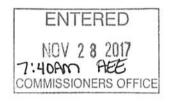
# COMMONWEALTH OF KENTUCKY PUBLIC PROTECTION CABINET DEPARTMENT OF FINANCIAL INSTITUTIONS AGENCY CASE NO. 2017-AH-00076



DEPARTMENT OF FINANCIAL INSTITUTIONS

**COMPLAINANT** 

V.

YAPSTONE, INC. and YAPSTONE HOLDINGS, INC. RESPONDENTS

### AGREED ORDER

\* \* \* \* \* \* \* \* \* \* \* \*

- 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.
- 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.
- 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 day of November, 2017.

CHARLES A

COMMISSIÓNEI

## Consented to:

This ant day of November 2017.

This 21st day of November, 2017.

Tammy Scruggs, Director

Division of Non-Depository Institutions

Department of Financial Institutions

David E. Durant

Secretary and General Counsel

YapStone, Inc.

Yapstone Holdings, Inc.

### ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA	)
	)
COUNTY OF CONTRA COSTA	)

On November 21, 2017, before me Amanda Nelson, a Notary Public, personally appeared David E. Durant, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature amanda Dolson

My Commission Expires: July 11, 2018

AMANDA NELSON
Commission # 2071343
Notary Public - California
Contra Costa County
My Comm. Expires Jul 11, 2018

(seal)

AMAJOA NEUSON
Commission e 2011/40
Notary Public - California
Contra County
My Commit Explication 11 2018



# Certificate of Service

I hereby certify that a copy of the foregoing Agreed Order was sent on this the 28 day of Normber, 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