

STATE OF TENNESSEE
DEPARTMENT OF FINANCIAL INSTITUTIONS

TENNESSEE DEPARTMENT OF)	
FINANCIAL INSTITUTIONS,)	
COMPLIANCE DIVISION,)	
Petitioner,)	
)	
v.)	TDFI No. 19-281
)	
FIRST GLOBAL MONEY, INC.,)	
Respondent)	

EMERGENCY ORDER OF SUSPENSION

The Commissioner of the Tennessee Department of Financial Institutions (the "Commissioner"), by and through the Compliance Division of the Tennessee Department of Financial Institutions (the "Division" or the "Petitioner"), having determined that First Global Money, Inc., (the "Respondent"), has violated and continues to violate the Tennessee Money Transmitter Act of 1994, TENN. CODE ANN. §§ 45-7-201, *et seq.* (the "Act"), and that extraordinary circumstances require immediate action in this matter, hereby issues the following EMERGENCY ORDER pursuant to TENN. CODE ANN. § 45-1-107(a)(4) and (c), TENN. CODE ANN. § 45-7-217, and TENN. CODE ANN. § 45-7-224(c).

JURISDICTIONAL AUTHORITY

1. Pursuant to TENN. CODE ANN. § 45-1-104, the Tennessee Department of Financial Institutions (hereinafter "Department") is charged with the execution of all laws relative to persons doing or engaged in a banking or other business as provided in Title 45 (Banks and Financial Institutions) of the Tennessee Code.

2. TENN. CODE ANN. § 45-1-107(a)(4) provides that, in addition to other powers conferred by Title 45 of the Tennessee Code, the Commissioner has the power to order any

person to cease violating a provision of Title 45 of the Tennessee Code or lawful regulation issued thereunder.

3. Pursuant to TENN. CODE ANN. § 45-1-107(c), notice and opportunity for a hearing shall be provided in advance of the Commissioner taking enforcement action, except that in cases involving extraordinary circumstances requiring immediate action, the Commissioner may take the action but shall promptly afford a subsequent hearing upon application to rescind the action taken.

4. The Respondent is a Florida corporation and its principal place of business is 5733 Rickenbacker Rd., Commerce, CA 90040. The Respondent has been issued license number 1149715 under the Act. According to the Tennessee Secretary of State's website, the Respondent is registered under Control # 000718386 and its Registered Agent for service of process in Tennessee is Corporation Service Company 2908 Poston Ave., Nashville, TN 37203.

STATUTORY AUTHORITY

5. TENN. CODE ANN. § 45-7-208(a) requires each licensee to file with the Department, and to maintain, a security device in a form acceptable to the Commissioner for the benefit of any claimants with respect to the licensee's money transmission activities. Further, TENN. CODE ANN. § 45-7-208(b) states that the security device shall remain in effect until cancellation, which may occur only after thirty (30) days' written notice to the Commissioner and TENN. CODE ANN. § 45-7-208(c) requires that the security device remain in place for three (3) years after the licensee has ceased money transmitter operations in the state unless the Commissioner permits the security device to be reduced or eliminated based on the amount of the licensee's outstanding payment instruments.

6. TENN. CODE ANN. § 45-7-212(a)(2) requires each licensee, within 15 days of the institution of revocation or suspension proceedings against the licensee by any state or governmental authority with regard to the licensee's money transmission activities, to file a written report with the Commissioner, describing the event and its expected impact on the licensee's activities in Tennessee.

7. TENN. CODE ANN. § 45-7-217 provides, in pertinent part, that after notice and opportunity for a hearing, the Commissioner may suspend or revoke a licensee's license if the Commissioner finds, among other things, that:

(i) Any fact or condition exists that, if it had existed at the time when the licensee applied for its license would have been grounds for denying the application [see TENN. CODE ANN. § 45-7-217(1)];

(ii) The licensee knowingly violates any provision of the Act [see TENN. CODE ANN. § 45-7-217(3)]; or

(iii) The licensee willfully fails to make any report required by the Act [see TENN. CODE ANN. § 45-7-217(10)].

8. Pursuant to TENN. CODE ANN. § 45-7-224(c), in cases involving extraordinary circumstances requiring immediate action, the Commissioner may take any action authorized by the Act without providing the opportunity for a prior hearing, but shall promptly afford a subsequent hearing upon an application to rescind the action taken, which is filed with the Commissioner within 20 days of the receipt of the notice of the Commissioner's emergency action.

FINDINGS OF FACT

9. On July 26, 2017, the Respondent was licensed by the Department as a money transmitter and has been licensed since that date. According to its most recent business plan, the Respondent is engaged in consumer to consumer money transfer services.

10. On May 23, 2017, the Respondent caused a Money Transmitter Surety Bond in the amount of \$50,000 and bearing number 41374423, to be issued by Platte River Insurance for the benefit of any claimants against the Respondent with respect to the Respondent's money transmission activity in Tennessee.

