SCOTT+SCOTT ATTORNEYS AT LAW LLP
Maxwell R. Huffman (SBN 264687)
mhuffman@scott-scott.com
600 W. Broadway, Suite 3300
San Diego, CA 92101
Telephone: (619) 233-4565
Facsimile: (619) 233-0508

SCOTT+SCOTT ATTORNEYS AT LAW LLP
Jing-Li Yu (SBN 342985)
jyu@scott-scott.com
The Helmsley Building
230 Park Avenue, 24th Floor
New York, NY 10169
Telephone: (212) 223-6444
Facsimile: (212) 223-6334

Counsel for Plaintiff Iron Workers Local Union No. 401

[Additional counsel on signature page.]

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

IRON WORKERS LOCAL UNION NO. 401, Derivatively on Behalf of Nominal Defendant BLOCK, INC., Plaintiff, v. JACK DORSEY, JIM MCKELVEY, ROELOF BOTHA, PAUL DEIGHTON, MARY MEEKER, ANNA PATTERSON, SHARON ROTHSTEIN, LAWRENCE SUMMERS, DAVID VINIAR, DARREN WALKER, AMRITA AHUJA, AMELIA CHILDRESS, BRIAN GRASSADONIA, and SIVIAN WHITELEY, Defendants, – and – BLOCK, INC., Nominal Defendant.	Case No. ________________ **VERIFIED STOCKHOLDER DERIVATIVE COMPLAINT** **JURY TRIAL DEMANDED**

TABLE OF CONTENTS

Plaintiff Iron Workers Local Union No. 401 ("Iron Workers"), by and through its undersigned counsel, brings the following Verified Stockholder Derivative Complaint (the "Complaint") derivatively on behalf of Nominal Defendant Block, Inc. ("Block" or the "Company"), against: (i) certain current and former members (the "Director Defendants") of Block's Board of Directors (the "Board"); and (ii) certain current and former Block executive officers (the "Officer Defendants," and together with the Director Defendants, the "Individual Defendants"), for breaches of fiduciary duty committed from at least 2019 through 2024 (the "Relevant Period"). Plaintiff makes these allegations based on Plaintiff's knowledge as to itself, including personal knowledge concerning its Company stock ownership. As to all other matters, this Complaint's allegations are based on: (i) a review of publicly available information—including the Company's public filings with the U.S. Securities and Exchange Commission (the "SEC"), transcripts from public hearings, press releases and other publications disseminated by the Company and others, news articles, postings on Block's website, and public documents from civil lawsuits based on related misconduct; and (ii) a review of Company books and records produced in response to Plaintiff's demand for inspection pursuant to Section 220 of the Delaware General Corporation Law (the "Section 220 Production").

I. NATURE OF THE ACTION

1. Block is a financial technology company that had its beginnings as a merchant payments solution, but has since expanded into many businesses, including music streaming, savings, cryptocurrency, and payment technology for consumers.

2. It is the latter business, Cash App, which has also caused Block widespread and severe compliance problems. To grow Cash App's business, the app was designed to be easy to sign up for and easy to use, including having minimal identity verification requirements. The ease of sign up and ease of use, however, has also made Cash App a favored tool for criminals and fraudsters.

3. Though Block fiduciaries were aware of the fraud and criminal exposure that Cash App facilitated, they purposefully refused to implement compliance measures that may slow down user acquisition or make the user experience a little bit less fluid, but ensure that Block would

comply with the law. But Block fiduciaries made the deliberate choice to emphasize growth, reduce "friction" for Cash App users, and refuse to implement even minimal compliance measures like a trustworthy identity verification process.

4. Predictably, Block's fiduciaries have caused Block to become subject to numerous regulatory actions, fines, a report by Hindenburg Research that exposed much of the compliance failures at Block and drove down the stock price, and civil litigation. Total monetary exposure, alone, is in the hundreds of millions of dollars.

5. Meanwhile, Defendants have made false and misleading statements to the public about the above in securities filings, including annual and quarterly reports and proxy statements, causing the Company to repurchase stock at inflated prices, and entrenching themselves in positions of power, and to approve their own compensation, further harming Block. Meanwhile, insiders have also sold their own stock at these inflated prices while possessing material non-public information about the Company's compliance problems, which they knew would drive down the stock price eventually.

6. Internal books and records demanded and received by Plaintiff show that Block's fiduciaries breached their duties to the Company by either effectively failing to oversee compliance, or by actively engaging or causing Block to engage in unlawful conduct.

7. Plaintiff therefore brings this suit on behalf of Block to recover damages and seek other appropriate relief for the harm caused by these disloyal fiduciaries.

II. JURISDICTION AND VENUE

8. Jurisdiction lies pursuant to Article III, Section 2, of the U.S. Constitution and 28 U.S.C. §1331. The claims asserted herein arise under §§10(b), 20(a), 14(a), and 29(b) of the Securities Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. §§78j(b), 78t(a), 78n(a) and 78cc(b), and Rules 10(b)-5, 14a-9, 17 C.F.R. §§240.10(b)-5, 240.14a-9, promulgated thereunder. This Court has supplemental jurisdiction pursuant to 28 U.S.C. §1367 as to the state law claims alleged, as they arise out of the same transactions and occurrences as the federal claims. In connection with the wrongdoing complained of herein, Defendants used the means and instrumentalities of interstate commerce, the U.S. mail, and the facilities of the national securities

markets. This action is not a collusive one to confer jurisdiction on a court of the United States that it would not otherwise have.

9. This Court has personal jurisdiction over each of the Defendants named herein because each Defendant is either a corporation incorporated, maintaining its principal executive offices, and operating in this District, or is an individual who maintains a place of business in this District or has sufficient minimum contacts with this District so as to render the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice. Further, the Individual Defendants conducted much of the wrongdoing complained of herein in this District.

10. Venue is proper in this jurisdiction pursuant to §27 of the Exchange Act, 15 U.S.C. §78aa, as well as 28 U.S.C. §1391(b). Venue is proper in this Court pursuant to 28 U.S.C. §1391(b) because: (i) Block is headquartered in, and therefore is a resident of, the State of California; (ii) one or more of the Individual Defendants either resides or maintains executive offices in this District; (iii) a substantial portion of the transactions and wrongs complained of herein, including the Individual Defendants' primary participation in the wrongful acts detailed herein in violation of fiduciary duties owed to Block and its shareholders, occurred in this District; and (iv) the Individual Defendants have received substantial compensation in this District by doing business here and engaging in numerous activities that had an effect in this District.

11. **Divisional Assignment**: This action should be assigned to the Oakland Division of this Court under Local Rule 3-2(d), as the Company is headquartered in Alameda County, California.

III. PARTIES

A. Plaintiff

12. Plaintiff Iron Workers Local Union No. 401 (previously defined as "Iron Workers") has been a beneficial owner of Block common stock continuously through the Relevant Period. Plaintiff will continue to hold Block shares throughout the pendency of this action. Plaintiff will fairly and adequately represent the interests of Block and its shareholders in enforcing the rights of the Company.

B. Nominal Defendant

13. Nominal Defendant Block, Inc. (previously defined as "Block"), is a Delaware corporation with its principal executive offices located at 1955 Broadway, Suite 600, Oakland, CA 94612. Block describes itself as "an ecosystem dedicated to economic empowerment and unlocking access to the financial system for people around the world." Its primary businesses are: (i) Square, which is a "a cohesive commerce ecosystem that provides more than 30 distinct products and services to help our sellers start, run, and grow their businesses"; and (ii) Cash App (or Cash), which "provides an ecosystem of financial products and services to help consumers manage their money[,]" including sending and receiving money, making buy-now-pay-later ("BNPL") payments, and making investments.

C. Individual Defendants

1. Director Defendants

14. Defendant Jack Dorsey ("Dorsey") is a co-founder of the Company and has been on the Board since 2009. Dorsey is also the "Block Head," the Company's equivalent of a chief executive officer position, and the Chair of the Board.

15. Defendant Jim McKelvey ("McKelvey") is a co-founder of the Company and has been on the Board since 2009. McKelvey was the Chair of the Board in 2009 and 2010.

16. Defendant Roelof Botha ("Botha") has been on the Board since 2011. Botha is a member of the Compensation Committee and Audit and Risk Committee ("ARC"). Botha is also the Lead Independent Director. Botha is the designee of and most recently managing partner of Sequoia Capital ("Sequoia"), one of the Company's pre-IPO investors.

17. Defendant Paul Deighton ("Deighton") has been on the Board since 2016. He is a member of the Compensation Committee and ARC (since at least July 2022), and he was the Chair of the Capital Compliance and Governance Committee. He is the current Chair of the ARC.

18. Defendant Mary Meeker ("Meeker") has been on the Board since 2011. Meeker is the Chair of the Compensation Committee. Meeker is the board designee of Kleiner Perkins Caufield & Byers ("Kleiner Perkins"), one of Block's pre-IPO investors. From December 2010 to December 2018 Meeker was a General Partner of Kleiner Perkins.

19. Defendant Anna Patterson ("Patterson") was a member of the Board from 2017 to 2022. During her tenure, she was a member of the ARC and the Capital Compliance and Governance Committee.

20. Defendant Sharon Rothstein ("Rothstein") was a member of the Board from 2022 to 2024. During her tenure, she was a member of the Compensation Committee and of ARC.

21. Defendant Lawrence "Larry" Summers ("Summers") was a member of the Board from 2011 to 2024. During his tenure, he was a member of ARC.

22. Defendant David Viniar ("Viniar") was a member of the Board from 2013 to 2022. During his tenure, he was the Lead Independent Director, and he also served on the Nominating and Corporate Governance Committee and chaired the ARC.

23. Defendant Darren Walker ("Walker") was a member of the Board from 2020 to 2024. During his tenure, he was a member of ARC and the Nominating and Corporate Governance Committee.

24. Each of Dorsey, McKelvey, Botha, Deighton, Meeker, Patterson, Rothstein, Summers, Viniar, and Walker are or were Board directors of Block and are referred to herein as the "Director Defendants."

2. Officer Defendants

25. Defendant Amrita Ahuja ("Ahuja") became Block's Foundational Lead and Chief Operating Officer in 2023, and has been the Chief Financial Officer since 2019. Ahuja is identified in the Company's SEC filings as one of its highly compensated executive officers. Ahuja attended almost all the Board and ARC meetings during the Relevant Period.

26. Defendant Amelia Childress ("Childress") was the Chief Compliance Officer from February 2022 to September 2024. Before then, Childress served as Head of Global Compliance at Cash App (from March 2020 to February 2022) and served in other senior compliance positions at Cash App between 2017 to March 2020. As a senior compliance officer, it can be inferred that she has a policymaking role in setting compliance policies for Cash App (from 2017 to 2022) and for the Company as a whole (from 2022 to 2024), and, therefore, she is a highly compensated officer under SEC regulations. Since leaving as Chief Compliance Officer, she remains employed

by the Company as a Strategic Advisor. Childress attended many of the ARC and Board meetings during the Relevant Period.

27. Defendant Brian Grassadonia ("Grassadonia") has been Ecosystem Lead since August 2024, and was CEO of Cash App (also known as "Cash App Lead") since January 2013. Grassadonia is identified in the Company's SEC filings as one of the Company's highly compensated executive officers. Grassadonia attended most of the ARC and Board meetings during the Relevant Period.

28. Defendant Sivian Whiteley ("Whiteley") was the Chief Legal Officer from December 2021 to February 2023. Whiteley served as General Counsel from March 2018 to December 2021 and held other senior in-house legal roles at Block since 2013. During her tenure as CLO, Whiteley was identified in the Company's SEC filings as one of its highly compensated executive officers. Whiteley attended most of the ARC and Board meetings during the Relevant Period through February 2023.

29. This Complaint refers to Dorsey (in his role as Block Head), Ahuja, Childress, Grassadonia, and Whiteley as the "Officer Defendants."

30. This Complaint refers to the Director Defendants and the Officer Defendants collectively as the "Individual Defendants."

31. This Complaint refers to the Individual Defendants and Nominal Defendant Block collectively as the "Defendants."

IV. SUBSTANTIVE ALLEGATIONS

A. Block Began as a FinTech Solution for Businesses that Sought to Power Growth Through a Pivot to the Consumer Market

32. Block was founded as Square Inc. ("Square") by Jack Dorsey and Jim McKelvey in 2009. It began as a financial technology ("fintech") company to help facilitate credit card transactions. Initially, Square's signature product was its eponymous credit card reader, which was designed to plug into a smartphone's headphone jack. The Square allowed small merchants who did not have standard credit card readers to accept credit card payments.

33. Square's initial business was successful. Within a few years, it spawned

competitors, such as Toast or Clover. Around that time, Square sought to expand its market beyond merchant or other payment acceptors as its primary market and instead, sought to tap into the much larger consumer market.

34. In 2013, PayPal acquired Venmo, one of the fintech companies that facilitated payments between consumers. Within a month of this acquisition, Square introduced Square Cash, later to be called Cash App, which sought to compete with PayPal and Venmo, starting with a peer-to-peer mobile app for users to send and receive money.

35. Square continued offering more products, often geared towards consumers, including: offering short-term loans to merchants; introducing a prepaid debit card, the "Cash Card"; allowing Cash App users to move funds in their Cash App wallet to Bitcoin; and offering free stock trading.

B. The Individual Defendants Prioritized Growth over Compliance, Allowing Cash App to Become a Tool and Safe Haven for Criminals

36. For many years, Block prioritized growth of Cash App's usage more than regulatory compliance. 220 Documents [redacted]

37. The 220 Documents show [redacted]

38. The 220 documents illustrate [redacted]

[redacted]

39. [redacted]

40. [redacted]

41. [redacted]

42. [redacted]

43. [redacted]

44. [redacted]

[redacted]

45. [redacted]

46. [redacted]

47. [redacted]

48. [redacted]

49. [redacted]

[redacted]

50. [redacted]

51. [redacted]

52. [redacted]

[redacted]

53. [redacted]

54. [redacted]

55. [redacted] as discussed further below, resulted in a January 2025 settlement that included compliance reforms and an $80 million penalty.

56. [redacted]

[redacted]

57. [redacted]

58. [redacted]

59. [redacted]

60. The coronavirus pandemic hit in 2020. By the middle of March 2020, many businesses locked down and, thus, were not able to take in-person credit card payments, which the Square device was used for.

61. Dorsey and other Block executives sought to pivot Block's growth from the merchant services to the consumer-facing Cash App business. On March 26, 2020, Dorsey

tweeted, in response to an inquiry about the use of Cash App for receiving COVID-19 relief: "People need help immediately. The technology exists to get money to most people today (even to those without bank accounts). Square and many of our peers can get it done. US government: let us help."

62. Dorsey's plea worked. Cash App usage exploded, and gross profits attributed to Cash App increased to $1.2 billion by the end of 2020, which was approaching the $1.5 billion in profits attributed to merchant services that year. At the end of 2024, according to Block's latest Form 10-K, filed in February 2025, the "Cash App" segment of Block generated more than $5.2 billion of gross profits, while the "Square" segment generated approximately $3.6 billion of gross profits. Thus, the consumer-facing Cash App segment is now a greater contributor to the Company's business.

63. By April 2020, the COVID-19 Pandemic had begun, and Dorsey had already publicly pleaded for the US government to allow people to receive COVID-19 relief benefits through Block's platform. But Dorsey, like Block's other directors and officers, was well aware that the Company did not have the compliance program in place to handle the surge in users that would follow if his plea was successful.

64. [redacted]

[redacted]

65. [redacted]

66. [redacted]

67. [redacted]

68. [redacted]

69. [redacted]

70. [redacted]

[redacted]

71. [redacted]

72. [redacted]

73. [redacted]

[redacted]

74. [redacted]

75. [redacted]

76. [redacted]

77. [redacted]

78. [redacted]

79. [redacted]

[redacted]

80. [redacted]

81. [redacted]

82. [redacted]

83. [redacted]

84. [redacted]

85. [redacted]

[redacted]

86. [redacted]

87. [redacted]

88. [redacted]

89. [redacted]

[redacted]

90. [redacted]

91. [redacted]

92. [redacted]

[redacted]

[redacted]

93. [redacted]

94. [redacted]

95. [redacted]

96. [redacted]

97. [redacted]

[redacted]

98. [redacted]

99. [redacted]

100. [redacted]

101. [redacted]

102. [redacted]

103. [redacted]

104. [redacted]

105. [redacted]

106. [redacted]

[redacted]

107. [redacted]

108. [redacted]

109. [redacted]

110. [redacted]

[redacted]

[redacted]

111. [redacted]

112. [redacted]

[redacted]

113. [redacted]

114. [redacted]

[redacted]

115. [redacted]

116. [redacted]

117. [redacted]

118. [redacted]

[redacted]

119. [redacted]

120. [redacted]

121. [redacted]

122. [redacted]

123. [redacted]

124. [redacted]

125. [redacted]

126. [redacted]

[redacted]

127. [redacted]

[redacted]

128. [redacted]

129. [redacted]

130. [redacted]

131. [redacted]

[redacted]

132. [redacted]

[redacted]

133. [redacted]

134. [redacted]

135. [redacted]

136. [redacted]

137. [redacted]

138. [redacted]

[redacted]

139. [redacted]

140. [redacted]

141. [redacted]

142. [redacted]

[redacted]

143. [redacted]

144. [redacted]

[redacted]

[redacted]

[redacted]

145. [redacted]

146. [redacted]

[redacted]

147. [redacted]

148. [redacted]

149. [redacted]

[redacted]

150. [redacted]

151. [redacted]

152. [redacted]

153. [redacted]

154. [redacted]

[redacted]

155. [redacted]

156. [redacted]

157. [redacted]

[redacted]

158. [redacted]

[redacted]

[redacted]

159. [redacted]

160. [redacted]

[redacted]

161. [redacted]

162. [redacted]

163. [redacted]

[redacted]

[Emphasis added.]

164. [redacted]

165. [redacted]

[redacted]

166. [redacted]

167. [redacted]

[redacted]

C. Regulatory Actions Result in Hundreds of Millions of Dollars in Restitution and Penalties in 2025

168. [redacted]

169. [redacted]

170. [redacted]

171. [redacted]

172. [redacted]

[redacted]

173. [redacted]

174. [redacted]

175. [redacted]

on January 16, 2025, the CFPB filed a consent order settling a regulatory enforcement action against Block.[1] In it, the CFPB detailed a variety of conducts by Block where it willfully ignored regulatory requirements to make more money.

176. The CFPB "identified the following violations of law:"

> Respondent failed to provide effective customer service for Cash App in a manner that was unfair in violation of the Consumer Financial Protection Act (CFPA), 12 U.S.C. §§ 5531(c) and 5536(a)(1)(B); failed to take timely, appropriate, and effective measures to prevent, detect, limit, and address fraud on the Cash App platform in a manner that was unfair in violation of the CFPA, 12 U.S.C. §§ 5531(c) and 5536(a)(1)(B); employed dispute resolution and chargeback practices in a manner that was unfair in violation of the CFPA, 12 U.S.C. §§5531(c) and 5536(a)(1)(B); failed to comply with error resolution requirements of the Electronic Fund Transfer Act (EFTA) and Regulation E, as set forth in 12 C.F.R. § 1005.11, including § 1005.11(b)-(d), and § 1005.18(e); failed to retain evidence of compliance with the EFTA and Regulation E for a period for at least two years in violation of 12 C.F.R. § 1005.13; failed to comply with limitation of liability requirements in a manner that violated Regulation E, 12 C.F.R. §§ 1005.6-1005.7; and, through its violation of the FTA and Regulation E, violated the CFPA, 12 U.S.C. § 5336(a)(1)(A).

