

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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PA REGISTERED BY
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING, BUREAU
OF COMPLIANCE AND LICENSING

v.

ASSOCIATED FOREIGN EXCHANGE, INC.

Docket No.: 13 0000 (BNK-CAO)

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department") Bureau of Compliance and Licensing ("Bureau"), has reviewed the business practices of Associated Foreign Exchange, Inc. ("AFEX") and its officers, employees and directors. Based on the results of its review, the Bureau found that AFEX violated the act known as the Money Transmitter Act, Act of 1965, P.L. 490, No. 249, *as amended*, 7 P.S. § 6101 *et seq.* ("MTA"). AFEX agrees to enter into this Consent Agreement and Order ("Order") without admitting to any wrongdoing. The parties to the above-captioned matter, in lieu of litigation and for purposes of settlement, hereby stipulate that the following statements are true and correct, and intending to be legally bound, hereby agree to the terms of this Order.

BACKGROUND

1. The Department is the Pennsylvania administrative agency authorized and empowered to administer and enforce the MTA.

2. The Bureau is primarily responsible for administering and enforcing the MTA for the Department.

3. AFEX's principal place of business is located at 21045 Califa Street, Woodland Hills, CA 91367.

4. AFEX engages in the business of foreign currency exchange for customers, including customers located in Pennsylvania.

5. AFEX charges its customers a fee for this service.

6. Based on an internal regulatory study and correspondence with the Department, AFEX determined that it needed a money transmitter license to engage in the foreign exchange currency business in Pennsylvania.

7. Consequently, in July of 2013 AFEX contacted the Bureau and informed the Bureau that it planned apply for a money transmitter license.

8. AFEX disclosed to the Bureau that since late December of 2006 it processed transactions on behalf of PA residents at AFEX offices located in states where AFEX maintained appropriate licenses.

9. AFEX submitted an application for a money transmitter license with the Department.

10. AFEX has been cooperative with the Bureau by fully disclosing its activities and by applying for a license upon ascertaining that a license was necessary.

VIOLATION

11. Section 2 of the MTA provides, in relevant part, that “[n]o person shall engage in the business of transmitting money by means of a transmittal instrument for a fee or other consideration without first having obtained a license from the Department of Banking. . . .” 7 P.S. § 6102.

12. A transmittal instrument is “any check, draft, money order, personal money order or method for the payment of money or transmittal of credit. . . .” 7 P.S. § 6101.

13. AFEX does not meet any of the exemptions to licensure contained in the MTA. *See* 7 P.S. §§ 6103, 6104.

14. In violation of Section 2 of the MTA, AFEX engaged in the business of transmitting money by means of a transmittal instrument for a fee when it exchanged currency for customers located in Pennsylvania without a license from December of 2006 through July of 2013.

15. The Department may fine persons that violate the provisions of the MTA an amount of “up to two thousand dollars for each offense.” 7 P.S. § 6116.

RELIEF

16. Fine. Within 30 days of the Effective Date of this Order as set forth in Paragraph 23, AFEX shall pay to the Department a fine in the amount of \$73,000. Payment shall be remitted by certified check or money order and made payable to the “Department of Banking and Securities” and shall be sent to the attention of Licensing Division, Bureau of Compliance and Licensing located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

17. Corrective Action. AFEX shall maintain a money transmitter license with the Department as long as it engages in the business of transmitting money by means of a transmittal instrument for a fee or other consideration on behalf of Pennsylvania consumers.

FURTHER PROVISIONS

18. Consent. AFEX hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Bureau’s order authority under the MTA and agrees that it understands all of the terms and conditions contained herein. AFEX, by voluntarily entering into this Order, waives any right to a hearing or appeal concerning the terms, conditions and/or penalties set forth in this Order.

19. Publication. The Department will publish this Order pursuant to its authority in Section 302.A.(5) of the Department of Banking and Securities Code. See 71 P.S. §733-302.A.(5).

20. Entire Agreement. This Order contains the whole agreement between the parties. There are no other terms, obligations, covenants, representations, statements, conditions, or otherwise, of any kind whatsoever concerning this Order. This Order may be amended in writing by mutual agreement by the Bureau and AFEX.

21. Binding Nature. The Department, AFEX, and all officers, owners, directors, employees, heirs and assigns of AFEX intend to be and are legally bound by the terms of this Order

22. Counsel. This Order is entered into by the parties upon full opportunity for legal advice from legal counsel.

23. Effectiveness. AFEX hereby stipulates and agrees that the Order shall become effective on the date that the Bureau executes the Order (“Effective Date”).

24. Other Enforcement Action.

a. The Department reserves all of its rights, duties, and authority to enforce all statutes, rules and regulations under its jurisdiction against AFEX in the future regarding all matters not resolved by this Order.

b. AFEX acknowledges and agrees that this Order is only binding upon the Department and not any other local, state or federal agency, department or office regarding matters within this Order.

25. Authorization. The parties below are authorized to execute this Order and legally bind their respective parties.

26. Counterparts. This Order may be executed in separate counterparts, by facsimile and by PDF.

27. Titles. The titles used to identify the paragraphs of this document are for the convenience of reference only and do not control the interpretation of this document.

WHEREFORE, in consideration of the foregoing, including the recital paragraphs, the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Compliance and Licensing and Associated Foreign Exchange, Inc. intending to be legally bound do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF
PENNSYLVANIA, DEPARTMENT OF
BANKING AND SECURITIES
BUREAU OF COMPLIANCE AND
LICENSING**

**FOR ASSOCIATED FOREIGN
EXCHANGE, INC.**

Ryan Walsh, Chief
Compliance Division
Department of Banking and Securities

(Officer Signature)

JAN VLETSTRA

(Print Officer Name)

Date: October 2, 2013

CED
(Title)

Date: 9/26/13