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PA DEPARTMENT OF BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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

v.

DOCKET NO. 18 0072 (BNK-CAO)

GOVERNMENT PAYMENT SERVICE, :
INC. :

CONSENT AGREEMENT AND ORDER

The Commonwealth of Pennsylvania, acting through the Department of Banking and Securities ("Department"), Compliance Office has evaluated the business practices of Government Payment Service, Inc. ("GPS"), and its officers and employees. Based on the results of its evaluation, the Compliance Office has concluded that GPS has engaged in unlicensed activity in violation of the Money Transmitter Act ("MTA"), 7 P.S. § 6101 et seq. GPS 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, 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 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. GPS is a corporation that engages in the business of transferring money electronically

from friends and family of inmates (“consumers”) to inmates incarcerated at correctional institutions.

4. GPS is incorporated in Delaware with its principal place of business located at 7102 Lakeview Parkway, West Drive, Indianapolis, IN 46268.

5. 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 with or on behalf of an individual without first having obtained a license from the department.

See 7 P.S. § 6102

6. A person includes an “individual or an organization. . .” 7 P.S. § 6101.

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. Exemptions to licensure apply under Section 3 of the MTA. 7 P.S. § 6103.

9. On and after January 3, 2017, the Department has the authority under the MTA to impose orders and issue fines up to \$10,000 for each offense. 7 P.S. § 6116 (as amended by the act of Nov. 3, 2016, P.L. 1002, No. 129).

10. Prior to January 3, 2017, the Department had the authority to impose orders and issue fines up to \$2,000 for each offense. 7 P.S. § 6116.

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

12. On May 11, 2018 GPS submitted a license application to the Department.

VIOLATIONS

13. GPS allows consumers to transfer money through its website (www.govpaynet.com); the consumer provides the payment information to GPS which ensures that the money is transmitted to the inmates.

14. The consumers pay GPS a fee for each transfer.

15. GPS is an organization that accepts Pennsylvania consumers' funds by credit, debit and prepaid debit card payments and transfers them electronically for a fee or other consideration; thus, GPS engages in the "business of transmitting money by means of a transmittal instrument for a fee or other consideration" within the meaning of Section 2 of the MTA.

16. The Compliance Office contends that no exemptions to the licensure requirement under Section 3 of the MTA applied to the activities of GPS. 7 P.S. § 6103.

17. By transferring money by means of a transmittal instrument for Pennsylvania consumers for a fee or other consideration from August 2013 to May 2018 without a money transmitter license and without qualifying for an agency exemption to licensure, the Compliance Office contends that GPS violated Section 2 of the MTA, 7 P.S. § 6102.

RELIEF

18. Fine. Within 30 days of the Effective Date of this Order, as defined in Paragraph 26, GPS shall pay the Department a fine in the amount of \$51,500. Payment shall be made by ACH or wire transfer, or if ACH or wire transfer is unavailable by certified check, cashier's 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.

19. License. Upon the Effective Date of this Order, GPS's money transmitter license application will be approved by the Licensing Office. Should GPS, and its subsidiaries and affiliates, fail to comply with any of the terms set forth in the Order, including failure to pay their fine in a timely manner, the Department reserves the right to take enforcement action against GPS or its affiliates and subsidiaries, including suspension, revocation or refusal to renew a money transmitter license.

20. Corrective Action.

a. GPS, its affiliates or subsidiaries, shall not engage in the business of money transmission without maintaining a money transmitter license.

b. Should GPS make any changes to its business plan it must notify the Department's Bureau of Licensing immediately and provide the Bureau of Licensing with the new business plan and any information that it may request regarding the change(s).

FURTHER PROVISIONS

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

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

23. Entire Agreement. This Order contains the entire agreement between the Department and GPS. 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 GPS.

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

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

26. Effectiveness. GPS hereby stipulates and agrees that the Order shall become effective on

the date that the Bureau docket and executes the Order (“Effective Date”).

27. 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 GPS in the future regarding all matters not resolved by this Order.

(b) GPS 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.

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

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

30. 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, Compliance Office and Government Payment Service, Inc., intending to be legally bound, do hereby execute this Consent Agreement and Order.

**FOR THE COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES**

FOR GOVERNMENT PAYMENT SERVICES, INC.

Redacted

James Keiser, Chief
Compliance Office

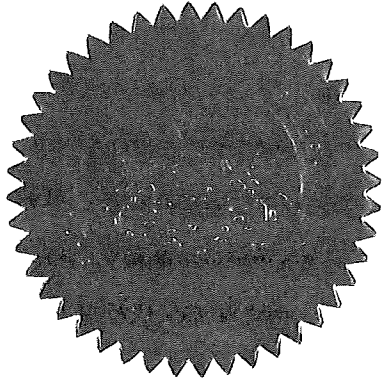
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(Officer Signature)

Date: October 3, 2018

Robert Pickens

(Print Officer Name)



President and Chief Executive Officer

(Title)

Date: 10-1-18