

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:	Chapter 11
FLIPCAUSE, INC., ¹	Case No.: 25-12246 (TMH)
Debtor.	Hearing Date: January 5, 2026, at 10:00 a.m. (ET) Obj. Deadline: December 29, 2025, at 4:00 p.m. (ET)

**STRIPE, INC.’S OBJECTION TO DEBTOR’S
MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING
AND DIRECTING THE DEBTOR’S PAYMENT PROCESSOR
STRIPE, INC. (A) TO CEASE ANY HOLDS ON DEBTOR’S
FUNDS, (B) TO FULFILL ITS PAYMENT PROCESSING OBLIGATIONS
UNDER THE PAYMENT PROCESSING AGREEMENT WITH DEBTOR, (C) TO
COMPLY WITH THE AUTOMATIC STAY, AND (II) GRANTING RELATED RELIEF**

Stripe, Inc. (“Stripe”), by and through its undersigned counsel, DLA Piper LLP (US), submits this Objection to the *Debtor’s Motion for Entry of an Order (I) Authorizing and Directing the Debtor’s Payment Processor Stripe, Inc. (A) to Cease any Holds on Debtor’s Funds, (B) to Fulfill its Payment Processing Obligations Under the Payment Processing Agreement with Debtor, (C) to Comply with the Automatic Stay, and (II) Granting Related Relief* [D.I. 8] (the “Motion”)² filed by Flipcause, Inc. (“Flipcause” or “Debtor”). In support of this Objection, Stripe relies upon the declaration of Gustavo Aponte (the “Aponte Declaration”), which is attached to this Objection as Exhibit A, and respectfully states as follows:

PRELIMINARY STATEMENT

1. The Debtor should not be permitted to use the Bankruptcy Code as a sword to obtain contractual performance from a counterparty that is unavailable under non-bankruptcy law. Yet that is exactly what the Debtor seeks through the Motion—to compel Stripe to incur substantial

¹ The last four digits of the Debtor’s federal tax identification number are 0758. The Debtor’s address is 101 Broadway, FL 3, Oakland, CA 94607.

² Capitalized terms used but not otherwise defined in this Objection have the meaning given to them in the Motion.

economic risk by compelling it to perform under an already-terminated contract and by forcing it to surrender its collateral without adequate protection. The Motion should be denied.

2. Stripe terminated the *Stripe Services Agreement* (the “SSA”) with the Debtor on December 5, 2025. Nearly two weeks later, the Debtor filed this chapter 11 case, the sole purpose of which appears to be to orchestrate an improper end-run around Stripe’s contractual rights. Not only is the Motion procedurally deficient—the relief the Debtor seeks requires an adversary proceeding—but it is also substantively inappropriate as the Bankruptcy Code does not provide a legal basis to resurrect a terminated contract, let alone compel performance of that contract. Even if the SSA had not been terminated, however, the Bankruptcy Code does not permit the Debtor to deprive Stripe of its state law contract rights, which permitted Stripe to stop processing new transactions and to establish a reserve.

3. Prior to termination, on December 2, 2025, Stripe exercised its right under the SSA to place a 100% fixed credit risk reserve (the “Reserve”), which collateralized the funds that Stripe was holding at that time. The SSA permits Stripe to establish a reserve to protect itself against chargebacks arising from elevated risks associated with the Debtor’s transactions. In essence, the Reserve protects Stripe against any credit risk that an account poses, including fines. At this time, Stripe estimates that it faces nearly \$6 million in potential liability stemming from the Debtor’s business practices. Stripe cannot be compelled to relinquish the Reserve, as doing so would undermine the terms of the SSA between the parties and increase Stripe’s already substantial risk.

4. If any funds were to be released, it should be funds belonging to charities. The Debtor’s accounting practices, however, leave unclear which funds may belong to charities based upon donor wishes. Accordingly, not only does Stripe face severe losses on account of chargebacks and fines, but Stripe could also face additional liability if Stripe is compelled to

release funds to the Debtor that actually belonged to third-party charities. These issues must be resolved, an appropriate accounting completed, and adequate protection provided to Stripe, before any funds are simply “released.”

BACKGROUND

A. General

5. On December 19, 2025 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

6. The Debtor is in possession of its assets and currently manages its business as a debtor in possession under sections 1107(a) and 1108 of the Bankruptcy Code. No committee, trustee, or examiner have been appointed in this case.

B. Stripe receives notice from its financial partners of Flipcause’s noncompliance; Stripe is fined for Flipcause’s noncompliance.

7. On October 24, 2025, Stripe received an Initial Violation Letter from Mastercard notifying Stripe that the Debtor’s conduct may be noncompliant with Mastercard Standards. *See* Aponte Decl. at ¶ 5. The Initial Violation Letter indicated that Flipcause may not be paying charities for transactions submitted on the charities’ behalf. In particular, Mastercard received a complaint from at least one charity alleging that Flipcause was not paying funds timely. The Initial Violation Letter included a table notifying Stripe that it could be subject to potential assessments of up to \$190,000 based on Flipcause’s conduct.

8. Stripe timely contacted Flipcause on October 28, 2025, regarding these issues. *See* Aponte Decl. at ¶ 5. On December 11, 2025, Stripe received a Fine Assessment Letter informing Stripe that Flipcause was not compliant with Mastercard Standards and imposing a \$137,500 fine as a result of Flipcause’s activities. *See* Aponte Decl. at ¶ 6. Among other violations, Mastercard determined that Flipcause was improperly acting as a payment facilitator and failing to pay

sponsored merchants for transactions. Stripe paid the Mastercard assessment in full on or about the date of the Fine Assessment Letter.

9. Stripe may be subject to additional fines and assessments from other credit card companies, including Visa, based on the Debtor's noncompliance. *See* Aponte Decl. at ¶ 6.

C. The California AG issues the Cease and Desist Order directing the Debtor to cease fundraising operations in California.

10. Meanwhile, on November 12, 2025, the California AG issued the Cease and Desist Order, directing Flipcause to cease fundraising activities in California. The Cease and Desist Order also directed Flipcause to: (i) provide an accounting of charitable assets in its possession, custody, or control from 2015; (ii) provide the California AG with a list of all charitable organizations, since 2015, with which Flipcause was involved, or provided a platform to solicit or receive donations; and (iii) transfer all of its cash or cash equivalent assets into a blocked bank account.

11. On November 21, 2025, Stripe informed Flipcause that it was undertaking a refreshed supportability review of Flipcause's operations in light of the Cease and Desist Order. *See* Aponte Decl. at ¶ 7. Stripe also submitted information requests to Flipcause and requested that Flipcause respond by November 24, 2025. *See* Aponte Decl. at ¶ 7. Flipcause informed Stripe that it intended to appeal the Cease and Desist Order but indicated that it would continue to operate, in apparent violation of the Cease and Desist Order, while the Cease and Desist Order was being challenged. *See* Aponte Decl. at ¶ 7. Flipcause also contended that supporter payments are made to Flipcause as "merchant counterparty" and Flipcause owns those funds upon receipt. *See* Aponte Decl. at ¶ 7.