11. On or about February 27, 2019, the Platte River Insurance Company cancelled Money Transmitter Seller Surety Bond #41374423 that had been issued to the Respondent. The Notice of Cancellation from Platte River Insurance Company, dated January 23, 2019, was incorrectly addressed to the Department at 400 Deaderick St. 6th Floor, Nashville, TN 37243. The Department has no record of having received the Notice of Cancellation prior to its receipt by email on October 4, 2019.

12. At no time prior to the date of this Order did the Respondent furnish the Department with advance notice that Money Transmitter Surety Bond #41374423 was to be cancelled nor did the Respondent request that the Commissioner permit the security device to be reduced or eliminated.

13. On October 3, 2019, the Division was notified through the Nationwide Multistate Licensing System ("NMLS") that the status of the Respondent's money transmitter license in Kansas had been changed from "Approved" to "Revoked," effective September 21, 2019. The Department confirmed through the State License Registration List in Respondent's NMLS record that the Respondent's money transmitter license had also been

revoked in Indiana, (effective June 28, 2019), and in Ohio, (effective November 5, 2019), and that the Respondent's money transmitter license had been suspended in North Carolina (effective May 7, 2019). Public Regulatory Actions in the Respondent's NMLS record revealed that the revocations of the Respondent's money transmitter licenses in Indiana and Ohio were based, in part, on the failure of the Respondent to maintain statutorily required surety bonds in those states.

14. At no time prior to the date of this Order did the Respondent notify the Department that any other state had instituted revocation or suspension proceedings against the Respondent with regard to its money transmission activities.

15. On October 8, 2019, the Division sent a letter to the Respondent, in which it notified the Respondent that under the Act the Respondent was required to maintain a security device while licensed and provide written notice to Commissioner prior to cancellation [see TENN. CODE ANN. § 45-7-208]. The Division's letter also advised the Respondent of the statutory requirement to file a written report with the Commissioner within fifteen (15) days of the institution of revocation or suspension proceedings by any state or governmental authority with regard to the Respondent's money transmission activities. [see TENN. CODE ANN. § 45-7-212(a)(2)] The Division's letter advised that if the Respondent did not, within seven (7) days from the date of the letter, provide the Department with a surety bond or other acceptable security device in compliance with TENN. CODE ANN. § 45-7-208, and provide the Department with a written report in compliance with TENN. CODE ANN. § 45-7-212(a)(2), then the Division would request that the Commissioner issue an Order immediately suspending the Respondent's money transmitter license until such time as the Respondent comes into full compliance with the Act. The Division's letter was sent via email to the primary contact designated in the Respondent's NMLS record. The

letter was also sent via first-class mail, postage prepaid, and certified mail, return receipt requested, to the Respondent's main address listed in its NMLS record, and to the Respondent's registered agent in Tennessee.

16. As of the date of this Order, the Respondent has not provided the Department with a surety bond or other security device in compliance with TENN. CODE ANN. § 45-7-208, nor has the Respondent provided the Department with a written report as required by TENN. CODE ANN. § 45-7-212(a)(2). There has been no response to the Division's October 3, 2019, correspondence from or on behalf of the Respondent.

CONCLUSIONS OF LAW

17. Pursuant to TENN. CODE ANN. § 45-7-208(a), each money transmitter licensee is required to file with the Department, and to maintain, a security device for the benefit of any claimants with respect to the licensee's money transmission activities. TENN. CODE ANN. § 45-7-208(b) states that the security device shall remain in effect until cancellation which may occur only after thirty days' written notice to the Commissioner. Because the Respondent failed to maintain a security device and to give advance written notice of the cancellation of its security device in violation of TENN. CODE ANN. § 45-7-208, both before and after a written request from the Division to establish compliance, the Respondent knowingly violated the Act and no longer meets the criteria for a money transmitter license. Pursuant to TENN. CODE ANN. § 45-7-217(1) and (3), the Respondent's failure to meet the criteria for a money transmitter license and violation of the Act constitute grounds to suspend or revoke the Respondent's money transmitter license.

18. Pursuant to TENN. CODE ANN. § 45-7-212(a)(2), money transmitter licensees are required to, within 15 days of the institution of revocation or suspension proceedings against the licensee by any state or governmental authority with regard to the licensee's

money transmission activities, file a written report with the Commissioner describing the event and its expected impact on the licensee's activities in Tennessee. The Respondent's failure to file a written report notifying the Commissioner of revocation and suspension proceedings by several states, before and after having received a written demand for same from the Division, constitutes grounds to suspend or revoke the Respondent's money transmitter license pursuant to TENN. CODE ANN. § 45-7-217(10).

19. The termination of the Respondent's surety bond without prior notice to the Commissioner, the current absence of any surety bond or other security device for the protection of the public and the Respondent's failure to respond in any manner to the Division's letter dated October 8, 2019 are extraordinary circumstances that pose a threat to the public safety and require immediate action to suspend the Respondent's license under the Act as authorized by TENN. CODE ANN. § 45-7-217 without providing the opportunity for a prior hearing pursuant to TENN. CODE ANN. § 45-7-224(c).

