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DEPT. OF FINANCIAL
INSTITUTIONS

ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

In the Matter of the Unlicensed Activity of:

No. 12F-BD003-SBD

**WEBMASTER CHECKS, LLC AND
DAVID LLOYD, MEMBER**

CONSENT ORDER

15282 W. Brookside Lane, #119
Surprise, AZ 85374

Respondents.

On August 2, 2011, the Arizona Department of Financial Institutions ("Department") issued an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order, alleging that Respondent had violated Arizona law. Wishing to resolve this matter in lieu of an administrative hearing, Respondents consent to the following Findings of Fact and Conclusions of Law, and consents to the entry of the following Order.

FINDINGS OF FACT

1. Respondent Webmaster Checks, LLC ("Webmaster"), a registered foreign limited liability company in Arizona, and a fictitious business name for Method, LLC, a Delaware limited liability company, is not and was not, at any time material herein, authorized to transact business in Arizona as a money transmitter within the meaning of A.R.S. §§ 6-1201, *et seq.* The nature of Webmaster's business is that of a money transmitter within the meaning of A.R.S. §§ 6-1201(11), (13) and (17) and 6-1202(A).

2. Respondent David Lloyd ("Mr. Lloyd") is a Member of Webmaster and is not and was not, at any time material herein, authorized to transact business in Arizona as a money transmitter within the meaning of A.R.S. §§ 6-1201, *et seq.*

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

4. On or about March 7, 2011, the Department received from bonding company Platte River Insurance Company, a Notice of Cancellation, dated March 2, 2011, concerning a \$25,000.00 money transmitter/seller bond, number 41194518, for Webmaster Checks, LLC.

1 5. The Department's records indicate that Respondents are not and have not been
2 licensed by the Department as a money transmitter.

3 6. On or about June 15, 2011, the Department issued a letter to Respondents, via
4 facsimile, requesting information and a response regarding possible unlicensed money transmitter
5 activity in the state of Arizona. The letter requested that Respondents provide the information to the
6 Department by June 25, 2011.

7 7. On or about June 27, 2011, the Department received a letter from Richard Lloyd of
8 Webmaster Checks, LLC, in response to the Department's letter of June 15, 2011, informing the
9 Department that the nature of Respondents' business involved assisting businesses with payment to
10 third parties, printing and mailing out checks, either through their clients' bank accounts or by
11 clients providing funds to Respondents for payment to third parties through Webmasters' bank
12 account. The letter explained that their clients provided funds to Respondents electronically or by
13 check (cash not accepted), and that Respondents had no direct dealings with the payees. The letter
14 further stated that Respondents have implemented "rigorous standards that would meet the Federal
15 and state regulations for a money transmitter type of institution" and stated that when Respondents
16 first opened their business, they researched whether they were required to obtain a money transmitter
17 license with the Department, and they were advised by their bank and by an IRS Agent that the
18 nature of their business was not that of a money transmitter because they do not deal with cash, and
19 therefore a money transmitter license was not required.

20 8. The Webmaster website, www.webmasterchecks.com, states that, "We are federally
21 registered, **licensed**, bonded, insured and operate out of a secure facility in a suburb of Phoenix,
22 Arizona." (Emphasis added.)

23 9. The Webmaster website lists the services offered as follows:

24 "[O]ffers check printing, folding, and mailing services for domestic
25 and euro check payments. We can also send out domestic/international
26 wires, issue ach direct deposits as well as send out payments through
 the below 3rd party payment providers:

1 to take the appropriate affirmative actions, within a reasonable period of time prescribed by the
2 Superintendent, to correct the conditions resulting from the unlawful acts, practices, and
3 transactions; (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; and (3) an
4 order or any other remedy necessary or proper for the enforcement of statutes and rules regulating
5 money transmitters pursuant to A.R.S. §§ 6-123 and 6-131.

6 **ORDER**

7 1. Webmaster and Mr. Lloyd shall immediately stop all money transmitter activity in
8 Arizona until such time as Respondents have obtained a money transmitter license from the
9 Superintendent as prescribed by A.R.S. § 6-1202.

10 2. Webmaster and Mr. Lloyd shall immediately pay to the Department a civil money
11 penalty in the amount of **five thousand dollars (\$5,000.00)**. Webmaster and Mr. Lloyd are jointly
12 and severally liable for payment of the civil money penalty

13 3. Webmaster and Mr. Lloyd shall comply with all Arizona statutes and rules regulating
14 Arizona money transmitters (A.R.S. §§ 6-1201, *et seq.*).

15 4. The provisions of this Order shall be binding upon Respondents, their employees,
16 agents, and other persons participating in the conduct of the affairs of Respondents.

17 5. This Order shall become effective upon service, and shall remain effective and
18 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,
19 or set aside.

20 SO ORDERED this 31 day of October, 2011.

21 Lauren Kingry
22 Superintendent of Financial Institutions

23 By: 
24 Robert D. Charlton
25 Assistant Superintendent of Financial Institutions
26

1 ORIGINAL of the foregoing filed this 1st
2 day of November, 2011, in the office of:

3 Lauren Kingry
4 Superintendent of Financial Institutions
5 Arizona Department of Financial Institutions
6 ATTN: Sabrina Hampton
7 2910 N. 44th Street, Suite 310
8 Phoenix, AZ 85018

9 COPY mailed/delivered same date to:

10 Craig A. Raby
11 Assistant Attorney General
12 Office of the Attorney General
13 1275 West Washington
14 Phoenix, AZ 85007

15 Robert D. Charlton, Assistant Superintendent
16 Lori Mann, Senior Examiner
17 Arizona Department of Financial Institutions
18 2910 N. 44th Street, Suite 310
19 Phoenix, AZ 85018

20 David Lloyd, Member
21 Webmaster Checks, LLC
22 15282 W. Brookside Lane, #119
23 Surprise, AZ 85374
24 Respondents

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