D. Stripe terminates the SSA and halts processing transactions for the Debtor.

12. On December 2, 2025, Stripe requested additional information and highlighted the seriousness and urgency of the matter, requesting a call the following day. Stripe also informed Flipcause that (i) Flipcause's noncompliance could result in substantial financial penalties, including fines up to \$500,000 and recurring non-compliance fees starting at \$25,000 per month and (ii) a \$15,000 non-response fee was already levied due to Flipcause's noncompliance with card brand regulations. *See* Aponte Decl. at ¶ 8.

13. Stripe's review of the facts and circumstances made clear the seriousness of Flipcause's noncompliance and that it may be necessary to terminate the SSA. *See* Aponte Decl. at ¶¶ 8-9. Among other issues, Stripe had identified indications of payments going directly to the Flipcause platform and not to the charity's accounts as intended by donors. *See* Aponte Decl. at ¶ 8. Moreover, Stripe determined that Flipcause was violating Stripe's aggregation rules and policies. Under Stripe's terms of service, "aggregation" involves accepting payments on behalf of multiple businesses. A common form of aggregation involves crowdfunding. Stripe's investigation revealed that Flipcause was improperly acting as a payment aggregator and engaged in crowdfunding in violation of Stripe's aggregation policy. *See* Aponte Decl. at ¶ 9. These factors contributed to Stripe's preliminary decision to exercise its contractual right under the SSA to impose a reserve, which constituted all funds Stripe was holding at that time. *See* Aponte Decl. at ¶ 10. For reference, the amount of the Reserve thus established remained far less than Stripe's potential losses, which could include more fines as well as millions of dollars of chargebacks from Flipcause's recent activity. *See* Aponte Decl. at ¶ 10.

14. The next day, Stripe notified Flipcause that Stripe's investigative efforts were escalating due to additional notifications from Stripe's financial partners regarding serious issues

with Flipcause's account. *See* Aponte Decl. at ¶ 8. Stripe informed Flipcause that it was conducting an in-depth review both internally and with its financial partners, the outcome of which would be critical in determining whether Stripe could support Flipcause on a go-forward basis. *See* Aponte Decl. at ¶ 8.

15. On December 4, 2025, Flipcause requested that Stripe reconsider the imposition of the Reserve and indicated that its outside counsel was finalizing a formal appeal of the California AG's Cease and Desist Order. *See* Aponte Decl. at ¶ 10. Significantly, Flipcause did not commit to cease doing business in the state of California, let alone to cease its improper aggregation activities.

16. Later that day, Stripe notified Flipcause that, due to ongoing regulatory enforcement action, patterns in consumer feedback and Stripe's policy, and demands from Stripe's financial partners, Flipcause's business presented a higher risk than Stripe could manage and Stripe would proceed with the offboarding process effective December 5, 2025. *See* Aponte Decl. at ¶ 11. Stripe notified Flipcause on December 4, 2025, via email that Stripe would proceed with offboarding Flipcause, effective December 5, 2025. *See* Aponte Decl. at ¶ 11. Stripe uses the terms "offboarding" and "terminating" interchangeably. When Stripe offboards a merchant such as Flipcause, Stripe permanently disables the underlying account and halts processing charges due to violations of Stripe's terms of service. Flipcause acknowledged the decision the same day. *See* Aponte Decl. at ¶ 11.

17. By December 7, 2025, all transactions ceased. Flipcause filed for bankruptcy nearly two weeks later on the Petition Date.

OBJECTION

I. Stripe cannot be compelled to provide services to the Debtor.

A. *The Motion is procedurally improper, as it seeks extraordinary relief that requires an adversary proceeding.*

18. Federal Rule of Bankruptcy Procedure 7001(g) provides that an adversary proceeding includes “a proceeding to obtain an injunction or other equitable relief...”. Fed. R. Bankr. P. 7001(g). Accordingly, to the extent that the Motion seeks injunctive or other equitable relief, such as specific performance, an adversary proceeding is required. *See* 10 Collier on Bankruptcy P. 7001.08 (indicating that “other equitable relief” under Rule 7001(g) includes specific performance). Here, the Motion seeks the extraordinary relief of compelling Stripe to restart performance under the SSA without filing an adversary proceeding, which would provide Stripe with all attendant procedural protections. The relief that the Debtor seeks—either injunctive relief or specific performance—can only be obtained via an adversary proceeding. *See Allied Dev. of Ala. LLC v. Forever 21, Inc. (In re Forever 21, Inc.),* 623 B.R. 53, 59 (Bankr. D. Del. 2020) (noting that Bankruptcy Rule 7001 lists claims that must be prosecuted as adversary proceedings).

19. An adversary proceeding is also required for a turnover action under section 542 of the Bankruptcy Code. Fed. R. Bankr. P. 7001(a). Although the Motion does not cite section 542, the substance of the relief requested—turnover of the Reserve—appears to seek relief under section 542. Accordingly, to the extent the Debtor seeks to compel turnover of the funds in the Reserve, an adversary proceeding, with all procedural protections, is required. *See In re Perkins,* 902 F.2d 1254, 1258 (7th Cir. 1990).

B. *The SSA is no longer executory, as Stripe terminated it prepetition.*

20. The Bankruptcy Code provides a debtor the ability to assume or reject *executory* contracts. 11 U.S.C. § 365. While section 365 of the Bankruptcy Code does not define executory

contract, the Third Circuit has adopted the Countryman definition. *Spyglass Media Grp., LLC v. Bruce Cohen Prods. (In re Weinstein Co. Holdings, LLC)*, 997 F.3d 497, 504 (3d Cir. 2021). Under the Countryman definition, a contract is executory if it is so unperformed that the failure of either party to complete performance would constitute a material breach excusing performance of the other. *Id.*

21. It is settled law, however, that contracts terminated prepetition are *not* executory. *In re Triangle Labs*, 663 F2d 463, 468 (3d Cir. 1981) (“An executory contract or lease validly terminated prior to the institution of bankruptcy proceedings is not resurrected by the filing of a petition in bankruptcy, and cannot therefore be included among the debtor’s assets.”). And this Court has observed that it is a “clearly recognized principle” that bankruptcy “cannot revive a contract that was already terminated prepetition.” *In re Kemeta, LLC*, 470 B.R. 304, 324 (Bankr. D. Del. 2012).

22. Moreover, the filing of a bankruptcy petition does not empower a debtor to compel contract performance that it could not have obtained before bankruptcy. In *In re Lucre, Inc.*, the court held that “mere commencement of bankruptcy case and attendant imposition of automatic stay did not by themselves empower debtor, as debtor-in-possession, to compel, from other party to executory contract, performance that debtor had no right to compel prepetition based on its default.” *In re Lucre, Inc.*, 339 B.R. 648, 660 (Bankr. W.D. Mich. 2006); *see also J-Man, Inc. v. Nikkiso Pumps Am., Inc.*, No. 06-CV-5065, 2007 U.S. Dist. LEXIS 111064, at *13-14 (E.D. Pa. May 30, 2007) (noting that the Bankruptcy Code does not create a basis to compel a party to perform obligations under a contract).

