

March 22, 2019

**Charles Vice**  
**Commissioner**  
**Kentucky Office of Financial Institutions**  
**1025 Capital Center Dr., Suite 200**  
**Frankfort, KY 40601**

Re: Keefe Commissary Network, L.L.C.

Dear Mr. Vice:

In order to keep you apprised of certain events, Keefe Commissary Network, L.L.C. ("KCN") is writing to notify you that on March 21, 2019,<sup>1</sup> KCN entered into a joint Consent Order (the "Consent Order") with the North Carolina Office of the Commissioner of Banks (the "NCCOB") and the Kentucky Department of Financial Institutions ("KDFI"), which stems from a multi-state examination report. The Consent Order imposes certain non-monetary obligations on KCN, such as requiring KCN to: (i) implement a Committee-approved internal audit program; (ii) update its Business Continuity and Management Succession Plan; (iii) amend policies and procedures relating to the filing of currency transaction reports; (iv) enhance and develop transaction monitoring procedures and make other enhancements and amendments to its suspicious activity report monitoring, funds transfers recordkeeping, and risk assessment; (v) develop a risk-based process for source of funds verification; and (vi) make certain updates to the Office of Foreign Asset Control screening parameters. A copy of the Consent Order is attached hereto and will also be disclosed through the Nationwide Multistate Licensing System and Registry.

KCN will provide NCCOB and KDFI with monthly updates detailing its progress satisfying the requirements of the Consent Order. The Consent Order will remain in effect until NCCOB and KDFI determine that KCN has satisfactorily complied with all of the provisions therein. KCN is deeply committed to serving and protecting its customers, complying with applicable laws and regulations, and maintaining a transparent relationship with our regulators.

Please do not hesitate to contact me at (314) 919-4123 or my colleague Rich Kismer at (314) 214-2723 if you have any questions or require any additional information regarding this notice.

Very truly yours,

A handwritten signature in cursive script that reads 'Cindy Hunter'.

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<sup>1</sup> While the Consent Order indicates an entry date of March 12, 2019, we note that the Consent Order was not fully entered into until March 21, 2019 (*i.e.*, the date of KDFI's execution). The fully executed Consent Order was received by KCN shortly thereafter.

THE KENTUCKY DEPARTMENT OF FINANCIAL INSTITUTIONS AND THE NORTH  
CAROLINA OFFICE OF THE COMMISSIONER OF BANKS

IN RE:	)	
	)	
KEEFE COMMISSARY NETWORK, L.L.C.	)	<b>JOINT CONSENT ORDER</b>
	)	
	)	<b>NCCOB Docket No.: <u>19:021:MT</u></b>
	)	
Kentucky License No.: SC237766	)	
North Carolina License No.: 150910	)	<b>KDFI Docket No.: <u>19:021:MT</u></b>
_____	)	

The Kentucky Department of Financial Institutions and the North Carolina Office of the Commissioner of Banks (collectively, "States"), are appropriate state regulators of Keefe Commissary Network, L.L.C. ("KCN" or "Licensee") pursuant to the States' respective laws.

KCN has consented to the issuance of this Consent Order ("Order") by the States, to bring KCN's money transmission practices into compliance with relevant state and federal laws, including but not limited to N.C.G.S. §53-208.51 (4), Ky. Rev. Stat. §286.11-031, the Federal Bank Secrecy Act, 31 U.S.C. §5311, et seq., and 31 C.F.R. Part 1022, and implementing regulations pertaining thereto. Therefore, the States hereby order that:

**MANAGEMENT**

**1. Internal Audit/Scope**

- a. Within 60 days of this Order, KCN's executive management team ("Management") and Compliance Committee ("Committee") will review the FFIEC guidance on internal audits to address audit best practices and standards and will document such review.
- b. Within 6 months of this Order, KCN will implement a Committee-approved internal audit program, which will include a reporting schedule to ensure that findings are regularly reported to KCN's Manager.

**2. Audit Tracking**

- a. Within 60 days of this Order, KCN will amend audit tracking reports to include risk-rated and prioritized audit deficiencies.
- b. Within 6 months of this Order, KCN will amend and effectively implement audit policies and procedures to ensure reasonable and timely deadlines are met for resolution of audit findings.

**3. Business Continuity and Management Succession**

- a. Within 90 days of this Order, KCN will provide the States with its updated Business Continuity and Management Succession Plan, in which KCN will identify all

critical business positions and include strategies for staffing vacancies with qualified individuals.

- b. Within 6 months of this Order, KCN will staff all critical business positions identified in its updated Business Continuity and Management Succession Plan.

#### 4. Suspicious Activity Report (SAR) Monitoring and Funds Transfers Recordkeeping

- a. Within 6 months of this Order, KCN will review all incoming facility transactions aggregating \$3,000 or more in a single day to determine whether facilities are collecting the information required to meet the recordkeeping requirements of 31 CFR 1010.410(e) and to demonstrate that SARs are filed when justified, as required by 31 CFR 1022.320. If KCN determines that a facility is not complying with those requirements, KCN will create and implement a remediation plan to correct the deficiencies.
- b. Within 6 months of this Order, KCN will bring all transaction monitoring current, complete the analysis of all escalated transactions, ensure the timely, accurate, and complete filing of SARs, and comply with all applicable recordkeeping requirements as required by law.

