

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Money Transmitter License
3 of:

No. 12F-BD0543-SBD

4 **ABC MONEY TRANSACTIONS, INC. AND**
5 **JOHN T. VU, PRESIDENT**
9822 Bolsa Avenue Unit D
Westminster, CA 92683

CONSENT ORDER

6 Respondents.

7
8 On December 1, 2011, the Arizona Department of Financial Institutions ("Department")
9 issued an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order,
10 alleging that Respondents had violated Arizona law. Wishing to resolve this matter in lieu of an
11 administrative hearing, and without admitting responsibility, Respondents consent to the following
12 Findings of Fact and Conclusions of Law, and consent to the entry of the following Order.

13 FINDINGS OF FACT

14 1. ABC Money Transactions, Inc. ("ABC") is a Texas corporation authorized to transact
15 business in Arizona as a money transmitter, license number MT 0904547, within the meaning of
16 A.R.S. § 6-1201, *et seq.* The nature of ABC's business is that a money transmitter within, the
17 meaning of A.R.S. § 6-1201(11).

18 2. Respondent John T. Vu ("Mr. Vu") is the President of ABC and is authorized to transact
19 business in Arizona as a money transmitter within the meaning of A.R.S. § 6-1201, *et seq.*

20 3. ABC and Mr. Vu (collectively "Respondents") are not exempt from licensure as a money
21 transmitter within the meaning of A.R.S. § 6-1203.

22 4. An examination of ABC, conducted by the Department from October 10 to October 13,
23 2011, and examinations of ABC's authorized delegates/branches, conducted on October 5, 2011,
24 revealed that Respondents:

- 25 a. Failed to designate one of the locations in Arizona as their principal place of business;
26 specifically:

- 1 (1) Respondents maintain "one or more places of business in this state" and have
2 failed to designate one of the locations as their principal place of business. One
3 of Respondents' branch office locations should be designated as the principal
4 place of business and, as such, would not be a branch office;
- 5 (2) Respondents initially corrected this violation but later changed the primary
6 location back to the corporate office and is again in violation; and
- 7 (3) Respondents failed to correct this violation from their previous examination;
- 8 b. Failed to provide their authorized delegates with operating policies and procedures
9 sufficient to permit compliance by the delegate with the provisions of Title 13,
10 Chapter 23 and Title 6, Chapter 12 and all applicable administrative rules;
11 specifically:
- 12 (1) Respondents' policies and procedures fail to address the requirement to obtain
13 the customer's occupation for transactions of one thousand dollars (\$1,000.00)
14 or more; and
- 15 (2) Respondents failed to correct this violation from their previous examination;
- 16 c. Negligently failed to supervise their authorized delegates; specifically:
- 17 (1) Respondents' authorized delegates have continuously failed to record the
18 customer identification information required by A.R.S. § 6-1241(E);
- 19 d. Failed to file with the Superintendent within forty-five (45) days after the end of each
20 fiscal quarter a quarterly report as required; specifically:
- 21 (1) Some of Respondents' quarterly reports were filed late or without the required
22 financial statements;
- 23 e. Failed to maintain their records in a manner that enables the Superintendent to
24 determine compliance; specifically:
- 25 (1) Respondents delete previous versions of their policies and procedures;
- 26 (2) Transaction records requested by the Department were not available and not

1 provided at the start of the examination; and

2 (3) Conflicting data was found between the electronic data and the paper records;

3 f. Failed to accurately record the name and street address of the customer if reported;
4 specifically:

5 (1) A review of the transaction data showed that Respondents' authorized delegate
6 addresses and known business addresses have been used as the customer's
7 residential address;

8 (2) At least one hundred fifty-five (155) transactions, including four (4)
9 transactions of one thousand dollars (\$1,000.00) or more, listed the authorized
10 delegate's address or a known business address as the customer's address;

11 (3) The previous (2009) examination report indicated this violation occurred at
12 least one hundred eighty-three (183) times; and

13 (4) Respondents failed to correct this violation from their previous examination;

14 g. Failed to use the proper form for completing SAR filing as required and failed to
15 follow instructions for completing the SAR narratives; specifically:

16 (1) The SARs filed were insufficient in content and some were filed late; and

17 (2) Respondents failed to adequately investigate the suspected suspicious activity
18 by at a minimum contacting their authorized delegate to inquire about the
19 transactions;

20 h. Failed to keep adequate records of customers' identities for each transaction
21 involving the transmission of money in an amount of one thousand dollars
22 (\$1,000.00) or more as required by Title 6, Chapter 12; specifically:

