

COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2015-AH-00156



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

V.

TELMATE, LLC

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. Telmate, LLC (“Respondent”) has a pending application with the DFI for a Kentucky money transmitter license and has a principal office at 665 Montgomery Street, 18th Floor, San Francisco, California, 94111.

3. On January 13, 2015, the Kentucky Department of Financial Institutions received an anonymous complaint that Respondent was engaging in money transmitting activities without a Kentucky license. After discussions with DFI, Respondent indicated an intention to apply for a Kentucky money transmitter license.

4. On or about April 21, 2015, Respondent submitted the initial documents for an application for a Kentucky money transmitter license. As part of the application process, Respondent provided documentation that indicated possible unlicensed money transmission activity occurring in Kentucky prior to submission of the application.

5. 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.

6. 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.

7. Respondent's agreement to this Order, and to obtain a Kentucky money transmitter license, shall not serve as an admission that Respondent's past or present activities are money transmission according to KRS 286.11-047.

8. 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 thousand dollars (\$30,000.00) for the settlement of all alleged violation(s);

b. Respondent agrees 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. 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.

9. 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.

10. 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.

11. 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 the administration of this settlement.

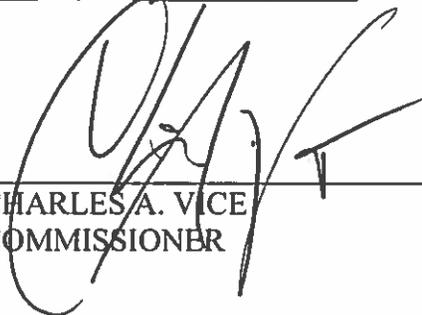
12. Upon the entry of this Agreed Order, DFI acknowledges that it is in possession of all of the materials and information it requires in order to issue a Kentucky money transmitter license to the Respondent.

13. Upon entry of this Agreed Order, DFI and Respondent shall execute and tender to the Franklin Circuit Court, the Agreed Order of Dismissal of the action brought by DFI against Respondent, styled *Department of Financial Institutions v. Telmate, LLC*, Franklin Circuit Court No. 15-CI-638, attached hereto as Exhibit "A".

14. 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.

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

IT IS SO ORDERED on this the 21st day of December, 2015.



CHARLES A. VICE
COMMISSIONER

Consented to:

This 21st day of December, 2015.

This 10 day of DECEMBER, 2015.

Tammy R. Scruggs

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

[Signature]

Authorized Representative
Telmate, LLC

ACKNOWLEDGEMENT

STATE OF California)
)
COUNTY OF San Francisco)

On this the 10 day of December, 2015, before me LISA GARCIA, the undersigned, Scott Lam, did personally appear and acknowledge himself/herself to be the authorized representative of Telmate, LLC 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: 6/29/18



LISA GARCIA
Notary Public

Certificate of Service

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 21st day of December, 2015, by certified mail, return receipt requested, to the following:

Stephen G. Amato
McBrayer, McGinnis, Leslie & Kirkland, PLLC
201 East Main Street, Suite 900
Lexington, Kentucky 40507

And by hand-delivery to:

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



Kelly Childers
Department of Financial Institutions