177. The CFPB found that Block "operates the Cash App payment system (Cash App or the App), which is a mobile payments application launched in 2013 through which consumers can send and receive money through peer-to-peer transfers" and "also supports a number of other types of transactions, including transfers of money in and out of the App and purchases using a prepaid virtual or physical card (Cash Card) linked to the funds in a consumer's Cash App account." The CFPB also found that in 2023 Block made the majority of its profits from Cash App: "Respondent made approximately $7.5 billion in gross profit in 2023, approximately $4 billion of which was generated by Cash App." Thus, Block is covered by "the CFBA because it engages in offering and providing consumer financial products and services" and by the EFTA and Regulation E because it is a "financial institution[,]" i.e., an entity that "directly or indirectly holds an account belonging to a consumer, or that issues an access device and agrees with a consumer to provide electronic fund transfer services."

178. Block failed its obligations under these respective laws. First, the CFPB detailed

[1] *In the Matter of: Block, Inc. Admin. Proceeding,* File No. 2025-CFPB-0001, Consent Order.

how Block not only failed to provide customer service, as it was required to by law, but also misled customers about its customer service coverage.

179. For a five-year period (from 2016 to February 2021), according to the CFPB, Block "failed to provide live customer support for Cash App." Block "did not provide its customers with a telephone line that had live customer support until February 2021, but still included a telephone number on the back of its Cash Card and in its Cash App Terms of Service." But this pre-February 2021 telephone number did not comply with Block's legal obligations because it "did not connect consumers to customer support of any type. Instead, it led to a pre-recorded message directing customers to contact customer support through the App. For years, it did not allow consumers to leave messages."

180. Not only was this failure to provide customers live customer support itself a violation, but Block providing a frustrating pre-recorded message induced customers to instead search online for a Cash App support telephone number, which made them vulnerable to fraudsters that posted fake customer service numbers, tricking many Block customers into providing them with information allowing the fraudsters to hijack their accounts.

181. Despite receiving consumer complaints, and even though stolen information from both Block customers and others was being used to fraudulently open Cash App accounts, Block "did not provide any reasonable mechanism for non-customer consumers to contact the company to report identity theft until it provided a live customer service telephone line in 2021." Rather, customers could only reach Block via "social media, send a letter by U.S. mail or sign up for a new Cash App account, which allowed them to contact [Block] through the App or website, and get an email response." These methods created "difficulty and delay" for "identity theft victims" that "frustrated their ability to explain the account was created without their consent or knowledge."

182. Block "did not alert consumers that it did not have a customer service telephone line, even after account takeovers from the use of fake customer service telephone numbers occurred." This silence was in spite of how Block "was aware of the fake Cash App support numbers, but did nothing to inform consumers about risks of this or other scams and fraud until

late 2020." Moreover, Block's "attempts to have ads for fake support numbers removed from the internet . . . were ineffective."

183. Even though Block did not provide live customer service until 2021, it nevertheless made representations that indicated that it did, by telling customers to call a specific phone number "[i]n case of errors or questions about your account" and that "[t]elephoning is the best way of keeping your possible losses down."

184. Furthermore, even when consumers used alternative methods to contact Block, such as through Cash App or by U.S. mail, Block "could take days" just to offer a perfunctory response "and additional time" for "a substantive response." The responses themselves were often "a form response that did not directly respond to the consumers' individual issues."

185. Block was also required, under the EFTA and Regulation E, "to promptly investigate to determine whether an error occurred within ten business days of receiving a Notice of Error from a consumer, and to report the results to the consumer within three business days after completing its investigation." But Block violated these requirements.

186. First, Block's "lack of live customer support until 2021 impeded consumers' ability to provide Notices of Error, including errors relating to Unauthorized Transfers."

187. Second, when a customer was "able to reach" Block "to provide Notices of Error," Block "delayed or avoided investigations." Block would sometimes tell customers "to look elsewhere for help rather than investigate the issue itself." Block would instead often tell customers to reach out to the merchant, bank, or law enforcement.

188. Block would also "automatically send" customers who complained "template communications called 'macros.'" These macros included those asking for further information though the questions the macros posed were for "information required by Regulation E before starting an investigation, such as whether and when the consumer attempted to contact the merchant." And when customers did not provide the information, Block "either did not complete its investigation or did not initiate an investigation at all."

189. Block also sent "pushback" macros that "told consumers there was nothing more [Block] could do and the case would be closed, even though [Block] failed to address the issue at

all."

190. And to clear unresolved cases, Block would send "inquiry" macros that "would ask consumers if their issue was still unresolved even though [Block] had not done anything to actually help the consumer resolve the issue." Block thus placed the burden on the consumer to tell Block to investigate, and by default would simply close the case.

191. Furthermore, Block implemented an arbitrary timeline of not investigating cases when matters were brought to its attention more than 60 days after the unauthorized transaction took place, which was not compliant with Regulation E.

192. When investigating an error, Block was required by Regulation E to provide provisional credits to consumers if the investigation took longer than 10 business days. But not only was Block slow to start an investigation, if it did so at all, but it also "often failed to provide provisional credits at all or in a timely manner." And though Regulation E required Block to provide a refund within one business day of determining an error was made, it often failed to do so.

193. Block also violated Regulation E by "not provid[ing] any written explanation of its findings when [it] found no error occurred or that an error occurred in a manner or amount different from that described by the consumer occurred." And Block did not inform consumers of their "right to request the documents that [Block] relied on in making its determination."

194. Block's "affirmative communications with consumers were also deficient." Block "did not always notify consumers when the consumer's account was locked due to a suspected account takeover" or "when their Cash Card was suspended." Consumers instead would find out when "they were unable to complete a transaction." And when Block "closed or froze accounts," it "did not provide any explanation of why the account was closed or frozen beyond a generic statement that the customer violated the Terms of Service." Nor did Block inform customers of its appeal process even when it implemented one around 2021. Block also responded slowly when customers did appeal.

195. Furthermore, even though Block "represented to consumers that its policy was to make refunds for Unauthorized Transfers," its "policies and practices . . . were constantly

changing, and often [were] not in compliance with Regulation E." For example, often, Block "did not actually issue refunds for Unauthorized Transfers."

196. Block "also wrongfully used the chargeback process and failed to conduct investigations of consumers' allegations of Unauthorized Transfers where the funding source was the consumer's bank account." Instead, "[e]xcept for a period of a year, from 2017 until 2022, [Block] directed consumers who alleged a peer-to-peer Unauthorized Transfer originating from their linked bank account to file chargeback requests with their bank, rather than [Block] doing its own investigation, as required by Regulation E." Furthermore, "[f]rom 2019 to at least 2023, [Block] challenged at least 75% of the peer-to-peer chargebacks it received without assessing whether the underlying transaction was unauthorized." The CFPB quoted an internal document that showed that this choice was deliberate, because a document "from August 2020 admitted, '[c]urrently we challenge nearly every chargeback we receive and make few distinctions about the nature of the payment.'" Block's "chargeback practices had the effect of reducing the number of chargebacks it had to pay out" – this was also deliberate because Block referred to the percentage of chargeback requests it did not have to pay as the "win rate" or "stick rate," which was between 25%-36% from 2019 to 2022.

197. The CFPB further found that Block's "risk controls did not sufficiently deter fraud on the platform." Though "[t]here were widespread reports that fraud was occurring on the Cash App platform, including account takeovers in which fraudsters exploited the Cash App platform to drain consumer accounts of funds[,]" Block "reassured consumers that it would protect against fraud, encouraged consumers to rely on Cash App as an alternative to a bank, and implied its platform was safe." But Block's "efforts to combat fraud were not effective" and it was not until the end of 2020 that Block conducted a "formal audit of Cash App's fraud strategy," which "concluded that [Block] did not have and should develop and establish a fraud governance model to ensure a consistent approach to fraud prevention."

198. The CFPB ordered Block to maintain a series of affirmative practices (such as a live customer service telephone line), establish a risk reporting system to the Board and to senior executives, ordered Block to pay restitution of between $75 million to $120 million, and fined

Block $55 million as a civil penalty.

199. On January 15, 2025, Block reached a multi-state settlement with a group of state money transmission regulators ("MTRs"), over deficiencies in its BSA/AML compliance program ("MTR Settlement"). The MTR Settlement was a result of a multi-state MTR examination of Block that covered the period of January 1, 2021 through March 31, 2023. The MTRs issued a joint (non-public) report on November 6, 2023, and Block provided a response on December 6, 2023 that "include[ed] a summary of new controls put into place during and following the exam period to enhance its AML Program and further planned enhancements." Though the settlement does not detail the regulators' factual findings, the settlement scope indicated that these other states found systematic deficiencies in Block's compliance systems, or a wholesale lack of them. The settlement required Block to pay an $80 million penalty and implement Board- and senior-executive-level compliance reforms, including:

> a. Retaining an independent, third-party auditor who will assess Block's AML compliance program, identify any corrective actions needed, and make reports of its assessment and Block's compliance progress to an Executive Committee of state regulators.
>
> b. Appointing a Compliance Management Committee of "Block representatives with the appropriate knowledge, familiarity, and authority to monitor compliance with" the MTR Settlement "and shall have broad representation across the key divisions responsible for developing, managing, monitoring, and maintaining Block's AML Program[.]" The committee will oversee the implementation of the MTR Settlement and liaise with the MTR Executive Committee.
>
> c. Charging the Board with the "ultimate responsibility for overseeing Block's compliance with this Order," which will include reviewing quarterly progress reports from the Compliance Management Committee, meeting quarterly with that committee, and having Board reports available to the MTR Executive Committee upon request.
>
> d. Charging Block to develop and implement a Board-approved corrective action plan if the independent auditor finds deficiencies in Block's AML program.

200. In April 2025, Block settled a regulatory enforcement action brought by the New York State Department of Financial Services ("DFS") concerning its AML, KYC (know-your-customer due diligence), and other problems with Block's compliance systems. The DFS's findings indicated that Block either had no compliance systems in place or had illegally permissive

systems in place that led to inadequate monitoring.

201. DFS explained how Block grew rapidly in the last few years, but its "policies, procedures, and processes. . . did not keep pace with [its] significant growth . . . , resulting in Block's inability to fully comply with its obligation to effectively monitor, and thereafter report, the transactions being conducted on its platforms for suspected money laundering and other illicit criminal activity." These inadequate or even illegal systems included Block's AML, KYC, cybersecurity, and consumer protection systems.

202. DFS explained:

> Section 417.2 of the Superintendent's Regulations requires that each licensee establish and maintain an AML program that complies with applicable federal laws and regulation. Federal regulation dictates that money services businesses, such as Block, must develop an effective AML program "that is reasonably designed to prevent the money services business from being used to facilitate money laundering and the financing of terrorist activities." 31 CFR § 1022.210(a). This requirement is reiterated for BitLicensees in the Virtual Currency Regulation which requires that a licensee's AML program "provide for a system of internal controls, policies, and procedures designed to ensure ongoing compliance with all applicable anti-money laundering laws, rules, and regulations." 23 NYCRR § 200.15(c)(1). Importantly, the Virtual Currency Regulation also requires that licensees "monitor for transactions that might signify money laundering, tax evasion, or other illegal activity." 23 NYCRR § 200.15(e)(3).
>
> The AML program run by Block, which governs both fiat and Bitcoin transactions on the Cash App platform, failed to adequately consider the substantial risks posed to an entity of its new size and complexity. This is demonstrated by the suspicious activity alert backlog Block maintained for an extended period of time which delayed the filing of suspicious activity reports ("SARS") and action against potential suspicious activity, insufficient screenings as required for OFAC compliance, and shortcomings in its KYC and Consumer Due Diligence ("CDD") practices, among other things.

203. DFS detailed how Block accumulated an almost tenfold increase in its transaction monitoring alerts backlog between 2018 to 2021: am 18,000-alert backlog grew to 169,000 by 2020. Block's inability to adequately monitor alerts, contemporaneously, "was caused, in part, by Block's inability to predict the impact of Cash App's growing customer base on alert volumes and staffing needs, as well as the increase in alerts generated by the implementation of new transaction monitoring tools." This growing backlog "caused an unacceptable number of days to elapse

between the filed SARs' last transaction date and the report filing dates." DFS found that "between February 2021 and September 2022 SARS . . . were at times filed over a year after the alerts were first generated." And even "[t]he average number of days between the date of the transaction monitoring alert and the SAR filing was 129 days." And while Block's policies required their own analysts to review and alert and make a recommendation on whether to file a SAR within 60 days of the alert, the actual "average number of days between the date of the transaction monitoring alert and the start of a case investigation was 70 days, which further delayed Block's reporting of suspicious activity." These cumulative delays "allowed potential suspicious, and illicit activity to continue on Block's platforms unaddressed for an extended period."

204. Furthermore, "Section 417.2(c) of the Money Transmitter Regulation and Section 200.15 of the Virtual Currency Regulation require that each licensee implement risk-based policies, procedures, and practices to ensure compliance with OFAC regulations." The DFS found that Block failed to comply with this regulation because it used a vendor that allowed for an unacceptably high percentage of suspicious transactions: "The Department's investigation revealed that, with respect to one of the vendors, Block's system did not generate alerts on Bitcoin transactions until the recipient's wallet had more than 1% exposure to terrorism-connected wallets, and Block did not automatically block transactions to wallets with exposure to terrorism-connected wallets until the exposure exceeded 10%." But "[a]ny amount of funds transferred to terrorism-connected wallets is illegal and setting threshold alerts above 0% without a risk-based analysis supporting that decision, falls short of the regulatory requirement that licensees implement risk-based policies, procedures, and practices to ensure compliance with BSA and OFAC regulations."

205. Block's compliance failures were compounded by how it failed to update screening, as DFS determined that existing service providers and employees were not subject to subsequent screening against updated OFAC sanctions listings. In 2021, Block also reported 15 rejected Bitcoin transactions late with OFAC during the examination period in violation of 31 CFR §501.604(c). Further, prior to 2023, Block did not conduct OFAC screening for restricted accounts, which transact in fiat and are subject to certain dollar-amount thresholds.

206. Block's compliance failures were also compounded in how it used "mixers," which

DFS had already warned against, and how Block rated the risks too low given their potential to host illegal activity:

> Contributing to Block's failure to effectively monitor Bitcoin transactions for sanctioned counterparties, money laundering, and other potential illicit activity risks in violation of Section 200.15(e)(3) of the Virtual Currency Regulation, was Block's deficient monitoring and risk rating of transactions that used anonymizing services aka "mixers," a type of service that obfuscates the source, destination, and/or amount involved by combining different users assets in an intermediary wallet. The untraceable and anonymous features of "mixers" makes them highly susceptible to abuse by criminal and sanctioned actors, that pose a threat to National Security.
>
> [DFS] issued guidance on April 28, 2022, in which it identified mixers as a typology virtual currency licensees should be considering when evaluating their transaction monitoring risk. Specifically, the Department's guidance states that "it is important that VC Entities evidence appropriately tailored transaction monitoring coverage against applicable typologies and red flags, identify deviations from the profile of a customer's intended purposes, and address other risk considerations as applicable. Relevant typologies related to virtual currency business activity include but are not limited to: assessing whether a virtual currency (1) has substantial exposure to a high-risk or sanctioned jurisdiction; (2) is processed through a mixer or tumbler; (3) is sent to or from darknet markets; (4) is associated with scams/ransomware; and (5) is associated with other illicit activity relevant to the VC Entity's business model."
>
> The use of mixers allows criminal actors to purchase illicit items on the "darkweb," including drugs, contraband, child sex-abuse material, and other illegal items with little risk of detection. It allows a sender to obscure the ultimate destination of funds, which could end up in the hands of terrorist organizations or sanctioned parties.
>
> Despite [DFS] highlighting the elevated risk of these wallets, Block risk rated transactions identified as having exposure to mixers as "medium" risk, rather than the "high" risk rating that is appropriate."

207. DFS "regulations require licensees to maintain effective processes and controls to identify and understand the nature and purpose of customer relationships to mitigate the risks related to money laundering and other criminal activity." The DFS "identified several deficiencies in Block's KYC/CDD [know-your-client/customer due diligence] program." These deficiencies included:

> Block did not have a formal KYC refresh process to identify changes to a customer's initial KYC information and apply those changes to review and update a customer's risk rating. Further, customers opened multiple accounts using

> different email addresses and phone numbers, thereby bypassing the transaction limits Block places on certain accounts or individuals.
>
> Of particular concern was Block's oversight of Cash App "restricted" accounts. Cash App restricted accounts are only permitted to transact in fiat under a certain limit and do not require the customer to pass full Identity Verification ("IDV"). Block did not prohibit opening of restricted Cash App accounts that shared attributes such as an email, phone number, device, and/or financial instrument with customers that were denylisted for being the subject of a SAR. This allowed bad actors to re-enter Block's platform. . . . Block imposed a transaction limit of $1,000 in a rolling 30-day period for each individual Cash App (fiat only) restricted accounts that used the same linked financial instrument. However, the monetary limit, without the limit on the number of accounts that could be opened, did not constitute an effective control, as individuals could have created multiple restricted accounts using multiple financial instruments, thereby circumventing the transaction limits. For example, a SAR was filed for $1.6 million with 91 subjects that were holders of 16,811 accounts with 19,518 transactions.
>
> As part of a 2022 internal investigation, Block self-identified over 8,000 accounts linked to Russian criminal networks. . . . However, this discovery further highlights the gaps in Block's KYC and on-boarding practices. The approximately 25-30 subjects involved in the Russian criminal network were able to open 8,359 Cash App accounts using falsified information, auto-generated email addresses and phone numbers before the conduct was detected by Block.

208. DFS also found "compliance failures within Block's cybersecurity program[,]" which included a complete lack of Board-level supervision:

> Initially, [DFS's] investigation revealed that Block's Information Security Policy ("ISP"), as well as other policies that make up the Company's cybersecurity programs were not subject to annual board review and approval, as required by 23 NYCRR § 200.16(b) until October 26, 2023. Instead, ISP review was delegated to Block's Chief Information Security Officer ("CISO"), which falls short of the requirement in Section 200.16(b) that the licensee's cybersecurity policy "be reviewed and approved by the Licensee's board of directors or equivalent governing body at least annually."
>
> 23 NYCRR § 200.16(b). [DFS] further determined that Block's cybersecurity policy failed to address capacity and performance planning as required by 23 NYCRR § 200.16(b)(5).
>
> Block also failed to maintain a compliant Business Continuity and Disaster Recovery ("BCDR") plan. Block's BCDR plan was narrow, addressing only the Company's pandemic response plan and one additional scenario. Section 200.17(a) of the Virtual Currency Regulation requires that a licensee's BCDR plan address the documents, data, facilities, infrastructure, personnel, and competencies essential to the continued operation of the Company's business, the procedures for back up of documents and data essential to the operations of the Company and

> storing of information offsite, and identification of the third parties necessary for the continued operations of the Company's business. 23 NYCRR § 200.17(a). Though product-level teams at Block undertook business continuity processes, this was not reflected in a companywide BCDR plan that complied with the regulation.
>
> Moreover, while Block did conduct testing of its BCDR plan on an annual basis, [DFS] found no evidence that the tests were observed by qualified internal personnel or qualified third parties, in violation of 23 NYCRR § 200.17(e).