23 (1) Respondents and their authorized delegates failed to record the customer's
24 occupation and or current residential address for transactions in the amount of
25 one thousand dollars (\$1,000.00) or more;

26 (2) Examiners reviewed one thousand one hundred fifty-six (1,156) transactions of

1 an amount of one thousand dollars (\$1,000.00) or more and found that:

2 (a) Four hundred forty-one (441) transactions listed no occupation;

3 (b) Nineteen (19) transactions listed the occupation as "Retired Employee,"
4 which is insufficient; and

5 (c) Four (4) transactions listed the customer's current residential address as
6 the address of the authorized delegate and is a known business address;
7 and

8 (3) Respondents failed to correct this violation from their previous examination;

9 i. Failed to update their policies and procedures to include Arizona customer
10 identification requirements pursuant to A.R.S. § 6-1208(B); specifically:

11 (1) The policies and procedures provided for the examination do not include the
12 requirement to record the customer's occupation for all transactions of one
13 thousand dollars (\$1,000.00) or greater;

14 (2) Respondents' policies and procedures fail to address the requirement to obtain a
15 current "residential" address;

16 (3) Respondents' "KYC" form incorrectly stated that the customer's occupation
17 was to be collected for transactions of five thousand dollars (\$5,000.00) or
18 more; and

19 (4) Respondents have no record of instruction that promotes compliance with Title
20 6, Chapter 12, Title 13, Chapter 23 and 31 U.S.C. § 5318 including
21 identification of the provider and the material and instruction that were
22 provided;

23 j. The authorized delegates of Respondents recorded false customer identification
24 information, residential address, for numerous transactions; specifically:

25 (1) Four transactions of \$1,000 or more listed the authorized delegate's business
26 address for the customer's residence; and

1 (2) Respondents have been previously warned of this issue and have failed to
2 prevent its occurrence.

3 5. These Findings of Fact shall also serve as Conclusions of Law.

4 **CONCLUSIONS OF LAW**

5 1. Pursuant to A.R.S. § 6-1201, *et seq.*, the Superintendent has the authority and duty to
6 regulate all persons engaged in the money transmitter business and with the enforcement of statutes,
7 rules, and regulations relating to money transmitters.

8 2. By the conduct, set forth above, ABC and Mr. Vu violated the following:

- 9 a. A.R.S. § 6-1207(A), by failing to designate one of the locations in Arizona as their
10 principal place of business;
- 11 b. A.R.S. § 6-1208(B), by failing to provide their authorized delegates with operating
12 policies and procedures sufficient to permit compliance by the delegate with the
13 provisions of Title 13, Chapter 23 and Title 6, Chapter 12 and all applicable
14 administrative rules;
- 15 c. A.R.S. § 6-1210, by negligently failing to supervise their authorized delegates;
- 16 d. A.R.S. § 6-1211, by failing to file with the Superintendent within forty-five (45) days
17 after the end of each fiscal quarter a quarterly report as required;
- 18 e. A.R.S. § 6-1213(A), by failing to maintain their records in a manner that enables the
19 Superintendent to determine compliance;
- 20 f. A.R.S. § 6-1215(B), by failing to accurately record the name and street address of the
21 customer if reported;
- 22 g. A.R.S. § 6-1241(D), by failing to use the proper form for completing SAR filing as
23 required and failing to follow instructions for completing the SAR narratives;
- 24 h. A.R.S. § 6-1241(E), by failing to keep adequate records of customers' identities for
25 each transaction involving the transmission of money in an amount of one thousand
26 dollars (\$1,000.00) or more as required by Title 6, Chapter 12;

- 1 i. A.R.S. § 6-1241(G), by failing to update their policies and procedures to include
2 Arizona customer identification requirements pursuant to A.R.S. § 6-1208(B); and
3 j. A.R.S. § 6-1210 by the authorized delegates of Respondents recording false customer
4 identification information, residential address, for numerous transactions.

5 3. Neither ABC nor Mr. Vu meet any of the exemptions to the licensing requirements set
6 forth in A.R.S. § 6-1203.

7 4. The violations, set forth above, constitute grounds for: (1) the issuance of an order
8 pursuant to A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct and
9 to take the appropriate affirmative actions, within a reasonable period of time prescribed by the
10 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
11 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; (3) the
12 suspension or revocation of Respondents' license pursuant to A.R.S. § 6-1210; and (4) an order or
13 any other remedy necessary or proper for the enforcement of statutes and rules regulating money
14 transmitters pursuant to A.R.S. §§ 6-123 and 6-131.

