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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. 1500001 (BNK-CAO)

TECH FRIENDS, INC.

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Compliance Office ("Office") evaluated certain business practices of Tech Friends, Inc. ("TFI"), and its officers, employees and directors. Based on the results of its evaluation, the Office concludes that TFI engaged in unlicensed activity in violation of the act of September 2, 1965 (P.L. 490, No. 249), known as the Money Transmitter Act, 7 P.S. §§ 6101-6018 ("MTA"). The parties to the above-captioned matter, in lieu of litigation, 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 agree to the terms of this Consent Agreement and Order ("Order").

BACKGROUND

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the MTA.
2. The Office is primarily responsible for administering and enforcing the MTA for the Department.
3. TFI is a corporation with its corporate headquarters located at 2622 Commerce Dr., Jonesboro, AR 72401.
4. TFI applied for a money transmitter license on November 19, 2015 which is pending until the Effective Date of this consent.

5. From the commencement of the review, through the Effective Date of this Order, TFI cooperated with the Department by providing all requested information and documents.

Unlicensed Money Transmission

6. The MTA prohibits persons from directly or indirectly engaging “in the business of transmitting money by means of a transmittal instrument for a fee or other consideration” without obtaining a license from the Department unless specifically exempted by law. 7 P.S. § 6102.

7. 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 (emphasis added).

8. The Department’s review revealed that TFI provides inmates in Pennsylvania correctional facilities with an electronic money transfer method through which friends and family (“consumers”) may deposit funds into the inmates’ trust accounts.

9. For a fee, consumers may deposit funds into inmates’ trust accounts with credit and debit cards by using either TFI’s website or its lobby kiosks located at the correctional facilities.

10. Because TFI does not meet an exemption to the MTA as outlined in section 6102 and 61403, and TFI engages in the “business of transmitting money by means of a transmittal instrument for a fee or other consideration” within the meaning of the MTA, the MTA prohibits TFI from continuing to engage in the business of money transmission until a license is obtained from the Department.

VIOLATION

11. TFI violated the MTA when it transferred money, for a fee or other consideration, from Pennsylvania consumers to the trust accounts of Pennsylvania correctional institution inmates through TFI’s website and lobby kiosks without a money transmitter license. 7 P.S. § 6102.

AUTHORITY

12. The MTA grants the Department authority to make rules and regulations as may be necessary or appropriate for the proper conduct of the money transmitter business and enforcement of the MTA. 7 P.S. § 6114.

13. Section 6116 of the MTA provides that “any person, whether licensed or not licensed under the provisions of this act, or any director, officer employee or agent of any such person, who shall violate the provisions of this act or shall direct or consent to such violations shall be subject to a fine levied by the Department of Banking of up to two thousand dollars (\$2,000) for each offense.” 7 P.S. § 6116.

RELIEF

14. Fine. Within 30 days of the Effective Date of this Order, as defined in Paragraph 21, TFI shall pay the Department a fine in the amount of \$36,000. 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, Bureau of Compliance and Licensing located at 17 N. Second Street, Suite 1300, Harrisburg, PA 17101.

15. Corrective Action. Upon the Effective Date of this Order, TFI shall not engage in the money transmitter business without a current money transmitter license.

FURTHER PROVISIONS

16. Consent. TFI hereby knowingly, willingly, voluntarily and irrevocably consent 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. TFI, 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.

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

18. Entire Agreement. This Order contains the entire agreement between the Department and TFI. 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 TFI.

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

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

21. Effectiveness. TFI hereby stipulates and agrees that the Order shall become effective on the date that the Compliance Office executes the Order ("Effective Date").

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

b. TFI 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.

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

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

25. 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.

WHEREAS, in consideration of the foregoing, including the recital paragraphs, the Department of Banking and Securities' Compliance Office and Tech Friends, Inc., 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 Walsh, Director
Compliance Office
Department of Banking and Securities

Date: January 7, 2016

FOR TECH FRIENDS, INC.

Redacted

(Officer Signature)

Bob Shipman

(Print Officer Name)

President

(Title)

Date: January 7, 2016