EMERGENCY ORDER

20. Having considered the above jurisdiction, statutory authority, the findings of fact, and the conclusions of law, **IT IS HEREBY ORDERED** that Respondent's money transmitter license NMLS ID #1149715 issued to the Respondent under the Act, is **SUSPENDED**, effective as of the date of this ORDER below, as are all privileges associated with said license.

21. **IT IS FURTHER ORDERED** that Respondent, and any and all of its officers, directors, managers, employees, independent contractors, agents, successors and/or assigns, shall immediately cease and desist from offering or providing, either directly or indirectly, any money transmitter services with respect to any Tennessee consumer(s) and/or in the state of Tennessee. This Order does not restrict the Respondent from

completing a money transmitter transaction initiated prior to the date this Order is received, if failure to complete the transaction would result in loss or harm to a Tennessee consumer.

22. **IT IS FURTHER ORDERED** that Respondent, and any and all of its officers, directors, managers, employees, independent contractors, agents, successors and/or assigns, shall immediately cease and desist from collecting fees, interest, or other monies in payment of any new or existing money transmitter services with respect to any Tennessee consumer(s) and/or in the state of Tennessee.

23. **IT IS FURTHER ORDERED** that Respondent shall, not later than the close of business on Friday, December 13, 2019 (12/13/19) provide a full accounting of each and every money transmitter services transaction entered into with any Tennessee consumer(s) and/or in the state of Tennessee at any time since February 27, 2019, the date the surety bond was cancelled.

24. Nothing in this Order shall prevent the Department from taking any enforcement action, including further administrative action, under the authority of the Act, including, but not limited to, an order to pay civil monetary penalties pursuant to TENN. CODE ANN. § 45-7-223.

25. The provisions of this Order shall remain in full force and effect unless and until such time as any provision shall have been modified, terminated, suspended or set aside by competent authority or until such time as further action has been taken to revoke the Respondent's license.

RIGHTS OF RESPONDENT

26. Respondent has the right to a hearing for the purpose of contesting and obtaining rescission of this ORDER. If a hearing is timely requested by a Respondent, any such hearing shall be pursuant to the Uniform Administrative Procedures Act, TENN. CODE

ANN. §§ 4-5-101, *et seq.*, and the Uniform Rules of Procedure for Hearing Contested Cases Before State Administrative Agencies, TENN. COMP. R. & REGS. 1360-4-1-.01, *et seq.*

27. In order to request a hearing, the Respondent must file a written request within twenty (20) days from receipt of this ORDER. If no such written request is timely filed, then this EMERGENCY ORDER will be deemed final for all purposes. Any written request for a hearing must be filed with the Commissioner, Tennessee Department of Financial Institutions, Tennessee Tower, 26th Floor, 312 Rosa L. Parks Avenue, Nashville, Tennessee 37243.

28. At any contested case hearing, all parties have the right to be represented by legal counsel, and corporate parties may be required to be represented by counsel. The parties are entitled to the issuance of subpoenas to compel witnesses to attend the hearing. The parties will have the opportunity to be heard orally, to present evidence, to examine and cross-examine witnesses, to submit argument, and exercise any other rights pertaining to contested cases pursuant to TENN. CODE ANN. §§ 4-5-301, *et seq.* The hearing will be recorded by a court reporter, and each party may request a copy of the transcript from the court reporter at the party's own expense.

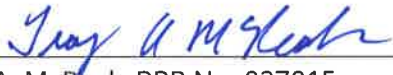
29. Any individuals with disabilities who wish to participate in any proceedings before the Commissioner should contact the Department to discuss any auxiliary aids or services needed to facilitate such participation. Such initial contact should be made no less than ten (10) days prior to the scheduled hearing date to allow time for the Department to determine how it may reasonably provide such aid or service. Initial contact may be made with the Department's ADA Coordinator, Leslie Yanez, at 312 Rosa L. Parks Avenue, Tennessee Tower 26th Floor, Nashville, Tennessee 37243 or at (615) 532-1014.

ISSUED this 26 day of November, 2019.



Greg Gonzales, Commissioner
Tennessee Department of Financial Institutions

Prepared for Entry:



Troy A. McPeak, BPR No. 027015
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Tennessee Department of Financial Institutions
Tennessee Tower, 26th Floor
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CERTIFICATE OF SERVICE

I hereby certify that on this the 26 day of November, 2019, a true and correct copy of the foregoing "Emergency Order of Suspension" has been deposited with the United States Postal Service ("USPS") to be sent *via* USPS certified mail, return receipt requested, to Respondent:

First Global Money, Inc.
Attn: Ruth Fraser
VP Operations
5800 S Eastern Ave
Suite 500
Commerce, CA 90040

First Global Money, Inc.
C/o Corporation Service Respondent
Registered Agent
2908 Poston Ave
Nashville, TN 37203-1312



Troy A. McPeak, BPR No. 027015
Assistant General Counsel-Compliance Division
Tennessee Department of Financial Institutions