23. Stripe terminated the SSA, prepetition, on December 5, 2025. Stripe notified the Debtor of the offboarding process on December 4, 2025, and terminated all transaction activity by

December 7, 2025—12 days before the Petition Date. Stripe did not make the decision to terminate the SSA lightly. Issues with the Debtor’s compliance were brought to Stripe’s attention in October 2025, when Stripe received correspondence from one of its financial partners that the Debtor was violating its terms of service. This, unfortunately, was only the beginning of an investigative process that culminated in the termination of the SSA.

24. Indeed, not only did the Debtor fail to comply with the SSA, but it also faces serious enforcement action from the California AG. The Debtor also apparently intended to flout the Cease and Desist Order by refusing to halt operations in California, even despite requests from Stripe that it do so. Altogether the Debtor’s business practices and the increasing monetary and legal risk to Stripe led Stripe to terminate the SSA. The termination was effective December 5, 2025, and all transactions ceased by December 7, 2025. The SSA is no longer executory because it was terminated prepetition, and the Debtor cannot now resurrect it and attempt to compel performance through chapter 11.

25. Even if Stripe had not terminated the SSA, which it did, the Debtor’s recourse for any non-performance by Stripe is limited to the Debtor’s state law contract rights. *See In re Lucre*, 339 B.R. at 655 (noting that a debtor has no greater or different rights with respect to an executory contract or unexpired lease unless the Bankruptcy Code itself provides those rights, and, if the Bankruptcy Code is silent, then the debtor is subject to the same laws and regulations as those that had constrained the debtor prepetition). These rights are not expanded by the Bankruptcy Code, and the filing of a bankruptcy petition does not enable the Debtor to compel specific performance of the SSA, and especially not by the mere filing of a motion. *Id.*

II. A contract counterparty cannot be compelled to perform if performance would be illegal or violate the contract, applicable law, rules or regulations.

26. After a contract is made, if a party's principal purpose is substantially frustrated without fault of its own by the occurrence of an event (the non-occurrence of which was a basic assumption on which the contract was made) then the party's remaining duties to render performance are generally discharged. *In re Atl. Gulf Cmtys. Corp.*, 369 B.R. 156, 166 (Bankr. D. Del. 2007) (internal citation omitted). Courts will not enforce an illegal contract based upon the "elementary principle that one who has participated in violation of law cannot be permitted to assert in court any right founded upon or growing out of the illegal transaction." *In re Augustus Intel., Inc.*, No. 21-10744 (TMH), 2025 WL 936432, at *7 (Bankr. D. Del. Mar. 26, 2025) (citing *Sender v. Simon*, 84 F.3d 1299, 1307) (10th Cir. 1996)).

27. Here, Stripe is unable to continue processing transactions for the Debtor, because the Debtor's activity violates the SSA and terms of service with Stripe's financial partners, and/or runs afoul of the Cease and Desist Order. Stripe's ability to perform is effectively frustrated due to the nature of the Debtor's conduct, though no fault of Stripe. The Debtor has not complied with network rules and regulations, has failed to affirm to Stripe that it will cease doing business in California as required by the Cease and Desist Order, and continues to act as a payment facilitator, which is not supportable on Stripe's terms of service. The Debtor's business practices have already subjected Stripe to one substantial fine based on its activity, and it appears that Stripe may be subject to additional fines from other financial partners in the near term. *See* Aponte Decl. at ¶ 6. Compelling Stripe to continue processing payments for the Debtor will subject Stripe to substantial liability and would, in effect, force Stripe to assist the Debtor in violating the California AG's Cease and Desist Order. Stripe cannot be compelled to assume the risk of continuing to support the Debtor's impermissible conduct.

III. Stripe cannot be compelled to relinquish the Reserve.

28. Stripe was contractually permitted under the SSA to impose a reserve, and that reserve survives termination under section 10.3 of the SSA. The Debtor, however, attempts to use the Bankruptcy Code to void an otherwise valid contractual provision. This is inappropriate. While the Bankruptcy Code may void certain contractual provisions, such as *ipso facto* clauses, there is no provision of the Bankruptcy Code providing that filing bankruptcy allows a party to disregard otherwise valid terms of a contract.

29. Here, the Reserve is either property of Stripe until transferred to the Debtor's bank account, or it is held as collateral for Stripe's potential losses as a result of the Debtor's activity. If the Reserve is Stripe's property, then the automatic stay does not apply.³ If the Reserve is held as collateral, then Stripe is perfected by virtue of possession, *see, e.g., In re Fund Raiser Prods. Co.*, 163 B.R. 744, 748-49 (Bankr. E.D. Pa. 1994), and Stripe is entitled to adequate protection under sections 361 and 363 of the Bankruptcy Code.

30. Significantly, there is no mention of adequate protection to Stripe in the Motion. On the contrary, there is currently only approximately \$790,000 in the Reserve, and, based on the amount of activity in the last four months that could result in chargebacks, plus anticipated fines from the credit card companies, Stripe estimates that its losses could be as high as nearly \$6 million. Stripe is thus already significantly undersecured, and its potential losses would only be exacerbated if it is forced to relinquish its collateral without adequate protection.

³ Paragraphs 37-40 of the Motion suggest that Stripe violated the automatic stay by unilaterally exercising "self-help drastic remedies" instead of seeking relief from this Court, and that by undertaking self-help measures, Stripe violated the automatic stay. The Debtor's argument misplaces the Petition Date. First, Stripe appropriately exercised its contractual rights under the SSA and did not undertake "drastic self-help." More importantly, however, Stripe did so on December 4, 2025: 15 days before the bankruptcy filing. There was no automatic stay in effect at that time.

31. Moreover, the Motion suggests that, based on its internal account ledgers, the Debtor estimates that \$109,000 of the funds in the Reserve may belong to non-debtor entities. Stripe does not believe that the Debtor's internal accounting should be trusted on this, however, and that a complete third-party accounting should be undertaken before any money is dispensed, to ensure that no money belonging to third-party charities is wrongly transferred to and spent by the Debtor.

32. For reference, even the \$109,000 amount was contradicted by the Debtor's own testimony at the first-day hearing, when Mr. Ravyn admitted that a much larger allocation of that money actually came from donors. He further testified that the Debtor nonetheless treats a larger share of funds as if it is the Debtor's money because he claims the Debtor already remitted the money to the charities (presumably from other money on hand). The Debtor has not provided any detailed accounting to support that proposition, however. And even if accurate, it is unclear whether there are other donor funds that were intended for charities which have not been delivered, such that a portion of the funds in the Reserve might be subject to a constructive trust. If the Debtor's estimates are inaccurate, there is additional risk to Stripe. If the Debtor obtains the funds in the Reserve, then Stripe's collateral would be eliminated, and money that may belong to certain non-Debtor entities may never arrive at the nonprofits, resulting in further claims against Stripe.

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CONCLUSION

WHEREFORE, for the foregoing reasons, Stripe respectfully requests that the Court (i) sustain this objection; (ii) deny the Motion in its entirety; and (iii) grant Stripe any such other and further relief as the Court deems just and proper.

Dated: December 29, 2025
Wilmington, Delaware

DLA PIPER LLP (US)

/s/ Aaron S. Applebaum
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Wilmington, Delaware 19801
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Counsel to Stripe, Inc.