209. Block also violated certain consumer protection regulations in that, even when Block had required disclosures, they were not presented to consumers "in 'clear, conspicuous, and legible writing.' Instead, the required disclosures were disseminated between various pages of the Cash App Terms of Service document." Furthermore, "Block failed to provide receipts containing the Company's refund policy or a statement of liability for non-delivery or delayed delivery as required by 3 NYCCRR § 406.3(f)."

210. DFS summarized Block's violations as follows:

> Block failed to maintain an effective and compliant anti-money laundering program in violation of 23 NYCRR § 200.15 and 3 NYCRR § 417.2.
>
> Block failed to obtain annual approval of its cybersecurity policy by its board of directors, in violation of 23 NYCRR § 200.16(b).
>
> Block failed to maintain an adequate business continuity and disaster recovery policy and ensure independent testing of its business continuity and disaster recovery policy and ensure independent testing of its business continuity and disaster recovery policy, in violation of 23 NYCCRR § 200.17.
>
> Block failed to provide required disclosures of the risks of virtual currency transactions in a clear and conspicuous manner, in violation of 23 NYCRR § 200.19(a).
>
> Block failed to provide required disclosures on receipts for money transmission transactions, in violation of 3 NYCRR § 406.3(f).

211. DFS fined Block $40 million, imposed a monitor to review Block's AML/BSA and Sanctions program, as well as prepare a report to DFS, and oversee remediation.

1. The Individual Defendants Were Made Aware of Cash App's Role in Child Sex Exploitation but Sought to Increase Usage Among Minors

212. Numerous public reports highlighted the use of Cash App to facilitate illicit activity. Per a November 1, 2021, article on Moneylaundering.com titled, "Amid Pandemic, Human

Traffickers Collecting Fees Through Mobile Platforms," it was publicly noted that "Human Traffickers have continued their pivot towards peer-to-peer payment channels during the Covid-19 pandemic. . . ." According to Sara Crowe, a senior director of Polaris (a nonprofit group that manages the U.S. National Human Trafficking Hotline): "We do see multiple peer-to-peer platforms show up in our data . . . but when it comes to sex trafficking in the U.S., by far the most commonly referenced platform is Cash App. . . . It is probably the most frequently referenced financial brand in the hotline data." Notably, the Company was offered the opportunity to respond to inquiries from the article's author, and it provided intentionally misleading pablum regarding the Company's illusory compliance, KYC, and AML procedures.

213. Similarly, a November 3, 2022 Forbes article, titled "*For Sex Traffickers, Jack Dorsey's Cash App Is 'King*,'" similarly publicly noted the prevalent use of Cash App by sex traffickers and child pornographers.

214. A "former compliance employee" discussed in the Hindenburg Report stated that there were worrying signs that criminal and illicit sexual activity was being facilitated by Cash App through "see[ing] a lot of Lyft or Uber rides late. . . multiple rides in one night" and "hotel purchases" and "travelling." But "Block seemingly chose to ignore the signs, instead refusing to 'unbank' users regardless of the circumstances."

215. But none of the subsequent minutes or presentations reflect any engagement with this problem. This problem appears to have continued to fester because prominent nonprofit organizations continue to highlight how sex trafficking and child exploitation in particular remain problems that Cash App in particular are at the center of. Though numerous news reports, including as early as 2021, were written about Cash App's role in sex trafficking, the 220 Documents show that the issue was brought to ARC's attention only once, in February 2023, and only in reference to two Forbes reports. [redacted] As for the problematic patterns identified by a former employee that the March 2023 Hindenburg Report highlighted, none of the Board or ARC minutes or materials brought up this problem at all.

216. An April 3, 2024 letter from the National Center on Sexual Exploitation ("NCOSE") to Cash App CEO Brian Grassadonia, Block co-founders Dorsey and McKelvey, and then-Block CLO Chrysty Esperanza urged Cash App to develop verification procedures because its lack of such made it the app of choice for child sexual abuse material, human trafficking, and sex trafficking payments. NCOSE cited to news and nonprofit reports over the last couple of years that showed how widespread the problem was. NCOSE highlighted:

> *Cash App is built to encourage teens, predatory adults, and sex traffickers to use the app over competitor platforms because of its lack of meaningful age and identity verification or content moderation. Cash App's very design and policies make it appealing for those wanting to commit crimes and for illegal transactions to occur.*
>
> . . .
>
> Cash App's lack of robust age and identi[t]y verification measures and refusal to moderate their platform makes it a breeding ground for child sexual abuse and exploitation. . . .
>
> Despite Cash App's own written policies requiring users to be at least 13 years old, users 13-17 to have an adult sponsor, and stating that when users "attempt to cash out, send, or receive payment using Cash App, [they] will be prompted to verify [their] account with [their] full name, date of birth, and address for security purposes," these faux policies are not enforced. For example, at no point were NCOSE researchers asked to verify their account by providing a street address when sending, receiving, or cashing out money during peer-to-peer (P2P) transactions. Further, when researchers were asked to verify their age, Cash App did not require any identifying documents or Social Security Number to confirm the user's age. NCOSE researchers also found that a debit card did not have to match the name on a user's Cash App account.
>
> In September 2021, Cash App launched Cash App Teens, opening the app to users between the ages of 13 and 17, as long as they received the approval of a parent or guardian. But the reality is *teens don't even need to have an adult sponsor to use Cash App's P2P transaction services. In fact, users don't need to verify their age or ID when using P2P transaction services on the app*.
>
> To make matters worse, by default, all Cash App accounts are public, meaning that anyone can search a user's $Cashtag. Additionally, all incoming friend and transaction requests *are set to "allow all."*

[Emphasis added.]

217. Furthermore, NCOSE pointed out, "Despite longstanding problems with CSAM [child sexual abuse material] buying and selling on the platform, Block has never submitted any reports of CSAM to the National Center for Missing and Exploited Children's (NCMEC) Cyber

Tipline since it began operating in 1998, while its competitor PayPal has." Moreover, "Cash App has failed to moderate and ensure safety on its platform with the urgency the situation requires, falling drastically behind its competitors."

2. Cash App's Attempts to Reduce "Friction" Made It an Easy Platform to Facilitate Crime

218. [redacted]

219. The widespread problems in Cash App, [redacted] became a matter of widespread public knowledge in 2023, when Hindenburg Research published a report consolidating all the various information sources, as well as interviews with employees or former employees, in one place.

220. Cash App was designed to be easy to use, and its consumer base was envisioned from the beginning to include the "unbanked" (i.e., people for whatever reason who did not have bank accounts). To open a bank account, one would have to provide a variety of personal information, including proof of identification, place of residence, a social security number, and other personal identification information. But when Cash App was launched, all one needed to sign up for it was an email address or a phone number, as well as a zip code rather than a full address. And to send money, all one needed was to be connected to a debit card (which could include prepaid cards), where the sign-up process was much less involved than a bank account signup.

221. The Cash App sign-up process was designed to be "frictionless." To reduce the "friction," Block's directors and officers removed certain compliance safeguards from its Cash App product meant to ensure that the accounts were not fraudulent or otherwise problematic.

222. Block's frictionless onboarding process resulted in Cash App being a platform that invited and facilitated fraudulent conduct, illicit activity, and potential money laundering.

223. "Frictionless" sign-up and usage created disincentives to implement well-functioning anti-money laundering ("AML") protocols, know-your-customer ("KYC")

procedures, or sanctions controls.

224. A March 2023 report by Hindenburg Research (the "Hindenburg Report") noted that although Block appears to have a "principled mission" of helping disadvantaged people who do not have access to standard banking services, Block's business "seems to have simply embraced non-compliance as a tactic to grow its user base."

225. Per the Hindenburg Report: "Cash App's embrace of non-compliance begins by making it easy for users to get on the platform, easy for them to get back on the platform if their accounts are closed, and easy to remain anonymous or operate under blatantly false identities."

226. To this day, Block proudly discloses how accounts do not correspond to individuals, because either an account can hold multiple individuals (such as family members), or an individual can have multiple accounts. For example, in the latest Form 10-K, filed on February 26, 2026, Block discloses, "Certain [Cash App] accounts may share an alias identifier with one or more other transacting active accounts. This could represent, among other things, one customer with multiple accounts or multiple customers sharing one alias identifier (for example, families)."

227. As a result of the Company's non-compliant practices, Cash App has become a well-known tool for criminals seeking to facilitate payments for illicit activities. In 2020, Nigerian music artist, Bella Shmurder released a song called "Cash App," which carried the titular refrain: "Cash App, Cashout." Per Bella Shmurder, the song was intended to lift the spirits of Nigerian internet scam artists, known as "Yahoo Boys," to help deal with the stress of engaging their unlawful business.

228. Per the Hindenburg Report, in 2022—the year after acquiring the music streaming platform Tidal—Block even went so far as to promote a different song, also titled "Cash App," that includes lyrics indicating the singer paid hitmen with Cash App ("I pay them hitters through Cash App"). Notably, the song's artist, known as "22Gz," was arrested on attempted murder charges in April 2022. According to the report, Cash App funded a promotion on YouTube connected to the music video, wherein 22Gz requested viewers to submit their Cash App name in exchange for the chance of winning $1,000.

229. The Individual Defendants ignored red flags of the criminal use of the Cash App

platform. This includes numerous musical artists referencing using Cash App to facilitate criminal payments. Indeed, in an April 2021 GQ article titled: "*Hip-Hop Loves Cash App, and that Might Be Why Jack Dorsey Bought Tidal*," it was publicly noted that there were hundreds of references to Cash App in hip hop music. The 2020 megahit by Roddy Rich, "The Box," provides another example, where the rapper suggests that he paid for a sex act through Cash App. Indeed, Block appears to have intentionally partnered with rappers to promote the use of Square and/or Cash App, including 22gz., Travis Scott, Megan thee Stallion, and Cardi B. In turn, references to use of the platform for unlawful purposes have proliferated, indicating both the success of the Company's marketing strategy, and the general public knowledge that Cash App could be used to facilitate crime.

230. Dorsey, for example, often bragged at investor conferences about how Cash App had wide usage because of how often it appeared in rap songs, according to Hindenburg.

231. As noted above, Hindenburg also cited how rap artist 22Gz sponsored a cash giveaway to promote the video for his song, "Cash App," which included lyrics about "pay[ing] them hitters [i.e., hitmen or contract killers] through Cash App."

232. One sign of Block's poorly designed compliance system was how it was reluctant to deny anyone an account. When Block closed a Cash App account due to suspected improper activities, the offender would often create other accounts to get back into the Cash App ecosystem.

233. The Hindenburg Report found: "Based on more than a dozen interviews with former employees involved in Cash App, pressure from management has resulted in a pattern of disregard for Anti-Money Laundering (AML) and Know Your Customer (KYC) laws." This disregard for AML and KYC laws has led to "a proliferation of fake accounts that facilitated scams, resulting in Block benefitting from increased transaction-based revenue along with inflated user metrics."

234. The Hindenburg Report further found: "Multiple former customer service reps we interviewed described how Cash App's user data has been inflated by single individuals that have numerous associated accounts, sometimes numbering in the hundreds. Often there were associated with blacklisted accounts banned for fraud or other policy violations."

235. Cash App internally can approximate how many users have multiple accounts but does not disclose this to the public. As the Hindenburg Report describes, "Cash App has used customer management software that helps visualizes [*sic*] how user accounts are linked by various pieces of data, according to former employees." The software shows how an account may be connected to others through a shared Social Security number, phone number, email address, bank account, or device. According to the Hindenburg Report, former customer service representatives have estimated that between 40-75% of accounts they reviewed would have more than a dozen linked accounts, and "[t]hese densely packed connections are a red flag for fraud[.]" Another former employee called these multiple connected accounts "the web of lies."

236. Because the only thing needed to join Cash App was initially an email address or a phone number (later changed to also require a zip code), "Block created a system in which users could join the platform multiple times, even after getting kicked off for fraud." The Hindenburg Report recounts how a "former employee explained that getting kicked off Cash App was just a temporary problem" for a given individual: "It wasn't like, TSA's No-Fly list. You know it was kind of like the account will get closed and then they'll try it again and maybe get to use it for a little while longer, until, you know, maybe the next account gets closed."

3. To Gain Covid Relief Customers, Cash App Neglected Measures to Fight Fraud, Thereby Facilitating and Profiting from Its Customers' Unlawful Activities

237. The Hindenburg Report detailed how Block's poor compliance led to massive fraud when Block promoted Cash App as an easy way to receive COVID-19 relief funds and convinced various agencies and banking partners to make it the go-to platform for distributing relief to the underbanked.

238. In late March 2020, Dorsey publicly pleaded: "People need help immediately. The technology exists to get money to most people today (even to those without bank accounts). Square and many of our peers can get it done. US government: let us help."

239. By April 10, 2020, Cash App began to offer direct deposit for COVID-19 relief funds. This led to an explosion of growth, with 11 million users activating the feature within

weeks of Dorsey's initial post. Block charged fees between 0.5% to 1.75% (an equivalent of about 205% on an annualized basis) to expedite Covid 19 relief payments.

240. But "[p]roblems emerged just weeks after Cash App accounts began receiving their first government payments . . . ." A former employee told Hindenburg how Cash App received pushback as states began to realize the magnitude of COVID relief fraud taking place:

> We would just come in one day, open all our systems, and we would literally get an email that says, "We're going to get a ton of pushback today. North Dakota has, you know, 20,000 accounts that are literally just being pulled back today. You know another state has 100,000 that are being pulled back today." So, I mean, we knew that it was going to be a horrible day based on what states, you know, found what fraud that day.

241. The Hindenburg Report discussed various indications of how widespread the COVID-19 fraud was on Cash App, which Hindenburg discovered through public records requests to different states. For example, in Ohio, "a data sample . . . showed that Cash App's partner bank Sutton Bank, received around $956 million of all [Pandemic Unemployment Assistance ("PUA")] funds distributed in that state, making Sutton the 5th largest processor overall." Also, per the report: "The data indicated that 'Square' – the parent company's name at the start of the pandemic – was identified with Sutton Bank." Sutton Bank received 32,120 claimants' payments that were later "disallowed" because of "suspicions of ineligibility including for reasons of fraud." This was "nearly 8x the 3,884 disallowed claimants paid by Huntington Bank, the top processor of PUA payments for Ohio at $1.9 billion—double the amount Sutton Bank processed." The Ohio data further showed "that of the claims flagged as suspicious . . . 31,726 were from applicants using a Sutton Bank account that had been used by at least one other claimant." This duplicate use was nearly 10 times the rate of Huntington's, where only 3,390 transactions flagged as suspicious had duplicate use. "Block ignored both internal and external warnings that multiple individuals using the same bank account number to receive government funds was a brazen red flag of fraud."

242. Another public records request by Hindenburg showed that Sutton Bank, which counts Block as one of its largest clients for third party deposits, "was the second largest bank in terms of suspect payments" and the state "attempted to retrieve $50 million from Sutton, or roughly 10% of the total suspect funds it was seeking to retrieve." This encompassed more than 69,000 Cash App payments. Furthermore, the Massachusetts data showed that "[s]uspect payments sent through Cash App partner Sutton Bank were 82% higher than those of JP Morgan, and 108% higher than Wells Fargo . . . despite the fact that J.P. Morgan and Wells Fargo had 4x to 5x more deposit accounts than Cash App directed deposit-enabled accounts. . . ."

243. Hindenburg Research obtained Washington state information showing a similar magnitude of relative fraud through Cash App compared to traditional banks: "Cash App's partner bank had more suspected fraud losses than any other banks, including significantly larger banks like Wells Fargo and JP Morgan." Indeed, "Sutton Bank accountholders received more than double the suspected fraudulent payments of accountholders at Wells Fargo and JP Morgan Chase combined. . . ."

244. The Hindenburg Report detailed "obvious lapses in Cash App's compliance processes [that] facilitated its disproportionate pandemic-related fraud." And "[r]ather than responding to warnings regarding these lapses, Block management mostly ignored them in the interest of preserving its growth engine, despite the consequences to taxpayers, according to interviews with former employees."

245. "The biggest pandemic compliance failure by Cash App was the company's willingness to allow multiple individuals to receive payments into a single account, according to numerous former employees." One former employee commented on how an "account is getting unemployment payments from 7 different states in 72 different names, there's a problem." Another employee said they alerted management to "all these mismatches" akin to "John Smith

from Indiana going into an account named Fred Flintstone living in California," but was ignored. Another employee mentioned, "Some people were taking multiple months to get their money and when checks were coming in they were (for) $8,500 and so people were going out there and they're stealing, you know, hundreds of these and they're going into one account." Another employee discussed how competitors like Chime were more strictly matching deposit-designee names with accountholders' names. But "[r]ather than address the problem, Cash App executives came up with bizarre scenarios for why such transactions might be legitimate. Possible explanations included Cash App accounts being used as joint accounts for numerous individuals across multiple different states, according to a former employee. . . ." Another employee commented on how "[t]he bulk of the fraud . . . coincides with Square's stock increasing 200% . . . and it dropped off significantly after the pandemic payments stopped."

246. Hindenburg pointed out that simply having a physical card be mailed and to be activated by the user would have been a "simple precaution" to "thwart identity thieves as cards are frequently ordered using the address of the identity theft victim." But Block and Cash App failed to implement even this simple measure because it created "friction" that "would have threatened to slow down growth." The Company refused to take this precaution even "after complaints about unordered cards began to flood Cash App and Sutton Bank. When compliance investigated, it was clear the accounts were active and had already received suspect payments . . . ." Another "employee said the company also allowed cards to be sent to addresses not on file, a change that allowed scammers to redirect cards away from the addresses of identity theft victims. . . ."

247. Hindenburg also found that Block used a shoddy verification system run by a third party, IDology, where Cash App "overlooked other identity theft red flags, such as use of old addresses, unknown phone numbers and dozens of people sharing a single address[.]" One former

employee indicated that over one hundred accounts may share one address even though that address would be for a single family home. Another employee stated: "There are really no controls with them. It's like the wild, wild West."

248. In July 2020, the U.S. Secret Service and Department of Labor issued a bulletin flagging the types of risky transactions and practices that were widespread in Cash App, such as "account holder names and ACH remittance names not matching; payments made by states to account holders who resided out-of-state; and multiple payments for multiple individuals going into the same account" but that these "red flags" were apparently ignored by Cash App.

249. In October 2020, FinCEN also warned about unemployment insurance fraud in October 2020, "focused on multiple individuals receiving payments in the same accounts, recipients receiving payments whose names were not listed on an account, and payments by state agencies to individuals who appeared to reside outside of that state." Nevertheless, the Individual Defendants continued to ignore such red flags.

