaware corporation  
14 and maintains its principal executive office in Oakland, California. Block is registered as a  
15 foreign profit corporation in the state of Washington and maintains a registered agent in  
16 Washington: C T Corporation System, 711 Capitol Way South, Suite 204, Olympia, Washington,  
17 98501-1267. Block operates the Cash App mobile payment application.

### 18 III. JURISDICTION AND VENUE

19 3. The Attorney General has the authority to commence this action as conferred by  
20 RCW 19.86.080 and RCW 19.86.140.

21 4. The State files this Complaint and institutes these proceedings under the  
22 provisions of the Washington consumer protection laws, including the Consumer Protection Act  
23 (“Washington Consumer Protection Laws”).

24 5. Block has engaged in the conduct set forth in this Complaint in King County and  
25 elsewhere in the State of Washington.

1           6.       The Court has personal jurisdiction over Block pursuant to RCW 4.28.180,  
2 RCW 4.28.185, and RCW 19.86.160 because Defendant has engaged in the conduct set forth in  
3 this Complaint in King County and elsewhere in the State of Washington.

4           7.       Venue is proper in King County pursuant to RCW 4.12.020 and Civil Rule 82.

#### 5                           **IV.       BACKGROUND AND FACTUAL ALLEGATIONS**

##### 6       **A.       Block’s Development of Cash App**

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

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

##### 13       **B.       Cash App’s Procedures for Establishing New Accounts Jeopardized Customer** 14       **Safety**

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

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

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

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

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

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

9           1.     **Block represented that Cash App was safe from fraud at a time when its**  
10           **fraud prevention measures were inadequate**

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

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

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

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

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

1           **2.     Block misled users about the nature of FDIC insurance protecting balances**  
2           **stored on Cash App**

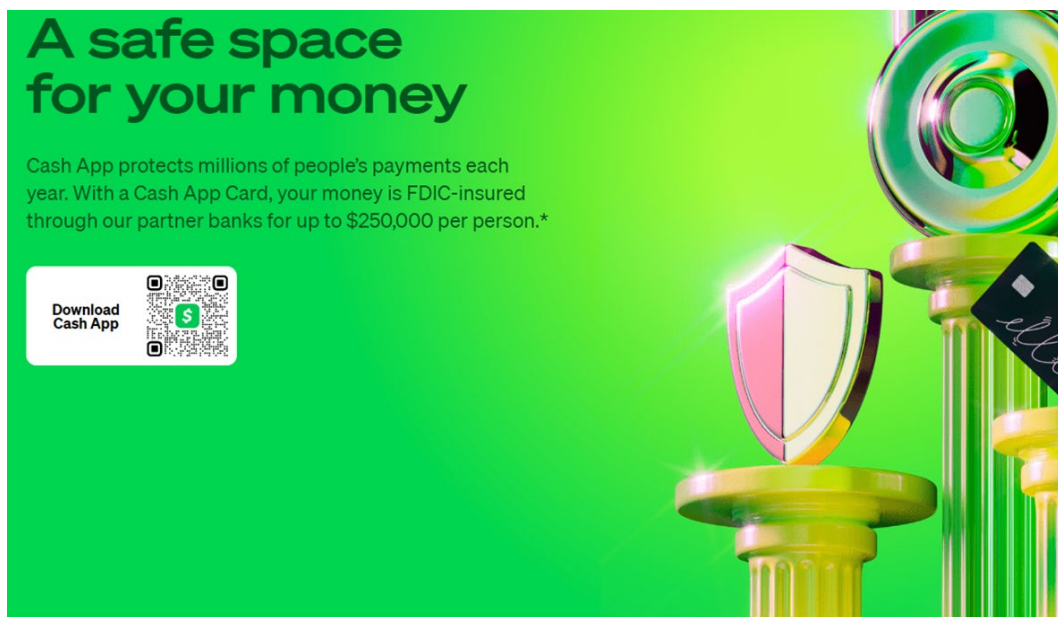
3           20.     Block made representations regarding FDIC insurance coverage of Cash App  
4 stored balances which suggested that balances were protected by FDIC insurance in the event of  
5 Block’s failure when they were not.

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



23           22.     In December 2023, the company altered and moved this representation to the  
24 “Security” page of the Cash App website (<https://cash.app/security>), which is linked from the  
25 home page and from the “Bank” page. Under a heading titled, “A safe space for your money,”  
26 Block represented the following: “Cash App protects millions of people’s payments each year.

1 With a Cash App Card, your money is FDIC-Insured through our partner banks for  
2 up to \$250,000 per person.\*” The asterisk at the end of that sentence refers to another  
3 representation that appears in tiny print: “Cash App is a financial services platform, not a bank.  
4 Banking services and FDIC Insurance provided by Cash App’s bank partner(s). With a Cash App  
5 Card, your funds are FDIC-insured through our partner banks, Wells Fargo Bank, N.A. and  
6 Sutton Bank, Members FDIC, for up to \$250,000 per person. Prepaid debit cards issued by  
7 Sutton 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](#)

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

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

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

3 **1. Block failed to provide customer support by telephone despite knowing the**  
4 **harm caused to Cash App users**

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

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

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

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

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

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

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

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

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

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

9           **2.     Block identified fraud against its users caused by its “Cash App Fridays”  
10 Promotion, but Block continued it anyway**

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

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

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

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

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

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

25          40.     A Notice is generally a complaint received from a consumer that is timely and  
26 not anonymous. Notices of Error include complaints about (i) unauthorized electronic fund

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

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

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

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

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

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

22 46. In reality, prior to 2021, Block's customer support infrastructure was inadequate  
23 to address unauthorized transactions and fraud. Block did not adequately staff and train its  
24 customer support unit, nor did it have live phone support or the technology required to handle  
25 the volume of Notices of Error it received each day.  
26

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

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

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

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

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

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

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

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

4           55. Block also failed to uphold its promise of granting provisional credits within  
5 ten (10) days of Cash App users’ fraud reports, oftentimes waiting much longer to provisionally  
6 credit eligible accounts, and only granting provisional credits when the fraudulent or  
7 unauthorized transaction involved a Cash Card dispute.

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

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

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

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

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

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

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

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

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

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

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

23           66.     Further, Block’s Cash App customer service representatives were instructed not  
24 to notify the customer and instead to transfer a customer’s case to the queue upon receiving  
25 notice that a customer was locked out of their account.  
26