EXHIBIT A

Aponte Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FLIPCAUSE, INC.¹

Debtor.

Chapter 11

Case No.: 25-12246 (TMH)

Hearing Date: January 5, 2026, at 10:00 a.m. (ET)
Obj. Deadline: December 29, 2025, at 4:00 p.m. (ET)

**DECLARATION OF GUSTAVO APONTE IN
SUPPORT OF STRIPE, INC.'S OBJECTION TO DEBTOR'S
MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING
AND DIRECTING THE DEBTOR'S PAYMENT PROCESSOR
STRIPE, INC. (A) TO CEASE ANY HOLDS ON DEBTOR'S FUNDS,
(B) TO FULFILL ITS PAYMENT PROCESSING OBLIGATIONS UNDER
THE PAYMENT PROCESSING AGREEMENT WITH DEBTOR, (C) TO
COMPLY WITH THE AUTOMATIC STAY, AND (II) GRANTING RELATED RELIEF**

I, Gustavo Aponte, hereby declare as follows:

1. I am a Risk Operations Manager on the Risk Operations team at Stripe, Inc. (“Stripe”) and am based in El Paso, Texas. I submit this Declaration in support of *Stripe, Inc.'s Objection to Debtor's Motion for Entry of an Order (I) Authorizing and Directing the Debtor's Payment Processor Stripe, Inc. (A) to Cease any Holds on Debtor's Funds, (B) to Fulfill its Payment Processing Obligations Under the Payment Processing Agreement with Debtor, (C) to Comply with the Automatic Stay, and (II) Granting Related Relief*

(the “Objection”)² filed concurrently with this Declaration.

2. Except as otherwise stated, all facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents and contemporaneous business records regularly kept and maintained by Stripe, or information provided to me by other members of the

¹ The last four digits of the Debtor's federal tax identification number are 0758. The Debtor's address is 101 Broadway, FL 3, Oakland, CA 94607.

² Capitalized terms used but not otherwise defined in this Declaration have the meaning given to them in the Objection.

Stripe team. If called upon to testify, I could and would testify competently to the facts set forth in this Declaration.

3. Stripe provides technology that allows eligible merchants selling goods and services online or through a mobile device to accept credit card payments and other types of payments. Accordingly, in the ordinary course of business, Stripe works with credit card companies, including Mastercard.

4. The nature of Stripe's services necessarily entails a degree of risk. When a merchant (Stripe's customer) processes a credit card transaction, money flows from the merchant's customer's issuing bank to Stripe and into Stripe's processing account. The funds are held there until transferred to the merchant's linked bank account. Risk to Stripe arises when money flows the opposite way, through chargebacks. A chargeback occurs when a consumer disputes a charge and requests their issuing bank to reverse the payment. When that happens, money flows from Stripe's processing account back to the consumer. If there are insufficient funds held in the processing account, Stripe must cover the transaction reversals, resulting in a debt owed by the merchant to Stripe. Stripe also faces risk that stems from fines imposed by the credit card companies. If one of Stripe's customers engages in practices that violate credit card company policies, credit card companies may levy fines against Stripe.

5. On October 24, 2025, Stripe received an Initial Violation Letter from Mastercard notifying Stripe that the Debtor's conduct may be noncompliant with Mastercard Standards. A copy of the Initial Violation Letter is attached as **Exhibit A**. The Initial Violation Letter was the first time that Stripe received notice that Flipcause may not be paying charities for transactions submitted on the merchants' behalf and included potential assessments of up to \$190,000 based upon Flipcause's conduct. In particular, Mastercard received a complaint from at least one charity

that Flipcause was not timely transferring funds to it. On October 28, 2025, Stripe contacted Flipcause regarding these issues. Stripe continued to correspond with Flipcause through the California Attorney General's entry of the Cease and Desist Order.

6. On December 11, 2025, Stripe received a Fine Assessment Letter that informed Stripe that Flipcause was noncompliant with Mastercard Standards and was assessed a \$137,500 fine as a result of Flipcause's activities. A copy of the Fine Assessment Letter is attached as **Exhibit B**. The Fine Assessment Letter identified a number of Flipcause's violations of Mastercard policies, including that Flipcause was acting as a payment facilitator and failing to pay sponsored merchants for transactions. Stripe paid the Mastercard assessment in full on or about the date of the Fine Assessment Letter. The Debtor's activities are also potentially subjecting Stripe to potential fines and assessments from other credit card companies, including Visa.

7. Separately, the entry of the California Attorney General's Cease and Desist Order prompted Stripe to conduct an additional thorough review of the Debtor's Stripe account. On November 21, 2025, Stripe notified Flipcause that it was undertaking a refreshed review of Flipcause's operations in connection with the California Attorney General's Cease and Desist Order. Stripe also submitted information requests to Flipcause and requested that Flipcause respond by November 24, 2025. Flipcause submitted information responsive to Stripe's requests, but it informed Stripe that it intended to appeal the Cease and Desist Order and indicated that it would continue operating in California while it challenged the Cease and Desist Order. Flipcause also contended that supporter payments are made to Flipcause as "merchant counterparty" and Flipcause owns those funds upon receipt. Copies of the November 21 and November 24 correspondences are attached collectively as **Exhibit C**.

8. On December 2, 2025, Stripe requested additional information regarding Flipcause's conduct and informed Flipcause that (i) Flipcause's noncompliance could result in substantial financial penalties, including fines up to \$500,000 and recurring non-compliance fees starting at \$25,000 per month and (ii) a \$15,000 non-response fee was already levied due to Flipcause's noncompliance with credit card brand regulations. On December 3, 2025, Stripe notified Flipcause that Stripe's investigation was escalating due to additional notifications from Stripe's financial partners regarding serious issues with Flipcause's account. Stripe further notified Flipcause that it was conducting an in-depth review both internally and with its financial partners, which would be critical in determining whether Stripe could continue to do business with Flipcause. Copies of the December 2 and December 3 correspondences are attached collectively as **Exhibit D**. Concurrently with those communications, Stripe also began taking internal steps to prepare for offboarding in the event that Flipcause did not immediately remedy its compliance issues. In particular, Stripe identified indications of payments going directly to the Flipcause platform and not to the charities' accounts.

9. Stripe also determined that Flipcause was violating Stripe's aggregation rules and policies. Under Stripe's terms of service, aggregation involves accepting payments on behalf of multiple businesses, and a common form of aggregation is crowdfunding. Stripe determined that Flipcause was improperly acting as a payment aggregator and engaging in unauthorized crowdfunding, which factored into Stripe's determination that Flipcause violated Stripe's terms of service.

10. Collectively, the issues with the Debtor's conduct contributed to Stripe's decision to impose the Reserve. The Reserve protects Stripe against elevated risks associated with the Debtor's conduct, including chargebacks and fines. Here, the amount of the Reserve is far less

than Stripe's potential losses, which may include fines and millions of dollars of chargebacks based upon the Debtor's recent activity. Nevertheless, on December 4, 2025, Flipcause requested that Stripe reconsider imposition of the Reserve.