250. Hindenburg found that it was only in January 2021, after ten months of accepting COVID relief funds, that "Block implemented a software application intended to block government ACH transfers when those transactions appeared suspicious," but Block "continued to allow the worst red flag – Cash App accounts receiving payments for multiple individuals." A former employee described how "Cash App eventually started using its software to flag name mismatches but then decided to allow 1 name mismatch before blocking payments." Scammers adapted by creating "even *more* Cash App accounts as they set up accounts for *each* transaction."

4. To Facilitate Growth and Profits, Cash App Skirts Regulatory Requirements

251. The Hindenburg Report documented numerous policies that violated the law.

252. For example, until approximately early 2023, Block did not require users to give their full Social Security numbers to obtain Cash Card, Cash App's prepaid debit card. Instead, users were only required to provide the last four digits of their Social Security number. But, as the Hindenburg Report pointed out, "[u]nder the USA Patriot Act, financial institutions are required to collect taxpayer identification numbers, such as Social Security numbers" and "[p]repaid cards,

such as those issued for Cash App, were determined to fall under the same customer identification requirements as bank accounts." But multiple former employees told Hindenburg that Block did not collect full Social Security numbers, and Hindenburg researchers, in June 2022, confirmed this in their own testing.

253. Hindenburg researchers confirmed in their "recent check in March 2023" before their report was published that Block "looks to have made a recent change that now requires the full 9-digit Social Security Number in order to secure a Cash Card. . . ." The Hindenburg Report notes that this acknowledgement "that the full Social Security number is a legal requirement" was "seemingly an admission of past illegality."

254. Furthermore, Hindenburg concluded, "Cash App's 'frictionless' and 'magical' business model is built on avoiding regulations, gouging users through excessive fees, and hyping up non-existent innovation. . . ."

255. For example, Block collects a lot of "merchant" or "interchange fees," which a Credit Suisse research report from 2022 estimated was about 35% of Cash App's revenues. Though interchange fees are capped for banks under the Dodd-Frank Act, Block "skirts the interchange fee cap, increasing the fees on a typical retail transaction by anywhere from an estimated 1.27x to 5x, imposing that inflated cost on many of the merchants and small businesses it claims to be hyping." Block skirted limits by partnering with Sutton Bank, which qualified for the small bank exemption under Dodd-Frank. Sutton Bank formally issued the prepaid debit card, but "the bank's role [was] minimal, with Cash App providing marketing of the card, onboarding of users, and customer support."

256. The Hindenburg Report also described how Block would obfuscate Cash App's peer-to-peer fraud losses by categorizing them among Block's "sales and marketing" expenses.

257. Former employees also described how the losses due to fraud were so high that it was like "running the heat, but with the window open. . . ." As a result of the high degree of fraud, and to stem customer complaints, Cash App would often automatically refund disputed card charges of less than $25, thus decreasing by far the profitability of Cash App.

258. The Hindenburg Report describes how "the state of Cash App heading into 2020"

was a platform "[o]verrun with identity theft, open to business for fraudsters and criminals, often unwilling to respond to pleas for help from users, futile demands for restraint from compliance employees, and obscuring its fraud problems to investors."

D. Additional News and Investigative Reports Further Highlight Block's Compliance Failures

1. A February 2024 NBC Report Buttressed the Hindenburg Report

259. In February 2024, NBC reported on a whistleblower complaint made to FinCEN that further detailed the type of compliance failures that Hindenburg had earlier uncovered. NBC reported that "Federal regulators are exploring allegations by two whistleblowers that Cash App, the popular mobile payment platform, and entities providing transaction services to its users performed inadequate due diligence on customers, potentially opening the door to money laundering, terrorism financing and other illegal activities."

260. According to NBC, "While banks are required to know the true identity of every customer, the Cash App program 'had no effective procedure to establish the identity of its customers,' the whistleblowers said." The whistleblowers further describe "an array of questionable Cash App transactions with entities under sanction by the Treasury Department's Office of Foreign Assets Control, operations known to sell personal information and credit card data for illegal purposes, and offshore gambling sites barred to U.S. citizens." Furthermore, "FinCEN officials spoke at length with the whistleblowers, their lawyers told NBC News, and said they were referring the complaint to internal investigators as well as to other federal agencies." The whistleblowers also "made submissions alleging due diligence flaws at Cash App to the Securities and Exchange Commission, the nation's top securities cop, and the Commodities Futures Trading Commission, which combats fraud in the market for digital assets. . . ." One of the whistleblowers' attorneys, a former SEC enforcement lawyer, Edward Siedle, stressed the "obvious national security issues here. . . ."

261. According to NBC, "[t]he whistleblowers' allegations cover 2016 through 2022

and describe 'a shadow financial system beyond the reach of regulators' where due diligence on Cash App's users was negligible and often did not adhere to sound banking practices and rules." Moreover, "Cash App's use of different institutions providing services for users prevents bank regulators from seeing the full scope of the transactions at the institutions" and this "siloed structure . . . 'misdirects the attention of regulators.'" The whistleblowers specify how one bank, Lincoln Savings Bank, that was used to handle customer deposits into Cash App accounts, was pressured by Cash App "to forego traditional customer due diligence to ease the process of opening accounts and to generate revenues. . . ." Meanwhile, another bank partner of Cash App confirmed to NBC that it had "no way of knowing the sources of funds transferred from Cash App accounts to the debit card for withdrawals. Those funds come into the bank in large commingled blocks from Marqeta [a fintech company that serves as a middleman for transferring funds from Cash App transactions] when a customer uses the Cash Card at an ATM or store." Meanwhile, the funds are first placed in a "pooled account [at Lincoln Savings Bank] where Cash App participants' money was deposited and held briefly until it was transferred by Marqeta to Sutton Bank for Cash Card use or to Wells Fargo." But this "meant that" Cash App's bank partners, who were subject to more stringent KYC/customer due diligence requirements, could not "monitor both the people sending the money and those withdrawing it. . . . Lincoln only saw the incoming money while Sutton watched it exit." And while Cash App could see the entire transaction, it "allowed access to the Lincoln pooled bank account for customers presenting just an email address or a phone number. . . ." By contrast, "traditional due diligence" and "federal banking regulations require a bank to obtain a customer's name, date of birth, home address, and full Social Security number or other identification number." Cash App would require only "a name, date of birth and only the last four digits of their Social Security number and 'a mailing address' for" a user to obtain a Cash App Visa prepaid debit card. Furthermore, "[m]ost of the Visa cards were 'virtual' and sent to a customer's email address." And Cash App became even more lax starting in 2018, when it "began offering transactions in bitcoin, opening the app's flawed customer due diligence to terrorist financing worldwide. . . ."

262. The whistleblowers acknowledged that "Cash App seemed to heighten its due diligence on customers in 2023" and Cash App "confirmed that the company currently requires new customers to provide a full nine-digital Social Security number." But the whistleblowers also state that "Cash App appears not to have closed accounts that were opened with inadequate vetting. Evidence for this, they said, can be seen in the market for buying access to Cash App accounts set up in the earlier years of the program when due diligence was spotty and creating the accounts didn't require identifying information, which allows buyers to avoid the due diligence involved in setting up a new account." The whistleblowers cited how these old Cash App accounts have more recently gone up for sale on the internet for more than $150, while they were around $50 previously.

2. A Follow-Up May 2024 NBC Report Further Highlights Compliance Failures at Cash App and Square

263. In May 2024, NBC published a report of whistleblowers alleging that Square also has poor compliance: "Federal prosecutors are digging into internal practices at Block . . . discussing with a former employee alleged widespread and yearslong compliance lapses at the company's two main units, Square and Cash App . . . ." According to NBC, "the former employee provided prosecutors from the Southern District of New York documents that they say show that insufficient information is collected from Square and Cash App customers to assess their risks, that Square processed thousands of transactions involving countries subject to economic sanctions and that Block processed multiple cryptocurrency transactions for terrorist groups."

264. The May 2024 NBC report detailed how Block failed to implement processes to report transactions to the government, as required by law, and did not correct processes even when alerted to the problems:

> Most of the transactions discussed with prosecutors, involving credit card transactions, dollar transfers, and Bitcoin, were not reported to the government as required, the former employee said. Block did not correct company processes when

> it was alerted to the breaches, the former employee told prosecutors and NBC News.
>
> Roughly 100 pages of documents the former employee provided to NBC News identify transactions, many in small dollar amounts, involving entities in countries subject to U.S. sanctions restrictions – Cuba, Iran, Russia and Venezuela – as recently as [2023].
>
> "From the ground up, everything in the compliance section was flawed," the former employee told NBC News. "It is led by people who should not be in charge of a regulated compliance program."

265. NBC News also spoke to a "second person with direct knowledge of Block's monitoring programs and practices" who "echoed that assessment[.]" Furthermore, Siedle, one whistleblower's lawyer, told NBC, "It's my understanding from the documents that compliance lapses were known to Block leadership and the board in recent years."

266. The May 2024 report further described Square and Cash App's compliance failures:

> Square, the other main business unit at Block, is a financial services platform used by millions of merchants. Documents provided to prosecutors and reviewed by NBC News identify instances at Square when it failed to conduct basic customer due diligence on its international merchant sellers and improperly reimbursed some of the merchants' funds that had been frozen for sanctions violations. (Merchants are considered customers at Square, while users are considered customers at Cash App). New customers at both Square and Cash App who triggered sanctions alerts at their initial screenings were permitted to conduct transactions before the alerts were resolved, the documents say. They also show instances of employees' flagging that customer biography information, such as linked social media accounts, was not screened against sanctions keyword lists.
>
> Cash App's design increased the risk of compliance lapses, the documents indicate. "Due to the nature of the product," a document said, "customers do not appear to leave stored balances in Cash App very long so our ability to block a stored balance or reject funds is limited. In virtually all situations, balances have been depleted by the time of review."

267. The former employee also told prosecutors about the findings of an outside consultant Block hired to assess its internal systems for monitoring suspicious activities, rating customer risks and screening for sanctions violations. The consultant identified almost 50 deficiencies in those systems last year, the documents show. Furthermore, prosecutors were told that "[a]long with senior management, the Block board of directors was informed of extensive

lapses at the company . . . ."

268. NBC also reported how Block had faced a similar regulatory action in 2021, when "the Bank of Lithuania ordered Verse Payments Lithuania UAB, [Block's] European version of Cash App to determine the identity of its existing clients" and how "Verse and its former head were fined last year when the Bank of Lithuania inspected Verse and 'found serious and systematic violations of the prevention of money laundering and terrorism financing.'" Block then shut down Verse in 2023.

E. Directors and Officers Also Violated Their Duty of Loyalty by Deliberately Issuing or Allowing to Be Issued Misleading Statements to Investors, Thus Violating Sections 10(b) and 14(a) of the Securities Exchange Act of 1934

269. For years, while the wrongdoing described herein proceeded unchecked, Block issued numerous statements to the investing public which were untrue or omitted pertinent facts, thereby misleading the public and artificially inflating Block's share price, in violation of federal securities laws. By issuing or allowing these statements into the marketplace, the Individual Defendants harmed Block and violated their fiduciary duties to the Company.

270. These false statements (and similar misstatements regarding the company's compliance programs) constituted actual acts of artifice intended to hide the Individual Defendant's breaches of fiduciary duty to the Company, thus tolling any statute of limitations or laches period. Even without these misrepresentations, Plaintiff and Block stockholders were entitled to rely on the Individual Defendants, each of whom is a fiduciary to Block and its stockholders.

1. Statements Regarding AML/KYC Compliance

271. On February 26, 2020, Block filed its annual report on Form 10-K for the fiscal year 2019, which was signed by Defendants Dorsey and Ahuja. Block stated therein:

> We are subject to anti-money laundering (AML) laws and regulations in the United States and other jurisdictions. *We have implemented an AML program designed to prevent our payments network from being used to facilitate money laundering, terrorist financing, and other illicit activity.* Our program is also designed to prevent our network from being used to facilitate business in countries, or with persons or entities, included on designated lists promulgated by the U.S. Department of the Treasury's Office of Foreign Assets Controls and equivalent applicable foreign authorities. *Our AML compliance program includes policies,*

> *procedures, reporting protocols, and internal controls,* including the designation of an AML compliance officer, and *is designed to address these legal and regulatory requirements and to assist in managing risk associated with money laundering and terrorist financing.*

[Emphasis added.]

272. On October 11, 2020, an investigative report in the New York Times discussed fraud on mobile payment apps. According to the article, "fraud issues have been particularly acute for . . . Cash App." In response, a Block spokesperson acknowledged that Block was "aware that there has been a recent rise in scammers trying to take advantage of customers using financial products, including Cash App," but claimed that *"[w]e've taken a number of proactive steps and made it our top priority.*" [Emphasis added.]

273. On November 18, 2020, CNBC published a story on app-based financial fraud, which stated that "online complaints on Google Play and the App Store about fraud and scams have been on the increase this year, with the most related to Cash App." In response, a Cash App spokesperson said, "*Preventing fraud is critically important to Cash App. We continue to invest in and bolster fraud-fighting resources by both increasing staffing and adopting new technology. We are constantly improving systems and controls to help prevent, detect, and report bad activity on the platform.*" [Emphasis added.]

274. On April 23, 2021, after Little Rock, Arkansas-based television station KATV ran a report on an Arkansas woman who was "scammed out of $4,800 after using Cash App," a Company spokesperson gave the same canned response: "*Preventing fraud is critically important to Cash App. We continue to invest in and bolster fraud-fighting resources by both increasing staffing and adopting new technology. We are constantly improving systems and controls to help prevent, detect, and report bad activity on the platform.*" [Emphasis added.]

275. On August 15, 2021, in response to an NBC News investigation, a Cash App spokesperson stated that Cash App "*enhanced our systems to monitor and act upon deposits that we deem to be risky,* despite coming from largely trusted sources like state unemployment agencies. We also partner with law enforcement and government agencies to investigate potential fraud and work collaboratively to return those funds when possible." [Emphasis added.]

276. On August 24, 2022, in response to an article published by Vice on fraud on Cash App, a Company spokesperson once again issued the canned Company line: "*Preventing fraud is critically important to Cash App. We continue to invest in and bolster fraud-fighting resources by both increasing staffing and adopting new technology. We are constantly improving systems and controls to help prevent, detect, and report bad activity on the platform.*" [Emphasis added.]

277. On March 30, 2023, Block stated publicly that its "*approach to compliance is consistent with other financial services platforms,*" and that "*the company's compliance investments have grown more than twice as fast as overall gross profit, and compliance investments have also meaningfully increased as a percentage of our overall operating expenses.*" [Emphasis added.]

278. On May 4, 2023, during the Company's 1Q23 earnings call, Dorsey stated:

> We also want to make sure that we continue to build trust. And as I talked about before, trust is earned in many ways. It's through transparency, through reliability, dependability, and that is all something that we earn. We're not given, and that comes over time. *And a lot of that has to be focused on how our customers ultimately trust us, our partners, including our banking partners and the regulatory—regulators trust us as well. So this is a significant focus for us and always has been.* It has to be, as you do anything in the financial space and certainly always been part of our mindset and our approach and turn it over to Amrita to talk about benchmarking against peers and more broadly investment.

[Emphasis added.]

279. Ahuja continued:

> In order to do that, *we must maintain a culture of compliance and responsible risk management, including through investment in programs, processes, controls and teams with deep compliance expertise, prioritizing compliance ultimately helps us drive trust to their customers with regulators and external partners, and that enables us to then develop innovative products responsibly. We have significantly grown our investment in compliance over the last few years.*
>
> At a company level, we expect to invest approximately $160 million in compliance in 2023, which represents an increase in our investment dollars of more than 5x since 2020, outpacing OpEx growth by approximately 2x during that same period. *Specifically within Cash App, the pace of growth on compliance investment has been even faster than that.* With regards to how you might benchmark that, other companies may calculate compliance investment differently. So it can be hard to benchmark across companies. What we include in these figures is investments that

go towards personnel as well as software and tooling amongst other areas to support our program.

These dedicated compliance resources support our business units and our customers that our business units serve and ultimately provide oversight across the ecosystem. Maybe just to very quickly handle, you also asked about banking -- sort of banking crisis and our partner ecosystem. Look, we benefit from having a diverse ecosystem of products and services with diverse business models. As you heard now with 14 revenue streams at $100 million or more in gross profit, up from 11 a year ago. Across our products and our partners, we are always focused on building redundancies wherever we can in addition to assessing potential future risks. So we have a diverse set of products, and we build redundancies where we can, and we have a transparent approach to our partnership as we always have.

[Emphasis added.]

280. The above statements were materially false and misleading because combating scamming at Cash App was not Block's "top priority." Further, the statement omitted material facts about Block's deficient compliance practices, including that: (i) Cash App's compliance infrastructure was chronically under-resourced, fundamentally flawed, and reliant on substandard systems and processes for customer due diligence, identity verification, and transaction monitoring that violated AML and sanctions laws and enabled widespread fraud, illegal activity, and the creation of duplicate accounts; (ii) Cash App's "frictionless" user experience—characterized by lax onboarding protocols—further facilitated misuse by bad actors engaged in identity theft, scams, and the exploitation of public assistance programs; and (iii) Block's senior leadership knowingly deprioritized compliance in favor of growth, [redacted]

2. Statements Regarding User Metrics

281. On February 26, 2020, Block sent a letter to shareholders regarding the Company's 4Q19 results, signed by Defendants Dorsey and Ahuja. In the letter, Defendants discussed the growth and strength of Cash App through the metric of "*active Cash App customers,*" which the Company defined as a "*customer [with] at least one cash inflow or outflow during the specified period.*" Defendants represented that "*Cash App had approximately 24 million monthly active customers in December 2019, achieving 60% year-over-year growth.*" [Emphasis added.]

282. On May 6, 2020, Block sent a letter to shareholders regarding the Company's 1Q20 results, signed by Defendants Dorsey and Ahuja. In the letter, Block again discussed the growth and strength of Cash App through the same metric of "*transacting active Cash App customers.*" Block represented that, in March 2020, "*Cash App added its largest number of net-new transacting active customers . . . before exceeding this monthly high again in April.*" [Emphasis added.]

283. On August 4, 2020, Block sent a letter to shareholders regarding the Company's 2Q20 results, signed by Defendants Dorsey and Ahuja. In the letter, Block again discussed the growth and strength of Cash App through the same metric of "*transacting active Cash App customers.*" Block represented that Cash App's quarterly "*[g]rowth was . . . driven by strong acquisition of net-new transacting active Cash App customers and increased adoption of other products in our ecosystem.*" [Emphasis added.]

284. During the Company's August 5, 2020 earnings call, one analyst asked about "the sustainability of Cash App":

> Question: I heard the 200% growth in July and the 100% obviously was running at before. So I know the sustainability question is really hard to answer, given stimulus and the uncertainty there, but anything else to help maybe unpack the thinking if stimulus isn't extended? What might happen? Then the 30 million users, how sticky do you think that number is? You acquired them. How do you expect to retain them and monetize that given the various scenarios that are out there?
>
> Ahuja: . . . *First, as you noted, customer acquisition, which remains a top priority for Cash App, and we continued to rapidly expand our network here. In June, we had over 30 million monthly active[s], which is up approximately 25% just in the past six months, and this was followed in July by our highest month of net new actives added.*

[Emphasis added.]