15 **ORDER**

16 1. ABC and Mr. Vu shall immediately stop the violations set forth in the Findings of Fact
17 and Conclusions of Law. ABC and Mr. Vu:

- 18 a. Shall designate one of the locations in Arizona as their principal place of business;
19 b. Shall provide their authorized delegates with operating policies and procedures
20 sufficient to permit compliance by the delegate with the provisions of Title 13,
21 Chapter 23 and Title 6, Chapter 12 and all applicable administrative rules;
22 c. Shall supervise their authorized delegates and employees to require compliance with
23 the statutes and shall develop procedures and implement a program of supervision to
24 detect violations and provide for corrective action in a timely manner;
25 d. Shall file with the Superintendent within forty-five (45) days after the end of each
26 fiscal quarter a quarterly report containing all required information;

- 1 e. Shall maintain their records in a manner that enables the Superintendent to determine
2 compliance; shall institute policies and procedures to verify data integrity; shall
3 provide records as requested by the Department at the time stated in the request, and
4 shall maintain their records for five years, including previous versions of policies and
5 procedures;
- 6 f. Shall institute policies and procedures to ensure the name and street address of the
7 customer if reported are accurately recorded in records required to be maintained;
- 8 g. Shall ensure all SARS are filed accurately and shall train their employees and
9 authorized delegates on the proper and accurate completion and filing of SARs, use of
10 correct forms, and following of instructions for completing SAR narratives;
- 11 h. Shall collect and keep adequate records of their customers' identities for each
12 transaction involving the transmission of money in an amount of one thousand dollars
13 (\$1,000.00) or more as required by Title 6, Chapter 12, shall institute policies and
14 procedures to ensure the information is accurately and completely recorded, and shall
15 provide training to employees to correct this issue and improve compliance;
- 16 i. Shall update their policies and procedures manual and conduct training to promote
17 compliance with Title 6, Chapter 12, Title 13, Chapter 23, and 31 U.S.C. § 5318,
18 including customer identification requirements pursuant to A.R.S. § 6-1208(B);
- 19 j. Shall take immediate action to ensure that their authorized delegates ensure that no
20 false customer identification information, including residential address, is recorded in
21 any transaction, and shall institute policies and procedures to prevent, detect, and
22 correct any erroneous customer identification information in future records.

23 2. ABC and Mr. Vu shall immediately pay to the Department a civil money penalty in the
24 amount of **five thousand dollars (\$5,000.00)**. ABC and Mr. Vu shall pay an additional civil money
25 penalty of **five thousand dollars (\$5,000.00)** on or before March 22, 2012. ABC and Mr. Vu are
26 jointly and severally liable for payment of the civil money penalty.

1 3. ABC and Mr. Vu shall pay to the Department an examination fee and costs in the amount
2 of seven thousand one hundred twenty-five dollars and twenty cents (\$7,125.20), upon execution
3 of this Consent Order.

4 4. Respondents shall comply with all Arizona statutes and rules regulating Arizona money
5 transmitters (A.R.S. § 6-1201, *et seq.*).

6 5. The provisions of this Order shall be binding upon Respondents, their employees, agents,
7 and other persons participating in the conduct of the affairs of Respondents.

8 6. This Order shall become effective upon service, and shall remain effective and
9 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,
10 or set aside.

11 SO ORDERED this 7 day of February, 2012.

12 Lauren Kingry
13 Superintendent of Financial Institutions

14 By: 
15 Robert D. Charlton
16 Assistant Superintendent of Financial Institutions

17 **CONSENT TO ENTRY OF ORDER**

18 1. Respondents acknowledge that they have been served with a copy of the foregoing
19 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
20 same, are aware of their right to an administrative hearing in this matter, and have waived the same.

21 2. Respondents admit the jurisdiction of the Superintendent and consent to the entry of the
22 foregoing Findings of Fact, Conclusions of Law, and Order.

23 3. Respondents state that no promise of any kind or nature has been made to induce them to
24 consent to the entry of this Order, and that they have done so voluntarily.

25 4. Respondents agree to immediately cease from engaging in the violative conduct set forth
26 in the Findings of Fact and Conclusions of Law.

1 AND COPY MAILED SAME DATE by
Certified Mail, Return Receipt Requested, to:

2 John T. Vu, President
ABC Money Transactions, Inc.
3 9822 Bolsa Avenue Unit D
Westminster, CA 92683
4 Respondents

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