

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2017-AH-00054

ENTERED
JUN 28 2017
AEE 8:45AM
COMMISSIONERS OFFICE

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

V.

COMMONWEALTH FOREIGN EXCHANGE, INC.

RESPONDENT

AGREED ORDER

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. Commonwealth Foreign Exchange (“Respondent”) has a pending application with the DFI for a Kentucky money transmitter license and has a principal office at 56 Pine Street, Suite 600, Providence, RI 02903. (ICIE #386592)

3. On or about November 26, 2016, Respondent voluntarily submitted the initial documents for an application for a Kentucky money transmitter license. As part of the application, Respondent voluntarily disclosed unlicensed money transmission activity occurring in Kentucky prior to submission of the application.

4. Unlicensed activity is a violation of KRS 286.11-005, which requires a person conducting money transmission in Kentucky to be licensed as a money transmitter under KRS Chapter 286.11. Respondent states that it was under a good faith belief that its activity in the Commonwealth of Kentucky did not require a money transmitter license.

5. 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 286.11-047.

6. Respondent neither admits nor denies the findings of facts and conclusions of law contained herein. The DFI and Respondent, in the interest of economically and efficiently resolving this matter, agree as follows:

a. Respondent agrees to a fine assessment in the amount of thirty five thousand dollars (\$35,000.00) for the violation(s) described herein;

b. Respondent agrees to and shall pay the total fine assessed herein of thirty five thousand dollars (\$35,000.00), which shall be due upon entry of the Agreed Order. The payment shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Non-Depository Division, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

c. Respondent shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in KRS Chapter 286.11.

7. 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.

8. 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.

9. 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.


10. Upon the entry of the Agreed Order, DFI acknowledges that it is in possession of all of the materials and information it requires in order to issue a Kentucky money transmitter license to the Respondent.

11. By signing below, Respondent acknowledges it has read the foregoing Agreed Order, knows and fully understands its contents, and that the individual signing on behalf of Respondent is authorized to enter into and execute this Agreed Order and legally bind Respondent.

12. This Agreed Order shall constitute the Final Order in this matter and shall constitute a final settlement of the facts, findings, and allegations contained herein. Upon entry of this Agreed Order, DFI agrees not to seek further reimbursement, refunds, penalties, fines, costs, or fees regarding the facts, allegations, or findings of violations contained herein; provided that DFI may take enforcement action against Respondent if any representation made by Respondent and reflected herein is subsequently discovered to be untrue.

13. Nothing in this Order is intended to alter any future statutory or regulatory requirements of licensure.

IT IS SO ORDERED on this the 26th day of June, 2017.



CHARLES A. VICE
COMMISSIONER

Consented to:

This 26th day of June, 2017.

This 21 day of June, 2017.

Tammy R. Scruggs
Tammy Scruggs, Director
Division of Non-Depository Institutions
Department of Financial Institutions

John E. Lamere
Authorized Representative President
Commonwealth Foreign Exchange, Inc.

ACKNOWLEDGEMENT

STATE OF Rhode Island)
COUNTY OF Providence)

On this the 21st day of JUNE, 2017, before me Frank H Goulet, the undersigned, John E. Lamere, did personally appear and acknowledge himself/herself to be the authorized representative of Commonwealth Foreign Exchange, 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: 3-21-2021

Frank H. Goulet ID# 755135
Notary Public

Certificate of Service

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 28 day of June, 2017, by certified mail, return receipt requested, to the following:

Elan Mendel
General Counsel and Chief Compliance Officer
Commonwealth Foreign Exchange, Inc.
405 Park Avenue, Suite 501
New York, NY 10022

And by hand-delivery to:

Gary A. Stephens
Kentucky Department of Financial Institutions
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601
Counsel for the Department



Allison Evans
Department of Financial Institutions