285. During that same call, another analyst asked whether the Company had the "components . . . for an SMB [small and medium business] digital bank," as distinguished from Cash App's status as "the leading consumer digital bank or neobank in the U.S." As part of her response, Ahuja stated:

> [Cash App's strong network effects] obviously come from the peer-to-peer aspect of the service, where Cash App can acquire new customers for a fraction of the cost of other banks or a financial services company, and *that's really enabled us to scale*

> *this network of active customers rapidly and efficiently now at 30 million monthly active and growing.*

[Emphasis added.]

286. Finally, an analyst asked whether Dorsey and Ahuja could provide "some more color on the evolving demographics of these Cash App users." She also asked, "in light of the traction you've seen, what in your view could evolve to be Cash App's total addressable user base?" In response, Dorsey stated: "we do believe Cash App has reached a mainstream scale, and that's with over *30 million monthly active customers in June. And these are monthly active customers, not overall accounts.*" [Emphasis added.]

287. On November 5, 2020, Block sent a letter to shareholders regarding the Company's 3Q20 results, signed by Defendants Dorsey and Ahuja. In the letter, Block again discussed the growth and strength of Cash App through the metric of "*transacting active Cash App customers.*" Block represented that "*Cash App saw increased engagement as customers adopted multiple products: In the third quarter of 2020, the number of average daily transacting active Cash App customers nearly doubled from the same period last year.*" The letter also stated: "*Given Cash App's strong growth during the third quarter,* we will continue to focus on customer acquisition and product velocity for Cash App. *We see a compelling opportunity to invest in acquiring new customers, driven by peer-to-peer payments as well as creative marketing strategies.* We intend to continue identifying opportunities to launch new products and expand the ways that Cash App can help customers manage their money." [Emphasis added.]

288. On February 23, 2021, Block sent a letter to shareholders regarding the Company's 4Q20 results, signed by Defendants Dorsey and Ahuja. In the letter, Block again discussed the growth and strength of Cash App through the metric of "*transacting active Cash App customers.*" Block represented that as of December 2020, "*Cash App had more than 36 million transacting active customers, up more than 50% year over year.*" Block pointed to the "network effects" stemming from this "[g]rowing" network as the cause of the "*low acquisition cost of fewer than $5* in 2020 for a new transacting active customer." [Emphasis added.]

289. The Company's Form 10-K, reporting 4Q20 results, and signed by Defendants

Dorsey, Ahuja, Botha, Brooks, Deighton, Garutti, McKelvey, Meeker, Patterson, Summers, Viniar, and Walker, stated:

> Our Cash App Customers: As of December 2020, Cash App had more than *36 million monthly transacting active customers* across the United States and Europe who had at least one financial transaction using any Cash App product or service during the specified period. In 2020, Cash App was the number one finance app in both the iOS App Store and Google Play, and was the number nine and number five app in the iOS App Store and Google Play, respectively, based on downloads in the United States. Cash App has a diverse mix of customers. In the United States, Cash App had transacting active customers in each of the 50 states and nearly every county as of December 2020.

[Emphasis added.]

290. On August 1, 2021, Block sent a letter to shareholders regarding the Company's 2Q21 results, signed by Defendants Dorsey and Ahuja. In the letter, Block again discussed the growth and strength of Cash App through the metric of "transacting active Cash App customers," stating:

> We remain focused on the health of our network, including attracting and retaining engaged customers. *In June, Cash App reached 40 million monthly transacting active customers. With our marketing efforts, we are focused on attracting customers who could use more products and bring greater funds into our ecosystem.*

[Emphasis added.]

291. During the Company's August 2, 2021 earnings call, Ahuja stated:

> From a Cash App perspective, we've seen that as we've added that weekly and daily utility with additional products and features and functionality in the Cash App that our customers have exhibited growing engagement with us. Weekly actives have steadily increased as a percent of monthly actives over time with nearly now two-thirds of our monthly – *40 million monthly actives using Cash App each week on average in June.* This engagement has, in turn, driven monetization as inflows and product adoption has increased. *Gross profit per transacting active was up 2.5 times from two years ago in the quarter and up one third from just two quarters ago.* Historically, what we've seen is that *the average customer who adopts two or more products in Cash App generates 3 times to 4 times the gross profit compared to the average peer-to-peer customer.*

[Emphasis added.]

292. During the Company's November 4, 2021 earnings call, in discussing the growth of Cash App's user base, Ahuja said: "I think a key focus area for us is the engagement of this

customer base. As we said, back in June, nearly two thirds of those 40 million monthly actives that you referenced transacted each week on average across our Cash App ecosystem."

293. On February 24, 2022, Block sent a letter to shareholders regarding the Company's 4Q21 results, signed by Defendants Dorsey and Ahuja. Block therein introduced a new term—"transacting actives" (as opposed to the previous "transacting active Cash App customer")—as a metric for measuring growth. A transacting active was defined as "a Cash App account that has at least one financial transaction using any product or service within Cash App during the specified period. A transacting active for a specific Cash App product has at least one financial transaction using that product during the specified period and is referred to as an active."

294. These metrics differ materially, in that a given individual Cash App customer may have multiple accounts, so that the number of customers on the platform is smaller than the number of accounts. Further, because of the Company's inadequate compliance processes, there were a significant number of fraudulent or illicit accounts which were not connected to a verified customer.

295. The clear reason for Block to switch from measuring and reporting customers to measuring and reporting accounts was to artificially inflate growth numbers for the Company by using a misleading apples-to-oranges comparison of customer and account numbers. Block made this misleading comparison without providing any explanation of the difference between the two very similarly labeled metrics.

296. On February 24, 2022, Block issued a Letter to Shareholders, signed by Defendants Dorsey and Ahuja, which stated:

> *Peer-to-peer payments have allowed us to virally grow Cash App's network and remained the primary driver of customer acquisition in the fourth quarter. In December [2021], there were more than 44 million monthly transacting actives on Cash App, an increase of 22% year over year. . . .* By expanding peer-to-peer capabilities, we see an opportunity to drive network effects across other products within our ecosystem and encourage customers to try new products within Cash App.

[Emphasis added.]

297. The comparison of December 2020 numbers under the prior "transacting active

Cash App customers" to the December 2021 numbers under the new "transacting active" accounts is not a fair comparison, and renders the statement materially false and misleading, creating an illusion of growth instead of the reality of stagnation.

298. Industry analysts used Block's falsely equivalent formulation in their reports, believing that the year-over-year metric comparisons showed growth. For instance, in an April 2022 report, Wells Fargo stated: "Cash App [monthly active users] were 44M at the end of '21, up by 83% from 24M in 4Q19 and 22% from 36M in 4Q20."

299. On February 24, 2022, Block filed its Form 10-K showing its 4Q21 results, signed by Defendants Dorsey, Ahuja, Botha, Brooks, Carter, Deighton, Garutti, McKelvey, Meeker, Patterson, Rothstein, Summers, Viniar, and Walker. Despite changing the Company's metric from customers to accounts in the Shareholder Letter, the Company did not disclose the change in its Form 10-K. Instead, the Company described its "customers" as follows:

> Our Cash App Customers: *As of December 2021, Cash App had more than 44 million monthly transacting actives across the United States and Europe which had at least one financial transaction using any Cash App product or service.* In 2021, across the iOS App Store and Google Play, Cash App was the number one finance app and the number four app overall, based on downloads in the United States. Cash App has a diverse mix of customers. In the United States, Cash App had monthly transacting actives in each of the 50 states and nearly every county as of December 2021.

[Emphasis added.]

300. These statements were materially false and misleading because they omitted that Block had changed Cash App's reported user metric from active customers to active accounts from the December 2021 reporting period and failed to disclose that the metrics measured different things. By conflating these two distinct metrics, the Company confused and misled investors about the nature and extent of Cash App's user growth.

301. During the Company's February 24, 2022 earnings call, Defendant Ahuja stated:

> *We grew Cash App's network to 44 million monthly transacting actives as of December for a growth of 22% year over year.* Our active base is highly engaged, and we've seen growing adoption of Cash Card, which reached more than 13 million monthly actives as of December, a 31% attach rate to our monthly active base, up from a 22% attach rate two years ago. *As we've grown our overall base of customers,* we've also seen growing usage for Cash Card customer. In the fourth

> quarter, spend for Cash Card actives increased year over year as actives used Cash Card for a diverse range of everyday purchases from fast-food restaurants to big-box retailers to gas stations and more.
>
> ***
>
> I'd just add . . . *Cash App at 44 million monthly active, growing 22% year over year,* was the No. 1 downloaded finance at in the U.S. in 2021 and the No. 4 downloaded app overall in the U.S. in 2021 on iOS. So, we are reaching mainstream scale and want to continue to enable broad-based utility, as Jack was saying, around deposits and limits. But as you see through the strength of our cohort economics, with growing ARPU $47 in the fourth quarter, up 13% year over year, with strong gross profit retention of over 125% year over year for each of the last four years and with strong ROIs at 6x over the last three years.

302. During the Company's August 4, 2022 earnings call, Ahuja stated:

> *Let's discuss some of the drivers here using our inflow framework, looking at active and inflows per active. First, we continued growth from monthly transacting actives, reaching 47 million as of June, up 18% year-over-year, with weekly and daily actives growing even faster.* We have been focused on enhancing the reality of peer-to-peer by expanding our presence in new demographics. When an active has more of their friends and family using Cash App, they have more reasons to come back and their retention often improves.

[Emphasis added.]

303. On November 3, 2022, Block sent a letter to shareholders regarding the Company's 3Q22 results, signed by Defendants Dorsey and Ahuja. In the letter, Block again discussed the growth and strength of Cash App through the metric of "transacting actives," representing that, as of September 2022, Cash App had "*more than 49 million monthly transacting actives . . . , up approximately 20% year over year.*" [Emphasis added.]

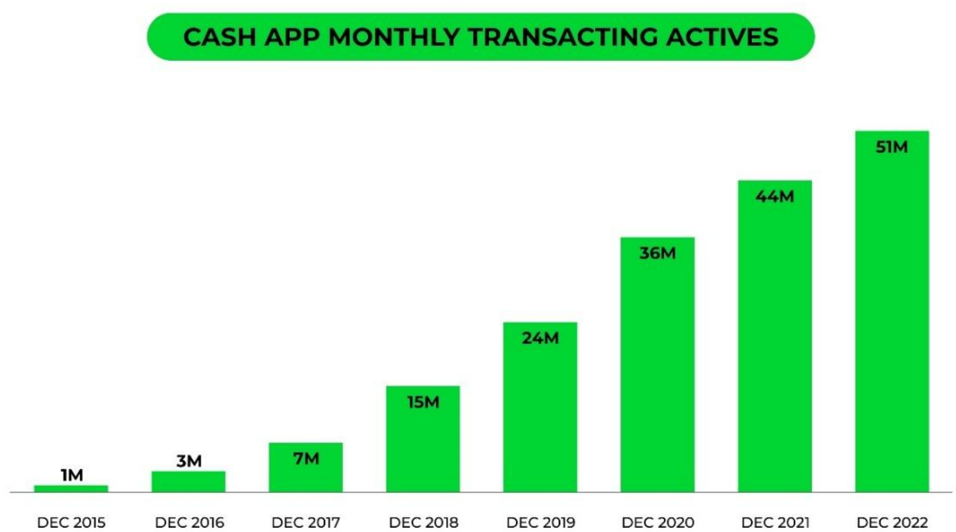
304. On May 5, 2022, Block sent a letter to shareholders regarding the Company's 1Q22 results, signed by Defendants Dorsey and Ahuja. In the letter, Block updated the definition of "transacting active":

> A transacting active is a Cash App account that has at least one financial transaction using any product or service within Cash App during the specified period. A transacting active for a specific Cash App product has at least one financial transaction using that product during the specified period and is referred to as an active. <u>Certain of these accounts may share an alias identifier with one or more other transacting active accounts. This could represent, among other things, one customer with multiple accounts or multiple customers sharing one alias identifier (for example, families)</u>.

305. In its 4Q22 Shareholder Letter dated February 23, 2023, and signed by Defendants Dorsey and Ahuja, Block represented that by the end of 2022, Cash App had "*51 million monthly transacting actives, an increase of 16% year over year*." [Emphasis added.]

306. Block's 2022 Form 10-K, signed by Defendants Dorsey, Ahuja, Botha, Brooks, Carter, Deighton, Garutti, McKelvey, Meeker, Rothstein, Summers, and Walker and filed February 23, 2023, highlighted the same metric, stating that "[a]s of December 2022, *Cash App had more than 51 million monthly transacting actives across the United States and Europe*." [Emphasis added.]

307. Block's 2022 Form 10-K also contained the below graph:



308. Financial analysts used Block's figures to show unwarranted growth. For instance, in March 2023, Phillip Capital noted the "16% YoY surge in monthly active users . . . to 51mn."

309. The Company held its 4Q22 earnings call on February 23, 2023. On the call Defendants Ahuja stated:

> So let's break down our inflows framework for Cash App. And we'll talk in a little bit more detail on 1 of the 3 measures, inflows per active, to your question. *So starting first with actives, 51 million monthly transacting actives in December. That*

grew 16% year-over-year with, importantly, weekly and daily actives growing even faster.

Over time, we've increasingly leveraged marketing to enhance the inherent virality in our peer-to-peer network efforts. And that's enabled us to drive greater acquisition and product adoption for these new customers.

I think what's even maybe more important than the 51 million is that 2 out of 3 of those 51 million transacting actives are using Cash App on a weekly basis on average. And I think that's an indication of the growth of our product ecosystem and the product adoption within it that's becoming a more and more everyday use case.

[Emphasis added.]

310. In its May 4, 2023 1Q23 earnings call, Block disclosed only the "transacting actives" metric. Ahuja stated:

I would look at unpacking Cash App's performance according to our inflows framework, where we have seen strong growth in each of the three variables that ultimately ladder up to gross profit, whether it's actives, inflows per active, or monetization rate. *So, if we look at Q1 growth, monthly transacting active were 53 million in March, up 17% year-over-year. This is really driven by both the virality of our peer-to-peer network effects, as well as increasing focus on leveraging marketing and acquisition tools to drive qualified new customers and higher product adoption over time.*

[Emphasis added.]

311. In Block's May 4, 2023 letter to shareholders regarding the Company's 1Q23 results, signed by Defendants Dorsey and Ahuja, Block stated:

Cash App has an extensive, highly engaged network rooted in peer-to-peer payments, *which allows for viral growth as current actives bring their friends and family into Cash App. Growing monthly transacting actives is a component of the inflows framework and one of the ways we drive gross profit: In March, there were 53 million monthly transacting actives.*

[Emphasis added.]

312. In Block's August 3, 2023 2Q23 earnings call, Ahuja stated:

[Cash App had a] *very attractive customer base … 54 million monthly transacting actives as of June,* who are highly engaged on our platform and inflows over $1,100 during the second quarter. And so with Cash App Pay being present as a payment device on their platform, they get access to these *customers who don't even necessarily have to have been signed-up by a Cash App Card.* And that's really the

> proposition that we're selling into these merchants—these large merchants, who are finding real product fit here with Cash App Pay.

313. On November 2, 2023, on the 3Q23 earnings call, Ahuja stated:

> *[A]s of September [2023], there were 55 million monthly transacting actives, up 11% year-over-year, with growth driven by our peer-to-peer network.*
>
> ***
>
> This is on the back though of strong results in the third quarter with -- if you look across our inflows framework, strong growth across each of the three aspects of Cash App's inflows, *whether it's active, which grew 11% year-over-year to 55 million on the back of continued viral growth in our peer-to-peer network mechanisms, or it's inflows per active, which were $1,132 in the quarter, and we're up 8% year-over-year,* relatively stable with the first half of the year. *Again, this one is really a factor of both our customers' spending power, as well as their adoption of our products and engagement with our platform.*

[Emphasis added.]

314. In its 4Q23 Shareholder Letter dated February 22, 2024, and signed by Defendants Dorsey and Ahuja, Block stated:

> As of December there were 2 million actives (3% of our monthly transacting actives) depositing their paycheck into Cash App each month, relative to 23 million Cash App Card monthly actives (41% of our monthly transacting actives) *and our broader base of 56 million monthly transacting actives. In the same way that peer-to-peer (P2P) payments was a gateway to the Cash App Card, we see the Cash App Card as a gateway to our customers adopting Cash App as a primary banking solution.*
>
> *We believe the most direct opportunity for Cash App to drive meaningful top line growth is by converting our existing base of 56 million monthly transacting actives,* who mostly use P2P and Cash App Card, into primary banking actives who deposit their paycheck into Cash App and generate significantly more inflows per active.

[Emphasis added.]

315. As recently as a December 1, 2024, online post on its website titled "How Cash App Is Fighting Scams," the Company stated: "*For our current 57 million monthly active customers,* our first line of defense is to make our platform as resilient against scams as possible." [Emphasis added.]

316. The foregoing statements and figures were materially false and misleading because

they used the apples-to-oranges comparison of customer vs. account numbers. They were also materially false and misleading because: (i) they materially overstated the size and growth of Cash App's user base by knowingly including large numbers of duplicate, fraudulent, and illicit accounts, which proliferated due to Block's inadequate AML, KYC, and sanctions compliance controls; and (ii) Block failed to disclose that internal data—including, but not limited to, information on account verifications and the number of distinct SSNs linked to user accounts—indicated the actual number of unique Cash App users was substantially lower than publicly reported.

317. The Individual Defendants also caused Block to issue materially misleading proxies in every year since at least 2024.

318. For example, Block's 2024 proxy statement, filed April 26, 2024, explained:

Risk Management

> Our board of directors recognizes the oversight of risk management as one of its primary responsibilities and central to maintaining an effective, risk-aware and accountable organization. The oversight responsibility of our board of directors and its committees is supported by management reporting processes that are designed to provide visibility to our board of directors regarding the identification, assessment and management of risks and management's strategic approach to risk mitigation. The Chair of our audit and risk committee meets with our Internal Audit Lead, Chief Financial Officer, Chief Compliance Officer and Chief Legal Officer on a regular cadence to identify and discuss risks and exposures, and escalate potential issues to our audit and risk committee or board of directors, as appropriate.
>
> As part of our overall risk management process, we conduct an annual Enterprise Risk Assessment ("ERA"), which is shared and discussed with our board of directors. Oversight of the ERA is supported and enabled by our audit and risk committee. Our board of directors' oversight of the ERA framework includes a routine evaluation, with discussions with key management and outside advisors, as appropriate, of the processes used to identify, assess, monitor and report on risks across the organization and the setting and communication of the organization's implementation and measurement of risk tolerances, limits and mitigation. Our board of directors, management and functional leaders of our ERA define our primary risk focus areas for review. These areas include strategic, operational, people, financial and compliance. We address risks such as cybersecurity, financial reporting and competition within each of these areas.
>
> While our board of directors maintains ultimate responsibility for the oversight of risk, it has implemented a multi-layered approach that delegates certain responsibilities to the appropriate board committees to ensure that these primary

> areas of focus are discussed in appropriate detail and that a full understanding of the applicable risk is obtained. Our board of directors and its committees oversee risks associated with their respective areas of responsibility, as summarized below. Each board committee meets in executive session with key management personnel and representatives of outside advisors as required or requested. Our board of directors may delegate additional risk areas to its committees in the future.