#### 5. Currency Transaction Report (CTR) Filings

- a. Within 6 months of this Order, KCN will amend policies and procedures relating to the filing of CTRs to ensure that all CTRs are completed and filed within 15 days of the date of detection.

#### 6. Risk Assessment

- a. Within 90 days, KCN will provide the States with a copy of the questionnaire distributed to correctional facilities to document the rules for funds released to outside parties.
- b. Within 6 months of this Order, KCN will identify and amend its overall risk assessment to include all facilities that allow transfers out of the facility, as well as facilities that have exclusions above KCN's internal transaction limits.

#### 7. Source of Funds Verification

- a. Within 6 months of this Order, KCN will develop a risk-based process for source of funds verification that includes a determination of dollar threshold requirements, questions regarding the source of funds, and policies detailing when supporting documentation is necessary and how supporting documentation will be deemed credible.

#### 8. Transaction Monitoring

- a. Within 6 months of this Order, KCN will enhance and develop transaction monitoring procedures to include a review of past transactions according to risk to better identify and review suspicious transactions patterns.

#### 9. OFAC Monitoring

- a. Within 6 months of this Order, KCN will adjust OFAC screening parameters to detect variable name spellings according to risk.

- b. Within 6 months of this Order, KCN will update OFAC screening parameters to include all names on the Office of Foreign Asset Control Monitoring (OFAC) Specially Designated Nationals (SDN) list, as well as all names on the Consolidated Sanctions List.

**10. Publication of and Reporting of Progress with the Consent Order**

- a. Within 30 days of this Order, KCN will disclose this Order through the Nationwide Multistate Licensing System and Registry. KCN agrees and understands that this Order is a publicly disclosable document.
- b. Following the issuance of this Order, KCN will provide the States with monthly updates detailing its progress satisfying the requirements of this Order. The updates will be due within 15 days following the last day of each month. The updates will include a description of the form, content, and manner of any actions taken to address each provision of this Order, and KCN will provide relevant documentation in support of the same.
- c. The States reserve the right to review and rely upon future examinations of KCN performed by any other state with which the States have information sharing agreements to monitor and evaluate KCN's compliance with this Order.

**11. Termination of the Consent Order**

- a. This Order will remain effective and enforceable until the States determine that KCN has met, to the States' satisfaction, all the provisions herein, and agree to modify, terminate, suspend, or set aside in writing the Order.

KCN agrees and understands that its failure to comply with any provision of this Order, as determined by the States, can result in further enforcement actions being brought against it by any of the States. The provisions of this Order shall not bar, stop, or otherwise prevent the States from, individually or jointly, taking any other action against KCN.

IT IS SO ORDERED on this the 12 day of March, 2019.

(The remainder of this page was left blank intentionally.)

BONNIE S. WILLIAMS  
Notary Public - State of Arizona  
My Commission Expires October 14, 2020  
St. Louis County  
Commission #12400040



Consented to:

BY: KEEFE COMMISSARY NETWORK, L.L.C.

IN WITNESS WHEREOF, Cindy Hunter [name],  
AML Compliance Officer [title] of Keefe Commissary Network, L.L.C., who after  
presenting to me government-issued identification in the form of IL Drivers License, has  
caused this Consent Order to be executed as a true act and deed this the 12 day of  
March, 2019.

BY MY SIGNATURE I hereby affirm that I am acting in my capacity and within my authority  
as an authorized representative of Keefe Commissary Network, L.L.C.

Cindy Hunter  
[Print Name]

AML Compliance Officer  
[Title]

  
[Signature]

Date: March 12, 2019

STATE OF Missouri

COUNTY OF St. Louis

Before me, the undersigned notary public, personally appeared Cindy Hunter  
[name], AML Compliance Officer [title] of Keefe Commissary Network, L.L.C., who upon  
being duly sworn, states that he has read and understands the foregoing Consent Order and  
voluntarily signed same on behalf of Keefe Commissary Network, L.L.C.

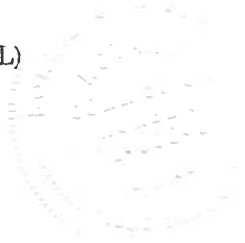
Sworn to and subscribed before me this 12 day of March, 2019.



Notary Public


My Commission Expires: BONNIE S. WILLIAMS  
Notary Public - State of Missouri  
My Commission Expires October 24, 2020  
St. Louis County  
Commission #12409046

(SEAL)



PARTICIPATING STATES

North Carolina Office of the Commissioner of Banks

By:   
Signature

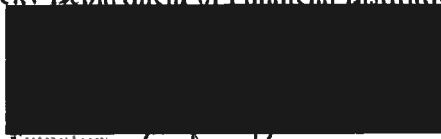
Printed Name: RAY GRACE

Title: COMMISSIONER OF BANKS

Date: 3-15-2019

Kentucky Department of Financial Institutions

By:



Signature: *Charles A. Vie*

Printed Name: Charles A. Vie

Title: Commissioner

Date: 03/21/2019