11. Altogether, Stripe faces up to \$5.7 million in potential liability for the Debtor's conduct. Accordingly, Stripe determined that continuing business with the Debtor presented too high of a risk to Stripe and made the decision to offboard the SSA. For the avoidance of doubt, Stripe uses the terms "offboard" and "terminate" interchangeably. When Stripe offboards a merchant such as Flipcause, Stripe permanently disables the underlying account and halts processing charges due to violations of Stripe's terms of service. On December 4, 2025, Stripe notified Flipcause of its decision to offboard, effective December 5, 2025. A copy of the December 4, 2025 correspondence is attached as **Exhibit E**. Although some transactions processed after that date, all transactions ceased by December 7, 2025.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: December 29, 2025
El Aguaje, Chihuahua, Mexico

Signed by:

By: _____
Gustavo Aponte

EXHIBIT A

Initial Violation Letter

Initial Violation Letter



DATE October 24, 2025

SECURITY_CONTACTBin Sponsorship Compliance

ACQUIRER_NAME PNC Bank, N.A.

ACQUIRER_CTRY UNITED STATES

ICA_ACQUIRER_ICA19517

Via E-Mail: CONTACT_EMAILSbinsponsorshipcompliance@pnc.com, nichole.cofer@pnc.com, montrice.hatter@pnc.com, viridiana.hubbard@pnc.com, crystal.precise@pnc.com, card-brand-programs@stripe.com, card-protection-program@stripe.com, corrie.tipton@pnc.com

Re: Suspected Noncompliance with Mastercard Standards

Dear SECURITY_CONTACTBin Sponsorship Compliance:

We are contacting you because your institution may be noncompliant with Mastercard Standards in connection with your relationship with the below referenced Payment Facilitator.

Acquirer Name: ACQUIRER_NAME PNC Bank, N.A.	Acquirer ICA: ACQUIRER_ICA19517
Payment Facilitator Name: PF_NAME <u>flipcause</u>	
Violation Category: Payment Facilitator Violations	
Response Due Date: RESP_DUE_DT October 31, 2025	Investigation ID (Mastercard Internal #): INVSTGN_IDGRIP-CS-176-124-986-143-5762

Summary of Issue/Noncompliant Behavior

Mastercard has conducted a review of your activity and has identified the following potential Rule violations. Specifically, PF_NAME flipcause is not operating correctly in-regards-to Payment Facilitator operating guidelines. The following issues have been identified:

- PF is not registered.
- Submerchant ID is incorrect. Submerchants must have a unique ID.
- Submerchant address may be incorrect.
- MCC code may be incorrect.
- Payment Facilitator (flipcause) may not be a Submerchant of any other Payment Facilitator (Stripe).

Down



- PF is may not be paying Sponsored Merchants for Transactions submitted on the Sponsored Merchants behalf. A complaint was received about funds not being paid timely to FC* JOE NAMATH FND, which operates as a nonprofit and relies on these donations to continue programs and community outreach. Please investigate this complaint and include your findings in the response. This pertains to Mastercard Rule 7.8.2 Obligations as Sponsor of Submerchants.

See Attachment A for specific potential Rule violation(s) and the related assessments that may apply.



Required Action

Compliance with our Rules and ensuring proper use of our brand is of great importance to us. For this reason, we must request that your institution promptly investigate this matter and confirm in writing by the above response date that:

- Confirm that your institution and PF_NAME is now compliant with Mastercard Rules, or is in the process of achieving compliance, in which case an action plan must be provided for Mastercard approval.
- Confirm that Flipcause is registered **by the response due date**.
- All items listed in Attachment B have been provided

Should you wish to speak with someone directly regarding this communication, feel free to contact us at compliancereview@mastercard.com. Thank you in advance for your cooperation on this matter and for partnering with us to preserve the integrity and legitimacy of our collective networks.

Sincerely,

Franchise Customer Performance

**Attachment A – Potential Rule Violation(s) and Related Assessment(s):**

Reference Document & Section	Summary of Rule	Potential Assessment
Mastercard Rules: 5.8.1 Card Acceptor Business Code (MCC) Information	Customers must ensure that each Merchant and Submerchant is identified in authorization and clearing Transaction messages with the Card acceptor business code (MCC) that reflects the primary business of the Merchant or Submerchant.	Up to USD 25,000
Mastercard Rules: 5.8.2 Card Acceptor Address Information	The Acquirer must transmit the generally accepted location, city, and country of the Terminal or website in DE 43, substantially the same as it appears on any Transaction receipt provided.	Up to USD 25,000
Mastercard Rules: Rule 7.2 The Program and Performance of Program Service	Before an entity commences of perform Program Service that supports or benefits a Customer's Program, the Customer must cause such an entity to be registered by the Corporation as a Service Provider.	Up to USD 25,000
Mastercard Rules: 7.6.6 Transaction Identification for ISO and PF Transactions	A PF must populate the Payment Facilitator field with a Payment Facilitator ID assigned by the Corporation and the Submerchant field with the Submerchant ID assigned by the Payment Facilitator.	Up to USD 25,000



The Acquirer must ensure that such Acquirer's Payment Facilitator satisfies all of the obligations set forth in this Rule. A Payment Facilitator may not be a Submerchant of any other Payment Facilitator, nor may a Payment Facilitator be a Payment Facilitator for another Payment Facilitator. A Payment Facilitator must not be a Payment Facilitator for a Staged Digital Wallet. Unless the Submerchant Threshold Conditions are met, any Submerchant that exceeds USD

Mastercard Rules: 7.8	The Acquirer must ensure that such Acquirer's Payment Facilitator satisfies all of the obligations set forth in this Rule. A Payment Facilitator may not be a Submerchant of any other Payment Facilitator, nor may a Payment Facilitator be a Payment Facilitator for another Payment Facilitator. A Payment Facilitator must not be a Payment Facilitator for a Staged Digital Wallet. Unless the Submerchant Threshold Conditions are met, any Submerchant that exceeds USD 10,000,000 in Mastercard and Maestro combined annual Transaction volume must enter into a Merchant Agreement directly with a Customer.	Up to USD 25,000
Payment Facilitator Obligations	If all of the conditions set forth in Item 1 or the condition set forth in Item 2 are met (the "Submerchant Threshold Conditions"): 1. Each of: - The Payment Facilitator is registered as a Network Enablement Partner; - Acquirer's use of Payment Facilitator(s) has undergone a Franchise Management Program Review) as described in Chapter 13 of the Security Rules and Procedures manual	
Mastercard Rules: 7.8.2	4. Payments to Sponsored Merchants Each Payment Facilitator must pay each Sponsored Merchant for all Transactions the Payment Facilitator submits to such Payment Facilitator's Acquirer on the Sponsored Merchant's behalf. This obligation is not discharged with regard to a Transaction until the Sponsored Merchant receives payment from the Payment Facilitator, notwithstanding any payment arrangement between the Sponsored Merchant and the Payment Facilitator or between the Payment Facilitator and such Payment Facilitator's Acquirer.	Up to USD 25,000
Obligations as Sponsor of Submerchants	A Sponsored Merchant Agreement may provide for a Payment Facilitator to withhold amounts for chargeback reserves or similar purposes.	
AN 6022	The Acceptor URL Address must be present for all electronic commerce transactions and contain a valid website address.	Up to USD 25,000
Introduction and Standardization of Transaction Data Elements	Customers are required to provide a completed/timely response to the Corporation, whether on a one-time or repeated basis, pertaining to its License, Activities, Digital Activity Agreement, Digital Activities, use of any Mark, or any such matters.	Up to USD 15,000
Mastercard Rules: 3.9		
Obligation of Customer to Provide Information		



CREATE_TABLE

The potential assessments noted above are consistent with the non-compliance assessment framework described in Rule 2.1.4 of the Mastercard Rules. This may not be an inclusive list of Rules that are potentially being violated. If Mastercard determines a violation of another Rule has occurred, assessments may be imposed for those violations as well.