319. The 2024 proxy likewise claimed that the Board was "committed to having sound corporate governance principles that we believe promote long-term value and serve the best interest of all our stockholders, sellers, customers and other stakeholders." It highlighted further the "Strong risk oversight by full board of directors and committees." This included the Audit and Risk Committee, which was purportedly tasked with "risk oversight" of "[r]isks and exposures associated with [Block's] programs and policies relating to legal and regulatory compliance. . . ." The 2023 proxy likewise claimed that the full Board was tasked with risk oversight of "significant litigation and regulatory exposures."

320. The Company's 2025 proxy, filed on April 25, 2025, and most recent proxy, filed on April 24, 2026, contain the same materially false or misleading descriptions of the Board's risk oversight. As explained above, the Board and the Audit Committee did not exercise appropriate oversight responsibility for risks associated with Block's unlawful activities and the unlawful activities of certain of its users, rendering these statements materially false and misleading.

321. [redacted]

F. Insiders Disloyally Sold Their Stock at Inflated Prices While Possessing Material Non-Public Information

322. As officers and directors of Block, defendants Dorsey, McKelvey, Viniar, Deighton, Meeker, Ahuja, and Whiteley (the "Insider Selling Defendants") were privy to material, nonpublic information about the Company's true business condition. Rather than providing the

market with accurate and timely information, the Insider Selling Defendants sold over $1.2 billion of their personal holdings while the Company's stock traded at artificially inflated prices, based on the material non-public information they held, in contravention of federal insider trading laws and Block's own Insider Trading Policy, and in breach of their fiduciary duties to Block.

323. Block's insider trading policies made clear that its fiduciaries, including the Insider Selling Defendants, were held to a high standard—higher even than federal law in some areas. Each iteration of Block's Insider Trading Policy in the Relevant Period (collectively, the "Insider Trading Policy") made this clear, stating that the policy "in a number of respects, contains prohibitions that are broader in scope than the insider trading laws." The Insider Trading Policy defines a violation of the insider trading laws as, in part, "when a person purchases, sells, transfers, or otherwise trades a company's securities while aware of material nonpublic information." The Insider Trading Policy then repeats: "Transactions will be considered 'on the basis of' material nonpublic information if the person engaged in the transaction was aware of the material nonpublic information at the time of the transaction."

324. The Insider Trading Policy goes on to define information as "material" "if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold, or sell securities or would view the information as significantly altering the total mix of information in the marketplace about the issuer of the security." The policy goes on to list examples of what might be regarded as material information, including: financial results, financial condition, business plans, or budgets.

325. The Insider Trading Policy further explains that transactions otherwise prohibited may fit under the limited exception provided by a valid 10b5-1 plan, which provides for an affirmative defense against insider trading allegations, but only if insiders "enter into a contract, provide instructions or adopt a written plan for trading securities *when you are not aware of material nonpublic information.*" [Emphasis added.] Each of the Insider Selling Defendants was aware of material nonpublic information at the time they entered into a transaction or set up a 10b5-1 plan and thus were in violation of securities laws and the Insider Trading Policy.

326. Defendant Dorsey sold over 2.7 million shares of his personally held Block stock

for proceeds of over $621 million based on, and while he was aware of, material non-public information. Defendant Dorsey's sales were timed to maximize profit from Block's then artificially inflated stock price. Each sale was executed pursuant to a 10b5-1 plan which was entered into while Dorsey was aware of material nonpublic information, and which is suspicious as to timing and scale.

327. Dorsey had previously entered into 10b5-1 plans effective between November 2016 and April 2019, with no more than eight months between sales made pursuant thereto. Dorsey's next 10b5-1 plan was entered into more than two years after the previous plan, with more than 20 months between sales. This plan, adopted on November 16, 2020, called for weekly sales of 100,000 shares from November 18, 2020, through May 19, 2021, with a price limit of $100. This plan was adopted when Dorsey was aware of material nonpublic information, namely:

[redacted]

[redacted]

Transaction Date	Amount of Shares	Price Per Share		Proceeds	
2020-11-16	6700	$	173.59	$	1,163,053.00
2020-11-16	15700	$	174.68	$	2,742,476.00
2020-11-16	34320	$	175.62	$	6,027,278.40
2020-11-16	23580	$	176.42	$	4,159,983.60
2020-11-16	15500	$	177.60	$	2,752,800.00
2020-11-16	4200	$	178.52	$	749,784.00
2020-11-23	22835	$	200.03	$	4,567,685.05
2020-11-23	7800	$	201.01	$	1,567,878.00
2020-11-23	13100	$	202.01	$	2,646,331.00
2020-11-23	11600	$	203.00	$	2,354,800.00
2020-11-23	22265	$	204.10	$	4,544,286.50
2020-11-23	20800	$	204.99	$	4,263,792.00
2020-11-23	1600	$	205.72	$	329,152.00
2020-11-30	12289	$	205.95	$	2,530,919.55
2020-11-30	27655	$	206.96	$	5,723,478.80
2020-11-30	4898	$	207.67	$	1,017,167.66
2020-11-30	4542	$	208.86	$	948,642.12
2020-11-30	12679	$	209.99	$	2,662,463.21
2020-11-30	15093	$	210.80	$	3,181,604.40
2020-11-30	13544	$	211.94	$	2,870,515.36
2020-11-30	9300	$	212.87	$	1,979,691.00
2020-12-07	45439	$	208.91	$	9,492,661.49
2020-12-07	29150	$	209.80	$	6,115,670.00
2020-12-07	21999	$	210.87	$	4,638,929.13
2020-12-07	3412	$	211.53	$	721,740.36
2020-12-14	13053	$	215.20	$	2,809,005.60
2020-12-14	23377	$	216.15	$	5,052,938.55
2020-12-14	37265	$	217.14	$	8,091,722.10
2020-12-14	26305	$	217.96	$	5,733,437.80
2020-12-21	3284	$	234.38	$	769,703.92
2020-12-21	6800	$	235.86	$	1,603,848.00
2020-12-21	9408	$	236.44	$	2,224,427.52
2020-12-21	7835	$	237.60	$	1,861,596.00

2020-12-21	23600	$	238.74	$	5,634,264.00
2020-12-21	23933	$	239.73	$	5,737,458.09
2020-12-21	19603	$	240.65	$	4,717,461.95
2020-12-21	5537	$	241.48	$	1,337,074.76
2020-12-28	3054	$	220.42	$	673,162.68
2020-12-28	7600	$	221.41	$	1,682,716.00
2020-12-28	7973	$	222.36	$	1,772,876.28
2020-12-28	8208	$	223.47	$	1,834,241.76
2020-12-28	3183	$	224.38	$	714,201.54
2020-12-28	2607	$	225.43	$	587,696.01
2020-12-28	9923	$	226.87	$	2,251,231.01
2020-12-28	11026	$	227.37	$	2,506,981.62
2020-12-28	7003	$	228.66	$	1,601,305.98
2020-12-28	3448	$	229.83	$	792,453.84
2020-12-28	17837	$	230.87	$	4,118,028.19
2020-12-28	15128	$	231.88	$	3,507,880.64
2020-12-28	3010	$	232.62	$	700,186.20
2021-01-04	24711	$	218.33	$	5,395,152.63
2021-01-04	37614	$	219.26	$	8,247,245.64
2021-01-04	31251	$	220.16	$	6,880,220.16
2021-01-04	1920	$	221.03	$	424,377.60
2021-01-04	1904	$	222.57	$	423,773.28
2021-01-04	1400	$	223.54	$	312,956.00
2021-01-04	1200	$	224.25	$	269,100.00
2021-01-11	19025	$	227.52	$	4,328,568.00
2021-01-11	8404	$	228.74	$	1,922,330.96
2021-01-11	26166	$	229.57	$	6,006,928.62
2021-01-11	17006	$	230.61	$	3,921,753.66
2021-01-11	28825	$	231.55	$	6,674,428.75
2021-01-11	574	$	232.24	$	133,305.76
2021-01-19	28173	$	225.06	$	6,340,615.38
2021-01-19	7063	$	225.77	$	1,594,613.51
2021-01-19	8700	$	226.73	$	1,972,551.00
2021-01-19	6731	$	227.88	$	1,533,860.28
2021-01-19	18584	$	228.83	$	4,252,576.72
2021-01-19	9904	$	230.13	$	2,279,207.52
2021-01-19	20845	$	230.96	$	4,814,361.20
2021-01-25	24286	$	220.70	$	5,359,920.20
2021-01-25	9876	$	221.51	$	2,187,632.76
2021-01-25	22227	$	222.92	$	4,954,842.84
2021-01-25	19916	$	223.52	$	4,451,624.32
2021-01-25	23395	$	224.82	$	5,259,663.90
2021-01-25	300	$	225.57	$	67,671.00
2021-01-25	12148	$	217.91	$	2,647,170.68
2021-02-01	13778	$	213.96	$	2,947,940.88

2021-02-01	14652	$	214.88	$	3,148,421.76
2021-02-01	40515	$	216.02	$	8,752,050.30
2021-02-01	18907	$	216.91	$	4,101,117.37
2021-02-01	12148	$	217.91	$	2,647,170.68
2021-02-08	4380	$	244.57	$	1,071,216.60
2021-02-08	12609	$	245.09	$	3,090,339.81
2021-02-08	700	$	246.58	$	172,606.00
2021-02-08	5800	$	247.62	$	1,436,196.00
2021-02-08	5600	$	248.55	$	1,391,880.00
2021-02-08	17990	$	249.88	$	4,495,341.20
2021-02-08	32403	$	250.68	$	8,122,784.04
2021-02-08	9869	$	251.54	$	2,482,448.26
2021-02-08	3989	$	252.94	$	1,008,977.66
2021-02-08	6660	$	253.57	$	1,688,776.20
2021-02-16	8271	$	275.73	$	2,280,562.83
2021-02-16	20497	$	276.49	$	5,667,215.53
2021-02-16	34187	$	277.54	$	9,488,259.98
2021-02-16	29945	$	278.52	$	8,340,281.40
2021-02-16	7100	$	279.29	$	1,982,959.00
2021-02-22	8848	$	269.21	$	2,381,970.08
2021-02-22	33840	$	270.32	$	9,147,628.80
2021-02-22	18777	$	271.14	$	5,091,195.78
2021-02-22	31523	$	272.50	$	8,590,017.50
2021-02-22	3585	$	273.22	$	979,493.70
2021-02-22	2810	$	274.18	$	770,445.80
2021-02-22	617	$	275.00	$	169,675.00
2021-03-01	6366	$	232.80	$	1,482,004.80
2021-03-01	21063	$	233.97	$	4,928,110.11
2021-03-01	38023	$	234.94	$	8,933,123.62
2021-03-01	16155	$	235.70	$	3,807,733.50
2021-03-01	3700	$	236.66	$	875,642.00
2021-03-01	8429	$	237.58	$	2,002,561.82
2021-03-01	5264	$	238.97	$	1,257,938.08
2021-03-01	1000	$	239.85	$	239,850.00
2021-03-08	6909	$	211.49	$	1,461,184.41
2021-03-08	4400	$	212.24	$	933,856.00
2021-03-08	14900	$	213.38	$	3,179,362.00
2021-03-08	18343	$	214.38	$	3,932,372.34
2021-03-08	20812	$	215.24	$	4,479,574.88
2021-03-08	9200	$	216.28	$	1,989,776.00
2021-03-08	15482	$	217.26	$	3,363,619.32
2021-03-08	4200	$	218.49	$	917,658.00
2021-03-08	3948	$	219.42	$	866,270.16
2021-03-08	1506	$	220.66	$	332,313.96
2021-03-08	300	$	221.33	$	66,399.00

2021-03-15	26907	$	240.25	$	6,464,406.75
2021-03-15	21914	$	241.28	$	5,287,409.92
2021-03-15	20348	$	242.33	$	4,930,930.84
2021-03-15	16079	$	243.48	$	3,914,914.92
2021-03-15	9783	$	244.46	$	2,391,552.18
2021-03-15	4969	$	245.11	$	1,217,951.59
2021-03-22	13368	$	222.48	$	2,974,112.64
2021-03-22	30602	$	223.38	$	6,835,874.76
2021-03-22	17704	$	224.26	$	3,970,299.04
2021-03-22	27210	$	225.36	$	6,132,045.60
2021-03-22	10816	$	226.35	$	2,448,201.60
2021-03-22	300	$	227.07	$	68,121.00
2021-03-29	7420	$	207.15	$	1,537,053.00
2021-03-29	19703	$	208.05	$	4,099,209.15
2021-03-29	14601	$	208.82	$	3,048,980.82
2021-03-29	14857	$	210.04	$	3,120,564.28
2021-03-29	10943	$	210.76	$	2,306,346.68
2021-03-29	13964	$	212.01	$	2,960,507.64
2021-03-29	8255	$	212.93	$	1,757,737.15
2021-03-29	10257	$	214.05	$	2,195,510.85
2021-04-05	11567	$	226.97	$	2,625,361.99
2021-04-05	16000	$	227.66	$	3,642,560.00
2021-04-05	2085	$	228.85	$	477,152.25
2021-04-05	7010	$	229.59	$	1,609,425.90
2021-04-05	28277	$	230.86	$	6,528,028.22
2021-04-05	27661	$	231.67	$	6,408,223.87
2021-04-05	7400	$	232.72	$	1,722,128.00
2021-04-12	14861	$	256.64	$	3,813,927.04
2021-04-12	25777	$	257.45	$	6,636,288.65
2021-04-12	6877	$	258.55	$	1,778,048.35
2021-04-12	17090	$	259.55	$	4,435,709.50
2021-04-12	10050	$	260.66	$	2,619,633.00
2021-04-12	12194	$	261.59	$	3,189,828.46
2021-04-12	13151	$	262.44	$	3,451,348.44
2021-04-19	11449	$	247.13	$	2,829,391.37
2021-04-19	9421	$	248.16	$	2,337,915.36
2021-04-19	10485	$	249.19	$	2,612,757.15
2021-04-19	30695	$	250.20	$	7,679,889.00
2021-04-19	23000	$	251.13	$	5,775,990.00
2021-04-19	13050	$	252.14	$	3,290,427.00
2021-04-19	1900	$	252.88	$	480,472.00
2021-04-26	21386	$	248.05	$	5,304,797.30
2021-04-26	33059	$	248.94	$	8,229,707.46
2021-04-26	29754	$	249.89	$	7,435,227.06
2021-04-26	15801	$	250.81	$	3,963,048.81

2021-05-03	12100	$	243.06	$	2,941,026.00
2021-05-03	26222	$	243.91	$	6,395,808.02
2021-05-03	6519	$	244.76	$	1,595,590.44
2021-05-03	16427	$	245.84	$	4,038,413.68
2021-05-03	19232	$	246.88	$	4,747,996.16
2021-05-03	11500	$	247.80	$	2,849,700.00
2021-05-03	8000	$	248.89	$	1,991,120.00
2021-05-10	15141	$	222.57	$	3,369,932.37
2021-05-10	11689	$	223.56	$	2,613,192.84
2021-05-10	18617	$	224.56	$	4,180,633.52
2021-05-10	11139	$	225.40	$	2,510,730.60
2021-05-10	24620	$	226.64	$	5,579,876.80
2021-05-10	8949	$	227.58	$	2,036,613.42
2021-05-10	2757	$	228.21	$	629,174.97
2021-05-10	7088	$	229.51	$	1,626,766.88
2021-05-17	17100	$	199.39	$	3,409,569.00
2021-05-17	10989	$	200.43	$	2,202,525.27
2021-05-17	19083	$	201.16	$	3,838,736.28
2021-05-17	13292	$	202.40	$	2,690,300.80
2021-05-17	23986	$	203.30	$	4,876,353.80
2021-05-17	8300	$	204.13	$	1,694,279.00
2021-05-17	7250	$	205.00	$	1,486,250.00

328. Defendant Dorsey's sales totaled 100% of his then-stake in the Company. Defendant Dorsey has not sold a share of Block stock since May 17, 2021.

329. Defendant McKelvey sold 2.6 million shares of his personally held Block stock for proceeds of over $564 million based on, and while he was aware of, material non-public information. Defendant McKelvey's sales were timed to maximize profit from Block's then artificially inflated stock price. Each sale was executed pursuant to a 10b5-1 plan which was entered into while McKelvey was aware of material nonpublic information, and which is suspicious as to timing and scale. This plan, adopted on May 27, 2020, called for monthly sales of 200,000 shares from August 20, 2020, through August 19, 2021, with a price limit of $100. This plan was adopted when McKelvey was aware of material nonpublic information, namely:

[redacted]

[redacted]

Transaction Date	Amount of Shares	Price Per Share	Proceeds
2020-08-18	13564	$ 148.05	$ 2,008,150.20
2020-08-18	50504	$ 149.03	$ 7,526,611.12
2020-08-18	107190	$ 150.06	$ 16,084,931.40
2020-08-18	26197	$ 150.79	$ 3,950,245.63
2020-08-18	2545	$ 152.09	$ 387,069.05
2020-09-15	9251	$ 150.89	$ 1,395,883.39
2020-09-15	20328	$ 151.89	$ 3,087,619.92
2020-09-15	44165	$ 153.01	$ 6,757,686.65
2020-09-15	57653	$ 154.02	$ 8,879,715.06
2020-09-15	39539	$ 154.82	$ 6,121,427.98
2020-09-15	19057	$ 155.94	$ 2,971,748.58
2020-09-15	8306	$ 156.94	$ 1,303,543.64
2020-09-15	1701	$ 157.89	$ 268,570.89
2020-10-13	6866	$ 187.28	$ 1,285,864.48
2020-10-13	23434	$ 188.02	$ 4,406,060.68
2020-10-13	46555	$ 189.46	$ 8,820,310.30
2020-10-13	117477	$ 190.38	$ 22,365,271.26
2020-10-13	5668	$ 190.96	$ 1,082,361.28
2020-11-16	2310	$ 174.06	$ 402,078.60
2020-11-16	24330	$ 175.48	$ 4,269,428.40
2020-11-16	41308	$ 176.47	$ 7,289,622.76
2020-11-16	114717	$ 177.42	$ 20,353,090.14
2020-11-16	17172	$ 178.30	$ 3,061,767.60
2020-11-17	163	$ 179.98	$ 29,336.74
2020-12-14	28852	$ 215.54	$ 6,218,760.08

