

COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2017-AH-00076

ENTERED  
NOV 28 2017  
7:40AM PEE  
COMMISSIONERS OFFICE

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

V.

YAPSTONE, INC.

RESPONDENTS

and

YAPSTONE HOLDINGS, INC.

**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. YapStone, Inc. (“YapStone”) has a pending application with DFI for a Kentucky money transmitter license and has a principal office at 2121 N. California Boulevard, Suite 400, Walnut Creek, California 94596.

3. On or about July 15, 2016, YapStone submitted the initial documents for an application for a Kentucky money transmitter license. The accompanying documentation reflects unlicensed money transmission activity by YapStone and its parent company Yapstone Holdings, Inc. (“Parent” and, together with YapStone, “Respondents”) occurring in Kentucky prior to submission of the application.

4. This 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.

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. Respondents neither admit nor deny the DFI's findings of facts and conclusions of law. The DFI and Respondents, in the interest of economically and efficiently resolving this matter, agree as follows:

a. Respondents agree to a total fine assessment in the amount of thirty thousand dollars (\$30,000.00) for the violation(s) described herein.

b. Respondents agree to and shall pay the total fine assessed herein of thirty thousand dollars (\$30,000.00), 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. YapStone shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in KRS Chapter 286.11.

d. Respondents agree and understand that this Agreed Order constitutes a settlement of any and all acts and/or omissions addressed herein, but that this Agreed Order in no way diminishes the regulatory or enforcement powers of DFI and in no way precludes legal proceedings by or on behalf of DFI for acts and/or omissions not specifically addressed herein.

7. Each of Respondents waives its rights 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. Respondents consent to and acknowledge the jurisdiction of DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

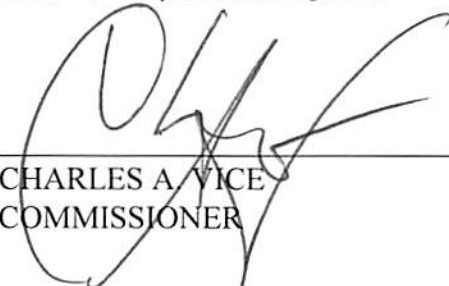
9. In consideration of execution of this Agreed Order, Respondents for themselves, and for their respective successors and assigns, hereby release and forever discharge the Commonwealth of Kentucky, DFI, Office of Legal Services, and each of their members, agents, and employees in their individual capacities, 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 Respondents ever had, now have, 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 YapStone.

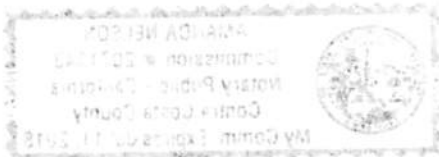
11. By signing below, Respondents acknowledge that each has read the foregoing Agreed Order, knows and fully understands its contents, and that each individual signing on behalf of Respondents is authorized to enter into and execute this Agreed Order and legally bind Respondents, respectively.

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

**IT IS SO ORDERED** on this the 27<sup>th</sup> day of November, 2017.

  
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CHARLES A. VICE  
COMMISSIONER





Certificate of Service

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

David E. Durant  
General Counsel YapStone, Inc.  
2121 N. California Blvd., Suite #400  
Walnut Creek, CA 94596

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