

COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2014-AH-0001

ENTERED  
JAN 27 2014  
COMMISSIONERS OFFICE

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

V.

ULTRALIGHT FS, INC. a/k/a  
OBOPAY, INC.

RESPONDENT

**AGREED ORDER**

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1. The Department of Financial Institutions (“DFI”) is responsible for regulating and licensing entities engaged in the business of money transmission in accordance with the provisions set forth in KRS Chapter 286.11 and applicable regulations.

2. Ultralight FS, Inc. also known as Obopay, Inc. (“Respondent”) is a licensed money transmitter authorized to do business in Kentucky, with a principal office at 204 N. Shoreline Blvd., Suite 230, Mountain View, CA 94043.

3. In October 2013, DFI commenced a routine joint examination of Respondent with the states of Kansas, Ohio Virginia, Washington and West Virginia.

4. During this examination, numerous violations of state and federal law were discovered, including many violations of KRS 286.11.

5. KRS 286.11-023 requires licensees to file a written report with the commissioner within fifteen business days of its knowledge of the occurrence of any material changes outlined in KRS 286.11-023. The Respondent failed to report fifteen qualifying events between April 26, 2012 and September 26, 2013.

6. KRS 286.11-025, which requires the licensee to do the following:
  - a. A licensee shall give the commissioner written notice of a proposed change of control within fifteen (15) days after learning of the proposed change of control and at least thirty (30) days prior to the proposed change of control.
  - b. A licensee shall file a written request for approval of the acquisition with the commissioner. A licensee shall also submit, with the notice, a nonrefundable fee of one hundred dollars (\$100).
7. The Respondent executed unauthorized changes of control on both November 9, 2012 and January 30, 2013.
8. Pursuant to KRS 286.11-029(1), licensees must retain records for a period of five years and those records must be made available to the commissioner for inspection. The Respondent was unable to provide credible records of each payment instrument sold, outstanding payment instruments, instruments paid, and Suspicious Activity Reports filed for the majority of the contractual period, March 28, 2012-June 3, 2013, with the Respondent's agent MH Pillars d/b/a Payza.
9. KRS 286.11-035 details the requirements for authorized agent contracts. The Respondent's agent contracts were not in compliance with these requirements.
10. KRS 286.11-037 governs authorized agent conduct. The Respondent's agents were again not in compliance with this statute.
11. The Respondent did not provide a full annual audit for fiscal year 2012 with its 2013 prorated renewal, thereby violating KRS 286.11-021(2)
12. The Respondent was out of compliance with the permissible investment requirements outlined in KRS 286.11-015(1) for no less than 433 days.

13. Additionally, KRS 286.11-063 requires all licensees and their agents to comply with all applicable federal and state law. The examination revealed several violations of federal law.

14. DFI possesses a range of administrative authority in addressing violations of the Act, including license revocation or denial, the imposition of fines in an amount up to \$5,000 per violation per day and settlement. *See* KRS 286.11.

15. The DFI and Respondent, in the interest of economically and efficiently resolving this matter, agree as follows:

a. Respondent agrees to voluntarily surrender its Kentucky Money Transmitter License (License #979668) in lieu of revocation; and

b. Respondent agrees that it shall never apply for or be eligible for a license under KRS 286.11 to operate as a money transmitter in Kentucky. Respondent further agrees to never again resume any activities constituting money transmission in the Commonwealth of Kentucky.

16. Respondent waives its right to demand a hearing at which it would be entitled to legal representation, to confront and cross examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Agreed Order.

17. Respondent consents to and acknowledges the jurisdiction of DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

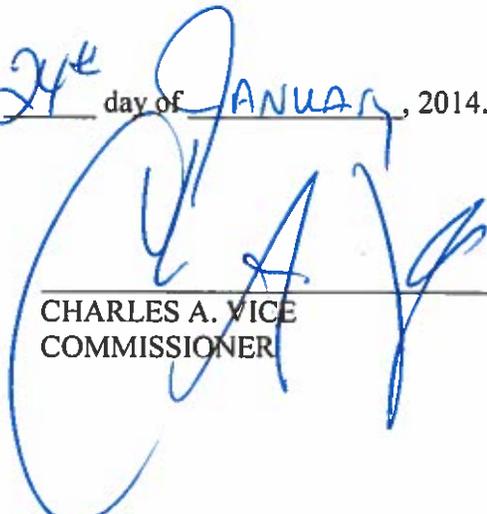
18. In consideration of execution of this Agreed Order, Respondent for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts,

judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that Respondent ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

19. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

20. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 24<sup>th</sup> day of JANUARY, 2014.

  
\_\_\_\_\_  
CHARLES A. VICE  
COMMISSIONER

**Consented to:**

This 24 day of January, 2014.

  
\_\_\_\_\_  
Sarah Butler, Director  
Division of Non-Depository Institutions  
Department of Financial Institutions

This 15 day of January, 2014.

  
\_\_\_\_\_  
Authorized Representative  
Ultralight FS, Inc. a/k/a Obopay, Inc.

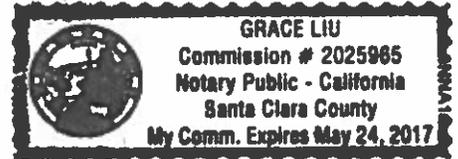
**ACKNOWLEDGEMENT**

STATE OF California )  
 )  
COUNTY OF Santa Clara )

On this the 15<sup>th</sup> day of January, 2014, before me Grace Liu, the undersigned, Carol L. Reolini, did personally appear and acknowledge himself/herself to be the authorized representative of Ultralight FS, Inc. a/k/a Obopay, Inc. and that he/she, being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: May 24, 2017

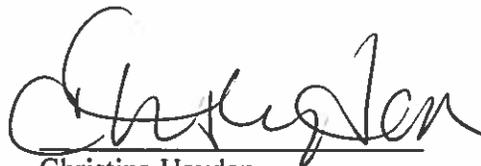


Grace Liu  
Notary Public

**Certificate of Service**

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 27 day of January, 2014, by certified mail, return receipt requested, to the following:

Ultralight FS, Inc. a/k/a Obopay, Inc.  
Attn: Richard Harvey  
1804 N. Shoreline Blvd, Suite 230  
Mountain View, CA 94043



Christina Hayden  
Department of Financial Institutions