2020-12-14	48991	$	216.37	$	10,600,182.67
2020-12-14	49959	$	217.55	$	10,868,580.45
2020-12-14	56037	$	218.40	$	12,238,480.80
2020-12-14	15798	$	219.41	$	3,466,239.18
2020-12-14	363	$	220.31	$	79,972.53
2021-01-19	27754	$	224.13	$	6,220,504.02
2021-01-19	70571	$	225.03	$	15,880,592.13
2021-01-19	43453	$	226.08	$	9,823,854.24
2021-01-19	58222	$	227.05	$	13,219,305.10
2021-02-16	8411	$	273.79	$	2,302,847.69
2021-02-16	23885	$	275.11	$	6,571,002.35
2021-02-16	52522	$	276.04	$	14,498,172.88
2021-02-16	44136	$	277.08	$	12,229,202.88
2021-02-16	15960	$	277.69	$	4,431,932.40
2021-02-16	17475	$	279.38	$	4,882,165.50
2021-02-16	15349	$	280.37	$	4,303,399.13
2021-02-16	16046	$	281.45	$	4,516,146.70
2021-02-16	6216	$	282.32	$	1,754,901.12
2021-03-16	3600	$	240.45	$	865,620.00
2021-03-16	6300	$	241.94	$	1,524,222.00
2021-03-16	13374	$	243.35	$	3,254,562.90
2021-03-16	23834	$	244.37	$	5,824,314.58
2021-03-16	12655	$	245.36	$	3,105,030.80
2021-03-16	17882	$	246.44	$	4,406,840.08
2021-03-16	10124	$	247.38	$	2,504,475.12
2021-03-16	29291	$	248.77	$	7,286,722.07
2021-03-16	32832	$	249.74	$	8,199,463.68
2021-03-16	43102	$	250.73	$	10,806,964.46
2021-03-16	7006	$	251.42	$	1,761,448.52
2021-04-19	7635	$	243.11	$	1,856,144.85
2021-04-19	45804	$	244.36	$	11,192,665.44
2021-04-19	59675	$	245.39	$	14,643,648.25
2021-04-19	38119	$	246.08	$	9,380,323.52
2021-04-19	15649	$	247.18	$	3,868,119.82
2021-04-19	4901	$	248.46	$	1,217,702.46
2021-04-19	8195	$	249.55	$	2,045,062.25
2021-04-19	10630	$	250.62	$	2,664,090.60
2021-04-19	5402	$	251.52	$	1,358,711.04
2021-04-19	3990	$	252.34	$	1,006,836.60
2021-05-18	2150	$	200.80	$	431,720.00
2021-05-18	10349	$	202.08	$	2,091,325.92
2021-05-18	22320	$	203.15	$	4,534,308.00
2021-05-18	33710	$	204.02	$	6,877,514.20
2021-05-18	13271	$	205.35	$	2,725,199.85
2021-05-18	56531	$	206.15	$	11,653,865.65

2021-05-18	43981	$	207.18	$	9,111,983.58
2021-05-18	16606	$	208.35	$	3,459,860.10
2021-05-18	1082	$	208.97	$	226,105.54
2021-06-15	38460	$	227.17	$	8,736,958.20
2021-06-15	114422	$	227.80	$	26,065,331.60
2021-06-15	46279	$	229.06	$	10,600,667.74
2021-06-15	839	$	229.74	$	192,751.86
2021-07-13	18685	$	240.78	$	4,498,974.30
2021-07-13	64446	$	241.57	$	15,568,220.22
2021-07-13	26819	$	242.62	$	6,506,825.78
2021-07-13	21813	$	243.83	$	5,318,663.79
2021-07-13	57956	$	244.58	$	14,174,878.48
2021-07-13	6731	$	245.51	$	1,652,527.81
2021-07-13	3550	$	246.49	$	875,039.50
2021-08-17	43415	$	258.91	$	11,240,577.65
2021-08-17	90945	$	259.90	$	23,636,605.50
2021-08-17	42134	$	260.67	$	10,983,069.78
2021-08-17	5448	$	261.72	$	1,425,850.56
2021-08-17	13969	$	263.00	$	3,673,847.00
2021-08-17	4089	$	264.06	$	1,079,741.34

330. Defendant McKelvey's sales totaled 44%-53% of his then-stake in the Company. Defendant McKelvey has not sold a share of Block stock since August 17, 2021.

331. Defendant Viniar sold 100,000 shares of his personally held Block stock for proceeds of over $18 million based on, and while he was aware of, material non-public information. Defendant Viniar's sales were timed to maximize profit from Block's then artificially inflated stock price. Each sale was executed pursuant to a 10b5-1 plan which was entered into while Viniar was aware of material nonpublic information, and which is suspicious as to timing and scale. This plan was adopted when Viniar was aware of material nonpublic information, namely:

[redacted]

[redacted]

[redacted]

Transaction Date	Amount of Shares	Price Per Share	Proceeds
2020-11-09	700	$ 182.81	$ 127,967.00
2020-11-09	300	$ 183.96	$ 55,188.00
2020-11-09	7063	$ 185.09	$ 1,307,290.67
2020-11-09	13639	$ 186.20	$ 2,539,581.80
2020-11-09	14591	$ 187.09	$ 2,729,830.19
2020-11-09	15922	$ 188.08	$ 2,994,609.76
2020-11-09	10300	$ 188.93	$ 1,945,979.00
2020-11-09	6527	$ 190.07	$ 1,240,586.89
2020-11-09	6198	$ 191.03	$ 1,184,003.94
2020-11-09	7900	$ 192.16	$ 1,518,064.00
2020-11-09	8610	$ 193.23	$ 1,663,710.30
2020-11-09	6450	$ 194.14	$ 1,252,203.00
2020-11-09	1700	$ 195.28	$ 331,976.00
2020-11-09	100	$ 195.84	$ 19,584.00

332. Defendant Viniar's sales totaled 58% of his then-stake in the Company. Defendant Viniar has not sold a single share of Block stock before or after that date.

333. Defendant Deighton sold 20,000 shares of his personally held Block stock for proceeds of over $2 million based on, and while he was aware of, material non-public information. Defendant Deighton's sales were timed to maximize profit from Block's then artificially inflated stock price. Each sale was executed pursuant to a 10b5-1 plan which was entered into while Deighton was aware of material nonpublic information, and which is suspicious as to timing and scale. This plan was adopted when Deighton was aware of material nonpublic information, namely:

[redacted]

[redacted]

Transaction Date	Amount of Shares	Price Per Share	Proceeds
2020-08-14	4869	$ 140.66	$ 684,873.54
2020-08-14	10890	$ 141.68	$ 1,542,895.20
2020-08-14	3641	$ 142.34	$ 518,259.94
2020-08-14	600	$ 143.32	$ 85,992.00

334. Defendant Deighton's sales totaled 40% of his then-stake in the Company. Defendant Deighton has not sold a single share of Block stock before or after that date.

335. Defendant Meeker sold over 8,000 shares of her personally held Block stock for proceeds of over $2 million based on, and while she was aware of, material non-public information. Defendant Meeker's sale was timed to maximize profit from Block's then artificially inflated stock price. The sale was not executed pursuant to a 10b5-1 plan and is not entitled to any exemption from federal or Company insider trading protections. This sale was made when Meeker was aware

of material nonpublic information, namely:

[redacted]

[redacted]

Transaction Date	Amount of Shares	Price Per Share	Proceeds
2021-03-02	8207	$ 252.19	$ 2,069,723.33

336. Defendant Meeker had previously only ever made two sales of Company stock, in December 2017 and December 2018. There was thus a gap of over two years before this sale was made based on material nonpublic information. Defendant Meeker has not sold a single share of Block stock since that date.

337. Defendant Ahuja sold shares of her personally held Block stock for proceeds of over $55 million based on, and while she was aware of, material non-public information. Defendant Ahuja's sales were timed to maximize profit from Block's then artificially inflated stock price. Each sale was executed pursuant to a 10b5-1 plan which was entered into while Ahuja was aware of material nonpublic information, and which is suspicious as to timing and scale. Ahuja was hired as Block's CFO in January 2019. Although her equity awards thus began to vest in January 2020, she did not enter into a 10b5-1 plan until August 20, 2020, and a second 10b5-1 plan was adopted November 30, 2021, and amended June 1, 2022. These plans were adopted when Ahuja was aware of material nonpublic information, namely:

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Transaction Date	Amount of Shares	Price Per Share	Proceeds
2020-11-09	5942	$ 191.73	$ 1,139,259.66
2020-11-23	2035	$ 200.07	$ 407,142.45
2020-12-02	1854	$ 200.20	$ 371,170.80
2020-12-21	8707	$ 240.45	$ 2,093,598.15
2020-12-23	4994	$ 240.00	$ 1,198,560.00
2021-01-04	3279	$ 222.61	$ 729,938.19
2021-01-08	1138	$ 244.35	$ 278,070.30
2021-01-25	100	$ 211.29	$ 21,129.00
2021-01-25	800	$ 214.59	$ 171,672.00
2021-01-25	1500	$ 215.40	$ 323,100.00
2021-01-25	935	$ 216.39	$ 202,324.65
2021-01-25	460	$ 217.93	$ 100,247.80
2021-01-25	300	$ 218.74	$ 65,622.00
2021-01-25	300	$ 219.81	$ 65,943.00
2021-01-25	200	$ 221.50	$ 44,300.00
2021-01-25	200	$ 223.56	$ 44,712.00
2021-01-25	200	$ 225.02	$ 45,004.00
2021-02-01	3889	$ 215.64	$ 838,623.96
2021-02-02	3048	$ 225.30	$ 686,714.40
2021-02-05	4221	$ 240.45	$ 1,014,939.45
2021-02-11	14073	$ 264.55	$ 3,723,012.15
2021-02-23	4994	$ 248.00	$ 1,238,512.00
2021-03-01	3890	$ 237.50	$ 923,875.00
2021-03-01	833	$ 240.45	$ 200,294.85
2021-03-02	3881	$ 251.71	$ 976,886.51
2021-03-23	4995	$ 226.35	$ 1,130,618.25
2021-04-05	3048	$ 231.89	$ 706,800.72
2021-04-07	833	$ 240.45	$ 200,294.85
2021-04-09	2502	$ 264.49	$ 661,753.98
2021-04-23	4994	$ 243.80	$ 1,217,537.20
2021-05-03	418	$ 242.62	$ 101,415.16
2021-05-03	1507	$ 243.63	$ 367,150.41
2021-05-03	802	$ 244.58	$ 196,153.16
2021-05-03	400	$ 246.01	$ 98,404.00
2021-05-03	1611	$ 246.71	$ 397,449.81

2021-05-03	100	$	248.54	$	24,854.00
2021-05-24	200	$	199.74	$	39,948.00
2021-05-24	1557	$	202.08	$	314,638.56
2021-05-24	940	$	203.33	$	191,130.20
2021-05-24	500	$	204.18	$	102,090.00
2021-05-24	600	$	205.94	$	123,564.00
2021-05-24	300	$	206.51	$	61,953.00
2021-05-24	200	$	210.29	$	42,058.00
2021-05-24	698	$	211.58	$	147,682.84
2021-06-02	1476	$	220.24	$	325,074.24
2021-06-02	356	$	221.25	$	78,765.00
2021-06-02	900	$	222.21	$	199,989.00
2021-06-02	600	$	223.06	$	133,836.00
2021-06-02	100	$	223.99	$	22,399.00
2021-06-23	100	$	237.05	$	23,705.00
2021-06-23	2533	$	239.00	$	605,387.00
2021-06-23	2033	$	240.14	$	488,204.62
2021-06-23	961	$	241.14	$	231,735.54
2021-06-23	200	$	242.12	$	48,424.00
2021-07-02	1775	$	240.24	$	426,426.00
2021-07-02	1159	$	241.14	$	279,481.26
2021-07-02	1131	$	242.78	$	274,584.18
2021-07-02	200	$	243.85	$	48,770.00
2021-07-23	650	$	262.29	$	170,488.50
2021-07-23	1112	$	263.35	$	292,845.20
2021-07-23	5222	$	264.35	$	1,380,435.70
2021-07-23	750	$	265.10	$	198,825.00
2021-07-23	200	$	266.05	$	53,210.00
2021-07-23	136	$	267.13	$	36,329.68
2021-08-02	1506	$	250.33	$	376,996.98
2021-08-02	100	$	255.60	$	25,560.00
2021-08-02	1708	$	264.46	$	451,697.68
2021-08-02	400	$	267.91	$	107,164.00
2021-08-02	452	$	269.92	$	122,003.84
2021-08-02	352	$	271.81	$	95,677.12
2021-08-02	700	$	273.06	$	191,142.00
2021-08-02	300	$	273.62	$	82,086.00
2021-08-02	600	$	275.18	$	165,108.00
2021-08-02	400	$	276.37	$	110,548.00
2021-08-02	300	$	279.36	$	83,808.00
2021-08-02	100	$	280.25	$	28,025.00
2021-08-23	300	$	268.60	$	80,580.00
2021-08-23	600	$	269.79	$	161,874.00
2021-08-23	2988	$	270.73	$	808,941.24
2021-08-23	906	$	271.75	$	246,205.50

2021-08-23	200	$	272.71	$	54,542.00
2021-09-02	937	$	266.10	$	249,335.70
2021-09-02	250	$	266.99	$	66,747.50
2021-09-02	550	$	268.56	$	147,708.00
2021-09-02	800	$	269.54	$	215,632.00
2021-09-02	950	$	270.49	$	256,965.50
2021-09-02	600	$	271.47	$	162,882.00
2021-09-02	1534	$	272.48	$	417,984.32
2021-09-02	150	$	273.68	$	41,052.00
2021-09-23	4994	$	266.29	$	1,329,852.26
2021-10-04	500	$	223.56	$	111,780.00
2021-10-04	1350	$	224.73	$	303,385.50
2021-10-04	804	$	225.71	$	181,470.84
2021-10-04	350	$	226.83	$	79,390.50
2021-10-04	300	$	227.92	$	68,376.00
2021-10-04	300	$	229.73	$	68,919.00
2021-10-04	100	$	230.52	$	23,052.00
2021-10-04	200	$	231.52	$	46,304.00
2021-10-04	100	$	233.00	$	23,300.00
2021-10-04	100	$	235.38	$	23,538.00
2021-10-06	833	$	240.45	$	200,294.85
2021-10-21	834	$	264.49	$	220,584.66
2021-10-25	100	$	252.87	$	25,287.00
2021-10-25	200	$	254.57	$	50,914.00
2021-10-25	300	$	255.56	$	76,668.00
2021-10-25	600	$	257.12	$	154,272.00
2021-10-25	976	$	258.07	$	251,876.32
2021-10-25	820	$	259.47	$	212,765.40
2021-10-25	200	$	260.24	$	52,048.00
2021-10-25	1599	$	261.70	$	418,458.30
2021-10-25	200	$	262.31	$	52,462.00
2021-11-02	1226	$	248.42	$	304,562.92
2021-11-02	478	$	249.02	$	119,031.56
2021-11-02	300	$	251.00	$	75,300.00
2021-11-02	1000	$	252.00	$	252,000.00
2021-11-02	1333	$	252.84	$	337,035.72
2021-11-02	500	$	254.39	$	127,195.00
2021-11-02	100	$	255.09	$	25,509.00
2022-01-03	1925	$	162.29	$	312,408.25
2022-02-02	3609	$	127.61	$	460,544.49
2022-04-04	2680	$	141.79	$	379,997.20
2022-05-02	3814	$	98.47	$	375,564.58
2022-07-05	4029	$	62.63	$	252,336.27
2022-08-02	3820	$	78.89	$	301,359.80
2022-08-08	8130	$	88.13	$	716,496.90

2022-10-03	3999	$	54.61	$	218,385.39
2022-11-02	3820	$	58.86	$	224,845.20
2023-01-03	2942	$	64.28	$	189,111.76
2023-02-02	16834	$	88.13	$	1,483,580.42
2023-02-02	2916	$	87.61	$	255,470.76
2023-04-03	4046	$	67.00	$	271,082.00
2023-05-22	3369	$	59.61	$	200,826.09
2023-07-03	3999	$	66.82	$	267,213.18
2023-08-21	3369	$	56.49	$	190,314.81
2023-10-02	3998	$	44.16	$	176,551.68
2023-11-21	3370	$	58.51	$	197,178.70
2023-11-24	3340	$	60.00	$	200,400.00
2023-11-28	3931	$	63.90	$	251,190.90
2023-12-20	3787	$	77.81	$	294,666.47
2024-01-02	3097	$	73.77	$	228,465.69
2024-01-03	3218	$	69.44	$	223,457.92
2024-01-03	1647	$	69.83	$	115,010.01
2024-02-21	2581	$	64.30	$	165,958.30
2024-02-22	4129	$	65.99	$	272,472.71
2024-04-02	4170	$	78.84	$	328,762.80
2024-04-03	3791	$	78.41	$	297,252.31
2024-05-21	6788	$	71.26	$	483,712.88
2024-05-22	1778	$	68.41	$	121,632.98
2024-05-22	567	$	69.69	$	39,514.23
2024-05-22	854	$	70.77	$	60,437.58
2024-07-02	1973	$	64.37	$	127,002.01
2024-07-02	3304	$	63.98	$	211,389.92
2024-07-02	3340	$	63.98	$	213,693.20
2024-07-03	1869	$	64.41	$	120,382.29
2024-07-08	1147	$	66.57	$	76,355.79
2024-08-21	6661	$	64.70	$	430,966.70
2024-08-22	3266	$	65.00	$	212,290.00
2024-10-02	1973	$	65.41	$	129,053.93
2024-10-02	3962	$	65.59	$	259,867.58
2024-10-03	1868	$	64.39	$	120,280.52
2024-11-21	6661	$	91.43	$	609,015.23
2024-11-22	3266	$	92.29	$	301,419.14
2025-01-02	1502	$	86.52	$	129,953.04
2025-02-21	6345	$	70.32	$	446,180.40
2025-04-02	1976	$	56.19	$	111,031.44
2025-05-21	10002	$	56.39	$	564,012.78

338. Defendant Whiteley sold over 77,000 shares of her personally held Block stock for

proceeds of over $13 million based on, and while she was aware of, material non-public information. Defendant Whiteley's sales were timed to maximize profit from Block's then artificially inflated stock price. Each sale was executed pursuant to a 10b5-1 plan which was entered into while Whiteley was aware of material nonpublic information, and which is suspicious as to timing and scale. After monthly sales from April 2018 through January 2019, Whiteley did not make another sale until March 2020—a gap of over a year. This plan was adopted when Whiteley was aware of material nonpublic information, namely:

[redacted]

[redacted]

[redacted]

Transaction Date	Amount of Shares	Price Per Share		Proceeds	
2020-02-28	200	$	77.07	$	15,414.00
2020-02-28	400	$	78.56	$	31,424.00
2020-02-28	375	$	79.63	$	29,861.25
2020-02-28	300	$	81.11	$	24,333.00
2020-02-28	1800	$	82.28	$	148,104.00
2020-02-28	1072	$	83.42	$	89,426.24
2020-04-07	1945	$	54.78	$	106,547.10
2020-05-01	2994	$	62.59	$	187,394.46
2020-05-01	566	$	63.14	$	35,737.24
2020-06-01	2977	$	81.23	$	241,821.71
2020-06-01	1006	$	82.85	$	83,347.10
2020-07-01	2013	$	107.00	$	215,391.00
2020-08-03	200	$	130.54	$	26,108.00
2020-08-03	544	$	132.34	$	71,992.96
2020-08-03	1133	$	133.91	$	151,720.03
2020-08-03	2051	$	134.81	$	276,495.31
2020-08-03	100	$	135.94	$	13,594.00
2020-09-01	100	$	162.89	$	16,289.00
2020-09-01	100	$	164.32	$	16,432.00
2020-09-01	748	$	167.19	$	125,058.12
2020-09-01	1202	$	168.26	$	202,248.52
2020-09-01	412	$	169.13	$	69,681.56
2020-09-01	100	$	170.09	$	17,009.00
2020-10-01	700	$	165.59	$	115,913.00
2020-10-01	1639	$	166.58	$	273,024.62
2020-10-01	1650	$	167.53	$	276,424.50
2020-10-01	346	$	168.35	$	58,249.10
2020-11-02	2938	$	158.00	$	464,204.00
2020-12-01	500	$	201.90	$	100,950.00
2020-12-01	544	$	203.01	$	110,437.44
2020-12-01	100	$	204.46	$	20,446.00
2020-12-01	900	$	206.53	$	185,877.00
2020-12-01	677	$	207.60	$	140,545.20
2020-12-01	329	$	208.37	$	68,553.73
2020-12-01	100	$	209.73	$	20,973.00
2020-12-01	318	$	212.35	$	67,527.30
2021-01-04	118	$	222.61	$	26,267.98
2021-02-01	118	$	215.64	$	25,445.52
2021-08-04	300	$	261.78	$	78,534.00
2021-08-04	1300	$	262.99	$	341,887.00
2021-08-04	671	$	264.08	$	177,197.68
2021-08-04	2813	$	265.03	$	745,529.39

2021-08-04	2273	$	266.10	$	604,845.30
2021-08-04	400	$	267.10	$	106,840.00
2021-09-07	8119	$	266.28	$	2,161,927.32
2021-10-04	7023	$	226.10	$	1,587,900.30
2021-11-01	6668	$	255.49	$	1,703,607.32
2021-12-06	5752	$	176.98	$	1,017,988.96
2022-01-03	1483	$	163.01	$	241,743.83
2022-09-02	105	$	67.78	$	7,116.90
2022-10-03	4045	$	54.61	$	220,897.45
2022-12-02	106	$	67.29	$	7,132.74
2023-01-03	2716	$	64.28	$	174,584.48

339. Defendant Whiteley has only made four minor sales since January 2023, all described as automatic sales for tax withholding purposes.