Attachment B

Investigation Process

In order for Mastercard to complete a thorough investigation of this matter, please provide, by the response due date, all the required documentation requested below. Failure to provide a **complete** response may result in a non-response assessment of USD 15,000 and full assessment of the potential violation(s).

- € Remediation plan that describes in detail the incident and all information and corrective action taken by the acquirer to address the suspected noncompliance as it pertains to each rule outlined.
- € Supply the MATCH inquiry reference numbers for the ~~submerchants~~ in Attachment C that was conducted prior to processing if permitted by law.
- € Any other information you determine relevant to be considered.

Please email all data and documents to compliancereview@mastercard.com.

Please note that maximum email attachment size is 20MB. If your attachments exceed this maximum, we ask that you split up the attachments and send in multiple emails.



Attachment C

MATCH Inquiry Reference Numbers

Merchant ID (MID)	Merchant Name	Match Inquiry Reference Number
GJDQSILRGM1NXXX	FC* MILLENNIUM SCHOOL	
GJDQSILRGM1NXXX	FC* HELPING HANDS NETW	
GJDQSILRGM1NXXX	FC* 805 UNDOCUFUND	
GJDQSILRGM1NXXX	FC* SHIRA ASSOCIATION	
GJDQSILRGM1NXXX	FC* SOCIALGOOD	

EXHIBIT B

Fine Assessment Letter

Fine Assessment Letter



DATEDecember 11, 2025

Bin Sponsorship Compliance

ACQUIRER_NAMEPNC Bank, N.A.
ACQUIRER_CNTRYUNITED STATES
ICA ACQUIRER_ICA19517

Via E-Mail: CONTACT_EMAILSbinsponsorshipcompliance@pnc.com, montrice.hatter@pnc.com,
crystal.precise@pnc.com, corrie.tipton@pnc.com

Re: Noncompliance with Mastercard Standards

Dear SECURITY_CONTACTBin Sponsorship Compliance:

We are contacting you because your institution was noncompliant with Mastercard Standards in connection with your ~~CASE_TYPE~~acquiring relationship with ~~Flipcause~~. We have concluded the following:

- ~~Flipcause~~ is not registered as a Payment Facilitator.
- ~~Flipcause~~ is Payment Facilitator operating under another Payment Facilitator.
- The ~~submerchants~~ were coded with an incorrect MCC.
- ~~Flipcause~~ was not populated in the PFID fields.
- The ~~submerchants~~' addresses were not being populated.
- The ~~submerchants~~ URLs were not populated.
- ~~Flipcause~~ was not paying Sponsored Merchants for all transactions.

Please find attached in Attachment A hereto a list of the *Mastercard Rules* that pertain to this basis for noncompliance, mitigating factors and the final assessment amounts applicable to your institution. Accordingly, Mastercard will debit the ICA ACQUIRER_ICA19517 account of ~~ACQUIRER_NAME~~PNC Bank, N.A. in the amount of ~~FINAL_AMOUNT~~USD 137,500 through the Mastercard Consolidated Billing System on or around ~~BILL_DT~~December 21, 2025.

We appreciate your diligence in working to resolve this issue. Adherence with Mastercard Rules and ensuring proper use of our brand is of great importance to us. We will proceed to close this GRIP investigation once the corresponding assessments have been billed.

Should you wish to speak with someone directly regarding this communication, feel free to contact us at compliancereview@mastercard.com. Thank you for your cooperation on this matter and for partnering with us to preserve the integrity and legitimacy of our collective networks.

Sincerely,

Franchise Customer Performance


Attachment A

Customer PNC Bank, N.A.
 Payment Facilitator Name Flipcause
 GRIP ID GRIP-CS-176-124-986-143-5762
 ATCH_TABLE

Rules Violated and Assessment Implications

Reference Document & Section	Summary of Rule	Calculated Assessment	Mitigating Factor(s)	Final Assessment
Mastercard Rules: 5.8.1	Customers must ensure that each Merchant and Submerchant is identified in authorization and clearing Transaction messages with the Card acceptor business code (MCC) that reflects the primary business of the Merchant or Submerchant.			
Card Acceptor Business Code (MCC) Information	The Acquirer must transmit the generally accepted location, city, and country of the Terminal or website in DE 43, substantially the same as it appears on any Transaction receipt provided.	USD 25,000	N/A	USD 25,000
Card Acceptor Address Information		USD 25,000	Management Discretion	USD 12,500
Mastercard Rules: Rule 7.2	Before an entity commences of perform Program Service that supports or benefits a Customer's Program, the Customer must cause such an entity to be registered by the Corporation as a Service Provider.	USD 25,000	N/A	USD 25,000
The Program and Performance of Program Service				
Mastercard Rules: 7.6.6	A PF must populate the Payment Facilitator field with a Payment Facilitator ID assigned by the Corporation and the Submerchant field with the Submerchant ID assigned by the Payment Facilitator.	USD 25,000	Management Discretion	USD 12,500
Transaction Identification for ISO and PF Transactions				



The Acquirer must ensure that such Acquirer's Payment Facilitator satisfies all of the obligations set forth in this Rule.

A Payment Facilitator may not be a Submerchant of any other Payment Facilitator, nor may a Payment Facilitator be a Payment Facilitator for another Payment Facilitator. A Payment Facilitator must not be a Payment Facilitator for a Staged Digital Wallet. Unless the

Submerchant Threshold Conditions are met, any Submerchant that exceeds USD 10,000,000 in Mastercard and Maestro combined

annual Transaction volume must enter into a Merchant Agreement directly with a Customer.

If all of the conditions set forth in Item 1 or the condition set forth in Item 2 are met (the "Submerchant Threshold Conditions"):

1. Each of:

- The Payment Facilitator is registered as a Network Enablement Partner;
- Acquirer's use of Payment Facilitator(s) has undergone a Franchise Management Program Review) as described in Chapter 13 of the Security Rules and Procedures manual

Mastercard Rules:
7.8

Payment
Facilitator
Obligations

USD 25,000 N/A USD 25,000



	1. The Payment Facilitator must submit to such Payment Facilitator's Acquirer records of valid Transactions submitted by a Sponsored Merchant and involving a bona fide Cardholder. The Payment Facilitator must not submit to such Payment Facilitator's Acquirer any Transaction that the Payment Facilitator or the Sponsored Merchant knows or should have known to be fraudulent or not authorized by the Cardholder, or that either knows or should have known to be authorized by a Cardholder colluding with the Sponsored Merchant for a fraudulent purpose. For purposes of this Rule, the Sponsored Merchant is deemed to be responsible for the conduct of such Sponsored Merchant's employees, agents, and representatives.	USD 25,000	N/A	USD 25,000
Mastercard Rules: 7.8.2				
Obligations as Sponsor of Submerchants				
AN 6022	The Acceptor URL Address must be present for all electronic commerce transactions and contain a valid website address.	USD 25,000	Management Discretion	USD 12,500
TOTAL (USD)		175,000		137,500

CREATE_TABLE

The potential assessments noted above are consistent with the non-compliance assessment framework described in Rule 2.1.4 of the Mastercard Rules.

