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2015 MAY 29 PM 1:01

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, COMPLIANCE OFFICE :

v. :

DOCKET NO. 15 0013 (BNK-CAO)

GLOBAL CLIENT SOLUTIONS, LLC :

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Compliance Office, evaluated certain business practices of Global Client Solutions, Inc. ("GCS") and its officers, employees and directors. Based on the results of its evaluation, it is the Department's position that GCS violated the act known as the Money Transmitter Act ("MTA"), 7 P.S. § 6101 *et seq.* GCS agrees to enter into this Consent Agreement and Order ("Order") without admitting to any wrongdoing. The parties seek to resolve this matter amicably to save the time and resources that ongoing litigation would require and, to this end, hereby stipulate that the following statements are true and correct in the settlement of the above-captioned matter and, intending to be legally bound, hereby agrees to the terms of this Order.

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MTA.
2. The Compliance Office is primarily responsible for administering and enforcing the MTA for the Department.

3. GCS is a corporation incorporated in Oklahoma with its principal place of business at 4500 S. 129th East Ave., Suite 175, Tulsa, OK 74134.
4. GCS offers its services to customers of debt settlement services companies, attorneys and other similar entities (collectively referred to as "debt settlement companies") with which it has agreements.
5. GCS sets up a special purpose account within a federally-insured bank in the customer's name to hold funds that will be used to pay the negotiated settlement amount and/or fees due to the debt settlement companies.
6. Once a settlement agreement is negotiated between a customer and his or her creditors, GCS, at the customer's direction, sends funds via wire transfer or ACH transaction from the customer's special purpose account to the customer's creditor.
7. GCS provides instructions to the bank to transmit money from customers of debt settlement companies according to a payment schedule determined by the consumer.
8. GCS also debits the customer special purpose account for fees owed to the debt settlement companies for services rendered by the debt settlement companies, and then credits the corresponding debt settlement companies' account(s).
9. GCS charges its customers a monthly fee for its services which is a separate fee than that owed by the customers to the debt settlement company.
10. GCS is not, and has never been, licensed as a money transmitter by the Department.
11. GCS has been providing its services to Pennsylvania consumers since at least January of 2011.

12. GCS submitted an application for a money transmitter license to the Department in March of 2015.

13. GCS maintains that the MTA does not apply to its business model or any business model it has used in dealing with Pennsylvania consumers, but in the interest of cooperation, it applied for a money transmitter license in Pennsylvania.

14. GCS has been licensed as a money transmitter in Washington, NMLS No. 1167249, since September of 2012.

VIOLATION

15. Section 2 of the MTA provides that:

No 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 nor shall any person engage in such business as an agent except as an agent of a person licensed or exempted under this act, 7 P.S. § 6102.

16. A "person" includes an "individual or organization but does not include the governments of the United States or of the Commonwealth of Pennsylvania." 7 P.S. § 6101.

17. A "transmittal instrument" is "any check, draft, money order, personal money order or *method for the payment of money or transmittal of credit*, other than a merchandise gift certificate sold in the regular course of business by a vendor of personal property or services." *Id.* (Emphasis added).

18. The Compliance Office has historically interpreted the phrase "method for the payment of money or transmittal of credit" to include wire transfers and electronic payment systems.

19. The following entities are exempt from licensing requirements pursuant to Section 3 of the MTA, 7 P.S. § 6103:

banks, bank and trust companies, credit unions, savings banks and private banks organized under the laws of this Commonwealth; similar banking institutions organized under the laws of the United States or of any other state which are insured by the Federal Deposit Insurance Corporation; similar credit unions organized under the laws of the United States or another state, and insured by the National Credit Union Share Insurance Fund; and savings and loan associations and building and loan associations organized under the laws of this Commonwealth or of the United States; or . . . agents of a person licensed under this act.

20. It is the Compliance Office's position that GCS does not meet any of the exemptions to licensure contained in the MTA. *See* 7 P.S. §§ 6103, 6103.1.

21. GCS is not, and has never been, licensed as a money transmitter by the Department

22. It is the Compliance Office's position that GCS, a person as defined by the MTA, engaged in the business of transmitting money by means of a transmittal instrument for a fee when it, *inter alia*, transmitting money via wire transfer or ACH transactions from customers to their creditors and/or their debt settlement companies from January of 2011 through May of 2015, in violation of the MTA.

23. 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.

24. This Order resolves the violations alleged by the Department up until the approval of GCS's license application which will be processed upon filing of this Order.

RELIEF

25. Fine. GCS shall pay the Department a fine in the amount of \$53,000 within 30 days of the effective date of this Order, as defined below. Payment shall be made by certified check or money order made payable to the "Department of Banking and Securities" and shall be mailed or delivered, in person, to the Compliance Office located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

26. License. Should GCS, and its subsidiaries and affiliates, fail to comply with any of the terms set forth in the Order, the Department reserves the right to take enforcement action against GCS or its affiliates and subsidiaries, including suspension, revocation or refusal to renew a money transmitter license.

27. Corrective Action.

a. GCS, its affiliates or subsidiaries, shall not engage in the business set forth in this Order and the MTA without maintaining a money transmitter license.

b. GCS must notify the Department's Licensing Office immediately should GCS make any changes to its business plan, and shall provide the Licensing Office with the new business plan and any information that it may request regarding those changes.

c. GCS must report all past and future regulatory actions taken against it by other states' or federal government agencies in accord with the reporting requirements of the NMLS system.

FURTHER PROVISIONS

28. Consent. GCS hereby knowingly, willingly, voluntarily and irrevocably consents to the entry of this Order pursuant to the Compliance Office's order authority made under the MTA and agrees that it understands all of the terms and conditions contained herein. GCS, 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.

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

30. Entire Agreement. This Order contains the entire agreement between the department and GCS. 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 Department and GCS.

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

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

33. Effectiveness. GCS hereby stipulates and agrees that the Order shall become effective on the date that the Compliance Office executes the Order.

34. 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 GCS, its affiliates and subsidiaries, in the future regarding all matters not resolved by this Order.

b. GCS 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.

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

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

37. 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 Department of Banking and Securities' Compliance Office, and Global Client Solutions, LLC, intending to be legally bound, do hereby execute this Consent Agreement and Order.

FOR THE COMMONWEALTH OF PENNSYLVANIA, DEPARTMENT OF BANKING AND SECURITIES, COMPLIANCE OFFICE

Redacted

Ryan M. Walsh
Chief, Compliance Office

Date: May 29, 2015

FOR GLOBAL CLIENT SOLUTIONS, LLC

Redacted

(Officer Signature)

Brent J. Hampton
(Print Officer Name)

UP's General Counsel
(Title)

Date: 05-29-2015