340. All told, the Insider Selling Defendants knew that Block was choosing reduction of friction as the "north star" even as fraud detection and prevention efforts were continually under water. They also knew that its customer base declined as bad actors were identified. This information combined with: (i) the Individual Defendants' materially misleading statements; and (ii) the material nonpublic information known to the Insider Selling Defendants as described above created an opportunity to sell Block stock at artificially inflated prices.

341. The Insider Selling Defendants' sales were timed to maximize profit from the Individual Defendants' overall scheme to artificially inflate Block's stock price. Notably, the Individual Defendants' materially misleading statements were made at the beginning of a huge rise in the Company's stock price. While the Company's stock price was artificially inflated, the Insider Selling Defendants sold at prices as high as $282.32 per share. When the truth was fully revealed, the stock price had toppled to as low as $40.02 per share.

V. DERIVATIVE ALLEGATIONS

342. Plaintiff brings this Action derivatively in the right, and for the benefit, of Block to redress the breaches of fiduciary duty and other violations of law that the Individual Defendants committed, as alleged herein.

343. Plaintiff has named Block solely as a nominal party in this Action. This is not a collusive action to confer jurisdiction on this Court that it would not otherwise have.

344. Plaintiff will adequately and fairly represent the interests of Block and its stockholders in enforcing and prosecuting the Company's rights, and Plaintiff has retained counsel experienced in prosecuting this type of derivative action. Plaintiff has continuously held Block stock throughout the Relevant Period and will continue to hold Block stock through the resolution of this Action.

345. Prior to filing this Action, Plaintiff served a books and records demand on Block on September 5, 2025, and on October 24, 2025, Block produced responsive documents. To prepare this complaint, Plaintiff analyzed the more than 3,000 pages of Block books and records in the production. Any statute of limitations was further tolled between the 220 demand and the Company's final production of responsive documents.

VI. WRONGFUL REFUSAL ALLEGATIONS

346. On February 3, 2026, Plaintiff made a litigation demand to the Board's attention (the "Litigation Demand").

347. Communicating through outside counsel, the Board at first did not commit to a definite time frame for even considering the Litigation Demand.

348. On June 10, 2026, more than four months after Plaintiff made its litigation demand, the Company's outside counsel informed Plaintiff that the Litigation Demand would be taken up by a Special Litigation Committee ("SLC") that had been formed to investigate issues raised in the Litigation Demand as well as in plenary actions that had been filed by plaintiffs who alleged that demand was futile.

349. The SLC sought a stay of plenary proceedings in a parallel derivative action, but on July 14, 2026, the Court denied the SLC's stay motion. In issuing a denial, the Court found that the SLC was formed only recently, "despite [the Company] having notice of Plaintiffs' claims for years, undergoing months of discovery, and briefing multiple motions." Thus, "[g]iven the significant time that has already elapsed and that the SLC has already had a reasonable time to carry out its investigation, the Court DENIES the motion to stay."

350. Plaintiff contacted the SLC's counsel shortly before and after the stay motion was denied. The SLC, to date, has not committed to sharing any information about its investigation,

nor has it committed to any time frame for considering the Litigation Demand, even though, for the reasons explained in the Court's denial of the SLC's stay motion, the SLC should promptly consider and decide upon the Litigation Demand.

351. The Board and the SLC's continued failure to consider the Litigation Demand, six months after it was issued, constitutes a wrongful refusal through an indefinite delay, when Delaware law requires that litigation demands be promptly evaluated.

VII. CLAIMS FOR RELIEF

COUNT I
Breach of Fiduciary Duty
Against the Director Defendants in Their Capacities as Directors

352. Plaintiff incorporates by reference and realleges each and every allegation set forth above as if fully set forth herein.

353. By virtue of their positions as Block directors, the Director Defendants owed fiduciary duties of care and loyalty to Block and its stockholders.

354. The Director Defendants breached their fiduciary duty of loyalty to the Company when they ignored red flags of illegal behavior. Indeed, the Director Defendants faced a steady stream of reports of compliance failures for years without taking action in response to those red flags.

355. As a result of the Director Defendants' actions and/or inactions, Block has suffered damages, pecuniary and otherwise, in an amount and nature to be proven at trial. Those damages, including substantial losses to Block, were caused by the Director Defendants' breaches of their fiduciary duties.

356. As a result of the nature of those breaches of fiduciary duty, the Director Defendants are liable to the Company for the damages thereby caused.

COUNT II
Corporate Waste
Against the Officer Defendants in Their Capacities as Officers

357. Plaintiff incorporates by reference and realleges each and every allegation set forth above as if fully set forth herein.

358. By virtue of their positions as Block officers, the Officer Defendants owed fiduciary

duties of care and loyalty to Block and its stockholders.

359. The Officer Defendants breached their fiduciary duty of loyalty to the Company when they either: (i) ignored red flags of illegal behavior when it was their duty to supervise either the business as a whole, or their specific part of the business that was in their remit; or (ii) when they engaged in illegal behavior.

360. As a result of the Officer Defendants' actions and/or inactions, Block has suffered damages, pecuniary and otherwise, in an amount and nature to be proven at trial. Those damages, including substantial losses to Block, were caused by the Officer Defendants' breaches of their fiduciary duties.

361. As a result of the nature of those breaches of fiduciary duty, the Officer Defendants are liable to the Company for the damages thereby caused.

COUNT III
Breach of Fiduciary Duty
Against the Insider Selling Defendants

362. Plaintiff incorporates by reference and realleges each and every allegation set forth above as if fully set forth herein.

363. The Insider Selling Defendants breached their duty of loyalty by selling Block stock on the basis of the knowledge of the improper information described above before that information was revealed to the Company's stockholders.

364. When the Insider Selling Defendants collectively sold over $1.2 billion worth of stock, they were in possession of material nonpublic information regarding the Company's inadequate compliance regime and changing growth metrics. The revelation of this adverse information and the truth concerning the true state of the Company's operations would destroy billions in market capitalization when revealed to the market.

365. The foregoing information was proprietary, material, adverse, and nonpublic information regarding the Company's operations known only by Block insiders. The information which formed the basis of the sales of stock made by the Insider Selling Defendants was the type of information upon which they were specifically barred from trading. This information was a proprietary asset belonging to Block, which was usurped for the benefit of the Insider Selling

Defendants to the detriment of the Company.

366. The use of this information by the Insider Selling Defendants was a breach of their fiduciary duty of loyalty. Their insider sales of stock during the time the Company's stock price was artificially inflated were predicated upon their possession of material adverse, nonpublic information to which they had access as Block insiders.

367. As a direct and proximate result of the Individual Defendants' breaches of their fiduciary obligations, Block has sustained significant damages, as alleged herein. As a result of the misconduct alleged herein, these defendants are liable to the Company.

368. Plaintiff, on behalf of Block, has no adequate remedy at law.

COUNT IV
Violation of §14(a) of the Exchange Act
Against All of the Director Defendants

369. Plaintiff incorporates by reference and realleges each and every allegation set forth above as if fully set forth herein.

370. SEC Rule 14a-9, 17 C.F.R. §240.14a-9, promulgated pursuant to §14(a) of the Exchange Act, provides:

> No solicitation subject to this regulation shall be made by means of any proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

17 C.F.R. §240.14a-9(a).

371. The Director Defendants exercised control over Block and caused Block to disseminate the false and misleading proxy statements in each year since, at least, 2024 (collectively, the "Proxy Statements"). The Proxy Statements materially misrepresented Block's commitment to, and Individual Defendants' risk and compliance oversight and management.

372. As stated herein, the Proxy Statements contained untrue statements of material facts and omitted material facts necessary to make the statements that were made not false and misleading in violation of §14(a) of the Exchange Act and SEC Rule 14a-9 promulgated

thereunder. These false statements and omissions were essential links in the re-election of each of the directors, formed the basis of the Company's shareholders' "say-on-pay" vote, as well as the shareholders' approval of the Company's long-term incentive plan, and the continued mismanagement of Block.

373. The written communications made by the Individual Defendants described herein constitute violations of Rule 14a-9 and §14(a) because such communications were materially false and/or misleading and were provided in a negligent manner.

374. At all relevant times to the dissemination of the materially false and/or misleading Proxy Statements, the Individual Defendants were aware of, and/or had access to, the facts concerning Block's alleged failure to guard against fraud and criminal conduct in Cash App.

375. Block, as a result, has been injured by this conduct and is entitled to damages and equitable relief.

COUNT V
Violation of §10(b) of the Exchange Act and SEC Rule 10b-5
Against the Individual Defendants

376. Plaintiff incorporates by reference and realleges each and every allegation set forth above as if fully set forth herein.

377. During the Relevant Period, the Individual Defendants disseminated and/or approved false or misleading statements about the Company's compliance with applicable laws preventing fraud and criminal conduct using Cash App.

378. The 10(b) Defendants knew, or recklessly disregarded, that those statements were false or misleading, and the statements were disseminated with knowing intent to deceive, manipulate, or defraud. In doing so, the 10(b) Defendants aimed to artificially inflate the price of the Company's stock.

379. While the Company's stock would have been inflated as a result of those false or misleading statements, the 10(b) Defendants caused the Company to repurchase stock at inflated prices.

380. Starting in 2023, Block began repurchasing shares of its common stock at artificially inflated prices. For example, in the last three months of 2023 alone, Block repurchased

approximately 2.4 million shares of its own stock at artificially inflated market prices, pursuant to a $1 billion stock repurchase program. On July 25, 2024, the Board authorized a $3 billion increase to that share repurchase program.

381. The 10(b) Defendants violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 in that they: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material facts or omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading; and/or (iii) engaged in acts, practices, and a course of business that operated as a fraud or deceit upon Block in connection with the Company's repurchases of its stock during the Relevant Period.

382. The 10(b) Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce or of the mail, engaged and participated in a continuous course of conduct that operated as a fraud and deceit upon the Company; made various false or misleading statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; made the above statements intentionally or with a severely reckless disregard for the truth; and employed devices and artifices to defraud in connection with the purchase and sale of Block stock, which were intended to, and did deceive the Company about its own compliance measures, artificially inflated its stock price, and caused the Company to repurchase its stock at artificially inflated prices and suffer losses when the truth became known.

383. The 10(b) Defendants were among the senior management and the directors of the Company, and were therefore directly responsible for, and are liable for, all materially false or misleading statements made as alleged above.

384. As described above, the 10(b) Defendants acted with scienter throughout the Relevant Period, in that they acted either with intent to deceive, manipulate, or defraud, or with severe recklessness. The misstatements and omissions of material facts set forth in this complaint were either known to the 10(b) Defendants or were so obvious that they should have been aware of them. Throughout the Relevant Period, the 10(b) Defendants also had a duty to disclose new information that came to their attention and rendered their prior statements to the market materially

false or misleading.

385. The 10(b) Defendants' false or misleading statements and omissions were made in connection with the purchase or sale of the Company's stock.

386. As a result of the 10(b) Defendants' misconduct, the Company has and will suffer damages in that it paid artificially inflated prices for common stock purchased as part of the repurchase program and suffered losses when the previously undisclosed facts relating to the Company's violations were disclosed.

387. As a direct and proximate result of the 10(b) Defendants' wrongful conduct, the Company suffered damages in connection with its purchase of its stock.

388. By reason of such conduct, the 10(b) Defendants are liable to the Company pursuant to Section 10(b) of the Exchange Act and SEC Rule 10b-5.

COUNT VI
Violation of §20(a) of the Exchange Act
Against the 10(b) Defendants

389. Plaintiff incorporates by reference and realleges each and every allegation set forth above as if fully set forth herein.

390. During the Relevant Period, the 10(b) Defendants had direct power and control over the Company, including the authority to cause the wrongful conduct alleged herein.

391. As set forth above, the 10(b) Defendants violated Section 10(b) of the Exchange Act and SEC Rule 10b-5 by causing the dissemination of materially false and misleading statements or omitting to disclose material facts.

392. The 10(b) Defendants, by reason of their positions as directors or officers of the Company, had the power and authority to control the Company's and its employees' actions, including the dissemination of the statements alleged to be false and misleading herein.

393. By virtue of the foregoing, the 10(b) Defendants are liable to the Company as "control persons" under Section 20(a) of the Exchange Act for their violations of Section 10(b) and SEC Rule 10b-5.

394. As a direct and proximate result of the 10(b) Defendants' wrongful conduct, the Company has suffered damages through paying inflated prices for its own stock during the

Relevant Period.

VIII. PRAYER FOR RELIEF

395. WHEREFORE, Plaintiff demands judgment as follows:

A. Declaring that Plaintiff may maintain this derivative action on behalf of Block and that Plaintiff is a proper and adequate representative of the Company;

B. Declaring that the Individual Defendants have breached their fiduciary duties of care and loyalty to Block;

C. Determining and awarding to Block the damages sustained by it, as a result of the breaches of fiduciary duty and other claims set forth above from each of the Individual Defendants, jointly and severally;

D. Awarding to Block restitution from the Individual Defendants and ordering disgorgement of all profits, benefits, and other compensation obtained by them, including all profits, special benefits, and unjust enrichment they have obtained as a result of their unlawful conduct, payment of incentive compensation (whether in the form of cash bonuses, stock awards, or stock option grants), and common stock sale proceeds;

E. Directing Block to take all necessary actions to reform and improve its corporate governance and internal procedures, to enable the Company to comply with the Company's existing governance obligations and all applicable laws, and to protect the Company and its stockholders from a recurrence of the damaging events described herein, including, but not limited to, the following specific relief:

(i) improving measures to prevent and remedy practices in violation of federal and state consumer protection and securities laws as well as Block's own internal policies and guidelines; and

(ii) requiring the Company to implement additional audit, compliance, and internal control procedures;

F. Awarding to Plaintiff the costs and disbursements of the action, including reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses;

G. Awarding pre- and post-judgment interest; and

H. Granting such other and further relief as the Court deems just and equitable.

IX. JURY DEMAND

396. Plaintiff demands a trial by jury.

Dated: August 21, 2026

SCOTT+SCOTT ATTORNEYS AT LAW LLP

s/ Maxwell R. Huffman
Maxwell R. Huffman (SBN 264687)
Joseph A. Pettigrew (SBN 236933)
600 W. Broadway, Suite 3300
San Diego, CA 92101
Telephone: (619) 233-4565
Facsimile: (619) 233-0508
E-mail: mhuffman@scott-scott.com
jpettigrew@scott-scott.com

Jing-Li Yu (SBN 342985)
Donald A. Broggi (*Pro Hac Vice* forthcoming)
The Helmsley Building
230 Park Avenue, 24th Floor
New York, NY 10169
Telephone: (212) 223-6444
Facsimile: (212) 223-6334
E-mail: jyu@scott-scott.com
dbroggi@scott-scott.com

Geoffrey M. Johnson (*Pro Hac Vice* forthcoming)
12434 Cedar Road, Suite 12
Cleveland Heights, OH 44106
Telephone: (216) 229-6088
Facsimile: (216) 229-6092
E-mail: gjohnson@scott-scott.com

Justin O. Reliford (*Pro Hac Vice* forthcoming)
222 Delaware Avenue, Suite 1405
Wilmington, DE 19801
Telephone: (302) 578-7345
Facsimile: (302) 397-2092
E-mail: jreliford@scott-scott.com

Counsel for Plaintiff Iron Workers Local Union No. 401

John A. Kehoe (*Pro Hac Vice* forthcoming)
Michael K. Yarnoff
THE KEHOE LAW FIRM, P.C.
2001 Market Street, Suite 2500
Philadelphia, PA 19103
Telephone: (215) 792-6676
E-mail: jkehoe@kehoelawfirm.com
myarnoff@kehoelawfirm.com

Additional Counsel for Plaintiff Iron Workers Local Union No. 401

VERIFICATION

I, Henry E. Berk, do hereby declare:

1. I am the Business Manager/Financial and Secretary-Treasurer for the Iron Workers Local Union No. 401 ("Iron Workers"), located in Philadelphia, Pennsylvania, and am duly authorized to act on behalf of Iron Workers.

2. Iron Workers is a derivative plaintiff in the above-titled action. I verify that I have reviewed the Verified Stockholder Derivative Complaint (the "Complaint"), to be filed in this action and that the facts stated in the Complaint, as they concern Iron Workers, are true to my personal knowledge. I believe the facts pleaded in the Complaint on information and belief or investigation of counsel are true.

3. Iron Workers has not received, been promised or offered, and will not accept any form of compensation, directly or indirectly, for prosecuting this action or serving as a representative party in this action except: (i) such fees, costs, or other payments as the Court expressly approves to be paid to Iron Workers; or (ii) reimbursement, by its attorneys, of actual and reasonable out-of-pocket expenditures incurred directly in connection with the prosecution of this action.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on the ___ day of 8/21/2026 ____________, 2026.

Signed by:
Henry E. Berk
53F869138B5542B...

____
HENRY E. BERK
BUSINESS MANAGER/FINANCIAL AND SECRETARY-TREASURER
IRON WORKERS LOCAL UNION NO. 401
Philadelphia, Pennsylvania