EXHIBIT C

November 21 and 24 Correspondence

Nov 21 - Stripe

Hi Sean,

It came to our attention that Flipcause was the subject of a Cease and Desist order, dated as of November 14, 2025 (the “C&D Order”) and issued by the California Attorney General (“CA AG”). As a result, Stripe is undertaking a refreshed supportability review of the Flipcause’s operations in order to determine your continued supportability by Stripe under the terms of our Stripe Services Agreement.

We will circle back with additional supportability questions, but in the interest of time, please confirm and respond to the following questions by **Monday, November 24, 2025**:

1. What is the current status of the C&D Order? Is it still active and outstanding?
2. What is Flipcause’s position on the allegations in the C&D Order? Has Flipcause taken any course of action to appeal the C&D Order, or to remediate its operations since receiving the C&D Order? Are there any such activities planned for the near future?
3. Has Flipcause received C&D Orders or similar warnings from any other regulators?
4. Please provide us with a copy of the C&D Order.
5. Please describe Flipcause’s business activities in California since receipt of the C&D Order. Based on Stripe data, you appear to be continuing to process payments in California (against the C&D Order)? If so, can you please cease all such activities in compliance with the C&D Order and confirm the same to us in writing when done?

Nov 24 - Flipcause



Nov 24, 2025,

4:32 PM

Sean Wheeler

<sean.wheeler@flipcause.com>

to Ashley, me, Travis,
Madeline, Hunter, Matt,
Clay

Hi Ashley,

Thank you for reaching out. We appreciate Stripe's diligence, and we are coordinating closely with our external counsel regarding the California Attorney General's Cease and Desist Order. Counsel is preparing a formal appeal and supporting materials, and we will provide Stripe a copy immediately upon submission.

Below are responses to your questions:

1. Current status of the C&D Order

The Order is active. We are contesting it, and our counsel is preparing an administrative appeal and a request for relief. The Order is not a final adjudication.

2. Flipcause's position on the allegations & actions taken

Flipcause disputes the factual and legal foundations of the C&D. Specifically:

- The Order appears to misinterpret our Merchant-of-Record (MoR) structure: Supporter payments are made to Flipcause as the merchant counterparty, and Flipcause owns the funds upon receipt.

- The Order does not account for our Agent-of-Payee extinguishment provisions: Under our Terms of Service, donor obligations are discharged when payment is made to Flipcause, so no charitable assets are held.
- Flipcause does not solicit or conduct charitable fundraising as defined under AB-488: All campaign pages and support requests are created by the organizations themselves.
- Funds processed are Flipcause corporate receipts, not trust property: We record a commercial payable to clients consistent with our longstanding payments framework.
- Our operations have run for more than a decade without prior regulatory issues, and we believe the AG's interpretation does not reflect the documented structure of our platform.
- External counsel is preparing a comprehensive appeal, including statutory interpretation and supporting materials addressing the AG's assumptions.
- We will provide Stripe a copy of the filed appeal and supporting exhibits as soon as they are submitted.

3. Other regulatory actions

We have not received cease-and-desist orders or similar actions from any other regulators.

4. Copy of the C&D Order

Attached is a copy of the November 12, 2025 order.

5. Business activities in California since receiving the Order

On advice of counsel, we have continued to operate the platform while the Order is under challenge. The C&D is not a final adjudication, and our appeal will address its applicability and underlying assumptions. We understand Stripe's compliance obligations and will coordinate closely regarding any operational adjustments that may be required as part of the administrative process.

We are happy to provide you with the formal appeal filing, supporting exhibits, and any additional clarifications requested by Stripe's legal/compliance team.

We are also available to arrange a call with counsel to walk through the platform model or answer any specific technical questions.

Best regards,

EXHIBIT D

December 2 and 3 Correspondence

Dec 2 - Stripe

Hello Sean,

We acknowledge receipt of your communication regarding the actions taken to address the liabilities associated with the JOE NAMATH FND account. In light of the gravity of the situation outlined in the previously issued Cease & Desist Order (the "Order"), and the escalations from our financial partners, we request that you provide the following documentation outlined below. Note that given active and ongoing conversations with our partners, we may be reaching out to you for further details in addition to the below. We are working on a path forward that would ensure Flipcause's compliance with card brand rules and regulatory requirements while minimizing the impact to your operations as much as possible. We need your immediate attention to these requests to help us do so.

Furthermore, we must bring to your attention that our assessment has revealed that the current integration and operational structure of Flipcause is non-compliant with card brand regulations. This non-compliance may result in substantial financial penalties, including:

1. Potential fine liability of up to \$500,000 USD for the violating activity
2. Recurring non-compliance fees starting at \$25,000 USD per month until full remediation is achieved

Please note that a \$15,000 USD non-response fee has already been levied due to the inability to demonstrate Flipcause's compliance with card brand regulations. Additionally, we have encountered resistance from Flipcause regarding their classification as a Merchant of Record (MOR) without an appropriate supporting integration.

To maintain compliance with card brand regulations and continue processing through Stripe, the following actions must be implemented:

1. Comprehensive documentation evidencing the disbursement of funds to the JOE NAMATH FND account. This documentation should include, but not be limited to:
2. Precise dates and times of fund transfers
3. Transaction or payout reference numbers
4. Time-stamped screenshots confirming the completion of transactions
5. Immediate cessation of usage of Stripe's services in connection with your business activities in California (other than unfulfilled payouts) in accordance with the Order, and a written attestation confirming the same.
6. Implementation of compliant fund flows utilizing Destination Charges.
7. Comprehensive overhaul of legal and business frameworks, including Terms of Service revision to reflect Flipcause's intended status as the merchant of record.
8. Submission of formal appeal filings with respect to the Order, including by providing a copy of such submissions to Stripe, by no later than December 12, 2025

We require your written agreement to these proposed changes and submission of proof of the payout to the JOE NAMATH FND account no later than Wednesday, December 3, 2025. Failure to comply may result in adverse actions against the account, including but not limited to:

1. Suspension of charge and payout capabilities
2. Termination of processing privileges with Stripe
3. Potential addition to the Member Alert to Control High-risk merchants (MATCH) list
4. Imposition of additional fines for continued non-compliance

Given the urgency of this matter, we would like to schedule a call tomorrow, December 3, 2025, afternoon (PST) to discuss. If a call tomorrow afternoon does not work for you, we would appreciate a written response by tomorrow along with a call scheduled for Thursday, December 4, 2025. Please let us know your availability and we can schedule.

We strongly advise you to treat this matter with the utmost urgency and seriousness. Should you have any questions or require clarification on any point, please do not hesitate to contact us.

Sincerely,
The Stripe team

Dec 3 - Stripe

Hello Sean,

Thank you for the update regarding the documentation for the Joe Namath Fund. We look forward to receiving the requested documentation.

This morning, we received additional notifications from our financial partners concerning serious matters related to your account. As a result, we are currently conducting an in-depth review both internally and with our partners. The outcome of this review will be critical in determining whether we can continue to support your business moving forward.

We understand the urgency of your situation and will provide you with an update as soon as possible.

Sincerely,
The Stripe team

Dec 3 - Flipcause

Hi Stripe Team,

Please find the requested documentation confirming the disbursement of funds to the Joe Namath Foundation. Attached are the ACH confirmations detailing effective dates, amounts, destination account information, and the corresponding trace and confirmation numbers.

I've also included a current screenshot of the foundation's Flipcause dashboard showing the account balance and the posted deposits. The dashboard confirms that there are no pending payout requests for this account.

For your records, all transactions are settled in real time to each customer's Flipcause Account Balance, as reflected in the attached monthly statements for September and October. Charges are considered fully settled once they reach the customer's balance, consistent with our flow-of-funds model and the terms of service governing the account.

Please let me know if you have any questions or need additional information.

EXHIBIT E

December 4 Correspondence

Dec 4 - Flipcause

Hi Stripe Team,

Following up on my earlier message and the documentation provided, I wanted to offer additional context as Stripe continues its review. We appreciate the seriousness of the concerns raised, and we want to ensure you have full clarity around our operational history and the steps underway.

First, we want to emphasize that Flipcause has not been "resistant" to any Stripe inquiry. We have responded promptly to each request and remain fully cooperative. At the same time, we have not yet received any articulation of a specific merchant rule violation or flow-of-funds issue that Stripe believes is non-compliant. Understanding those details is essential for us to evaluate any remediation steps and to work constructively with your team.

Below is a brief breakdown of the key considerations from our side, including acknowledgment of your recent requests:

1. Longstanding compliance history and reliance on Stripe.

For more than **12 years**, Flipcause has processed approximately **\$740M** through Stripe. During this time:

- Our model and flow-of-funds structure have operated with Stripe's understanding and acceptance,
- We have engaged with numerous Stripe representatives regarding classification and settlement logic,
- No concerns were previously raised regarding card brand non-compliance, and
- **By our accounting, Flipcause has paid around \$16M in fees to Stripe and card networks while consistently operating under this approved model.**

Given this long history and reliance, abrupt operational restrictions, such as the recent reserve and payout holds, have an immediate and material impact on our ability to continue meeting obligations and serving customers.

2. Acknowledgment of Stripe's recent requests.

We want to briefly acknowledge the items outlined in your latest communication:

- **Joe Namath Foundation documentation:** Delivered in full yesterday as requested.
- **California operations:** Our counsel is preparing a formal appeal of the CA AG's Order; we will provide Stripe a filed copy by December 12.
- **Legal/operational framework updates:** We are open to evaluating any guidance, but need clarity on which rule or compliance area Stripe believes is implicated.
- **Fund flow changes:** We are willing to review any proposed fund-flow architecture once Stripe can articulate the intended compliance objective and provide technical details.

We again want to note that we have not yet received specifics on which merchant rule or card brand requirement Stripe believes is implicated.

3. Operational impact from lack of transition & reliance on expected revenue flows.

Because the reserve and payout suspension occurred without prior notice, Flipcause is experiencing significant disruption to:

- Operational funds and cash flow needed to maintain service,
- Normal subscription billing cycles,
- Ability to satisfy obligations under our platform TOS,
- and consistent service for the nonprofits that depend on us.

Even temporary interruptions have cascading effects for our customers. We want to work collaboratively to stabilize operations while the appeal materials are under review.

4. Continued cooperation and forthcoming appeal.

We remain fully cooperative. Our external counsel is finalizing our formal appeal, which will:

- Address the AG's assumptions directly,
- Clarify our Merchant-of-Record and Agent-of-Payee structure,
- and outline the legal and operational basis for our longstanding framework.

We will provide Stripe a copy of the filed appeal by December 12.

5. Request for operational continuity and reconsideration of the reserve level.

In addition to operational continuity, we respectfully request a reconsideration of the recently imposed **100% reserve**. We understand Stripe's need to manage risk, but a full reserve is effectively a shutdown of our ability to operate.

A 100% reserve is not sustainable for any platform of our scale, and even a prolonged 50% reserve would significantly impair our ability to meet core obligations and maintain continuity for our customers.

We would appreciate the opportunity to discuss **whether a more balanced, risk-adjusted reserve** configuration could be implemented while Stripe completes its review. Something that protects Stripe and its partners without causing disproportionate operational strain or unintended downstream impact on the organizations we serve.

We are open to negotiating a fair reserve level or temporary mitigation structure that satisfies Stripe's requirements while allowing us to operate responsibly during this review period.

6. Request for a call.

We would greatly appreciate the opportunity to speak live with your team. A short call would help ensure full clarity on any concerns and alignment on next steps.

We are available today or tomorrow at any time convenient for you.

Thank you again for your time and partnership. We remain committed to working collaboratively with Stripe to find a clear, compliant, and sustainable path forward.

Best regards,

Dec 4 - Stripe

Hello Sean,

Following our recent communications, we conducted a thorough review of your account. After careful consideration, which included a review of financial partner demands, ongoing regulatory enforcement action, patterns in consumer feedback and Stripe's Aggregation policy, we have determined that your business currently presents a higher level of risk than we are able to manage in our operations. Given the multiple demands from financial partners sharing similar concerns, we are unable to continue supporting your business.

As a result, we will be proceeding with the offboarding process, effective December 5, 2025. Please note that from this date, you will no longer be able to accept additional charges on your account. This decision aims to ensure compliance with regulatory requirements and the protection of all parties involved.

As previously communicated on December 2, 2025, we placed a fixed credit reserve on your account until February 28, 2026 due to these concerns. This reserve was put in place to protect against potential disputes and chargebacks arising from the elevated risk level associated with your business. Credit will continue to monitor processing behavior and reassess the release date.

Thank you for your understanding.

Sincerely,
The Stripe Team

CERTIFICATE OF SERVICE

I, Aaron S. Applebaum, hereby certify that on this 29th day of December, 2025, a true and correct copy of the foregoing *Stripe, Inc.'s Objection to Debtor's Motion for Entry of an Order (I) Authorizing and Directing the Debtor's Payment Processor Stripe, Inc. (A) to Cease Any Holds on Debtor's Funds, (B) to Fulfill Its Payment Processing Obligations Under the Payment Processing Agreement with Debtor, (C) to Comply with the Automatic Stay, and (II) Granting Related Relief* was served via the Court's CM/ECF system upon the parties registered to receive notifications in this case.

/s/ Aaron S. Applebaum
Aaron S. Applebaum (DE 5587)