

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Money Transmitter License of:

No. 12F-BD015-BNK

3 **CONTINENTAL EXCHANGE SOLUTIONS,**  
4 **INC. #2 DBA ASSOCIATED FOREIGN**  
5 **EXCHANGE**

**CONSENT ORDER**

6 6565 Knott Avenue  
7 Buena Park, CA 90620-1139

Petitioner.

8  
9 On July 23, 2012, the Arizona Department of Financial Institutions (“Department”)  
10 issued a Notice of Hearing, alleging that Petitioner had violated Arizona law. Wishing to  
11 resolve this matter in lieu of an administrative hearing, and without admitting liability,  
12 Petitioner Continental Exchange Solutions, Inc., a Delaware corporation, dba Associated  
13 Foreign Exchange (“Petitioner” or “AFEX”) consents to the following Findings of Fact and  
14 Conclusions of Law, and consent to the entry of the following Order.

15 **FINDINGS OF FACT**

16 1. Petitioner is authorized to transact business in Arizona as a money  
17 transmitter, license number MT 0907953, within the meaning of A.R.S. § 6-1201, *et seq.*  
18 The nature of AFEX’s business is that of a money transmitter within the meaning of  
19 A.R.S. § 6-1201(11).

20 2. AFEX is not exempt from licensure as a money transmitter within the  
21 meaning of A.R.S. § 6-1203.

22 3. An examination of AFEX, conducted by the Department from  
23 January 3, 2012 to January 6, 2012, and of its authorized delegates from January 9, 2012 to  
24 January 13, 2012, revealed that Petitioner:

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a. Failed to ensure that one of its authorized delegates prominently displayed their money transmitter authorized delegate license in their principal place of business; specifically:

(1) El Pueblo Meat Market, 2083 E. Apache Blvd., Tempe, AZ 85281;

b. The copy of A.R.S. Title 6, Chapter 12 included in Petitioner's contracts with its authorized agents did not include a reference to an Arizona statutory obligation to file a copy of certain reports ("Reports") with the Arizona Attorney General, as the obligation to file such Reports with the Attorney General had been negated by a 2009 Regulatory Alert issued in Arizona;

c. Petitioner's authorized delegates committed violations of law by failing to keep sufficiently specific customer occupation information or social security numbers for certain transactions involving the transmission of money, whether sending or receiving, in an amount of one thousand dollars (\$1,000.00) or more, as required by A.R.S. § 6-1241(E), specifically:

1. Failed to record the customers' occupations with specificity beyond, for example "construction" or "retired," for eleven (11) transactions involving the receiving/sending of \$1,000 or more;

2. Failed to record the social security number or taxpayer identification number of the individual presenting the transaction for three (3) transactions involving the receiving/sending of \$1,000 or more; and

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d. Failed to identify certain locations as no longer conducting business as its authorized delegates, specifically:

(1) Five (5) authorized delegates listed by Petitioner as of September 30, 2011 no longer conducted business with AFEX.

4. Based upon the above findings, the Department issued and served upon Petitioner an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order (“Cease and Desist Order”) on May 3, 2012.

5. On May 18, 2012, Petitioners filed a Request For Hearing to appeal the Cease and Desist Order.

6. These Findings of Fact shall also serve as Conclusions of Law.

**CONCLUSIONS OF LAW**

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

2. By the conduct, set forth above, Petitioner violated the following:

a. A.R.S. § 6-1207(C) by failing to ensure that one of its authorized delegates prominently displayed their money transmitter authorized delegate license in their principal place of business;

b. A.R.S. § 6-1208(B) by failing to include in its contracts with its authorized delegates an appendix that contains a current copy of A.R.S. Title 6, Chapter 12;

c. A.R.S. § 6-1241(E) by failing to keep sufficiently specific records of customers’ occupation for eleven (11) transactions and social security numbers for three (3) transactions involving the transmission

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of money, whether sending or receiving, in an amount of one thousand dollars (\$1,000.00) or more; and

d. A.R.S. § 6-1213(A) by failing to identify certain locations as no longer conducting business as its authorized delegates.

3. AFEX does not meet any of the exemptions to the licensing requirements set forth in A.R.S. § 6-1203.

**ORDER**

1. While not admitting liability for any of the above, AFEX shall immediately stop the asserted violations set forth in the Findings of Fact and Conclusions of Law.

AFEX:

- a. Shall require its authorized delegates to prominently display their money transmitter authorized delegate licenses in their principal places of business;
- b. Shall include in its contracts with its authorized delegates an appendix that contains a current copy of A.R.S. Title 6, Chapter 12 that includes the statutory requirement to file a copy of the Reports with the Arizona Attorney General, as well as a copy of the 2009 Regulatory Alert that negates the obligation to file copies of such Reports with the Arizona Attorney General;
- c. Shall require that its authorized delegates keep sufficiently specific occupational records for each transaction involving the transmission of money, whether sending or receiving, in an amount of one thousand dollars (\$1,000.00) or more; and
- d. Shall properly identify authorized delegates who are no longer conducting business with AFEX.

1           2.       AFEX shall immediately pay to the Department an assessment in the amount  
2 of **seventeen thousand five hundred dollars (\$17,500.00)**.

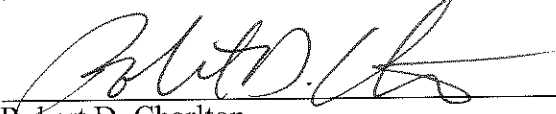
3           3.       AFEX shall comply with all Arizona statutes and rules regulating Arizona  
4 money transmitters (A.R.S. § 6-1201, *et seq.*).

5           4.       The provisions of this Order shall be binding upon AFEX, its employees,  
6 agents, and other persons participating in the conduct of the affairs of Petitioner.

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

10           SO ORDERED this 27 day of September, 2012.

11    Lauren W. Kingry  
12    Superintendent of Financial Institutions

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

16    **CONSENT TO ENTRY OF ORDER**

17           1.       Petitioner AFEX acknowledges that it has been served with a copy of the  
18 foregoing Findings of Fact, Conclusions of Law, and Order in the above-referenced matter,  
19 has read the same, is aware of its right to an administrative hearing in this matter, and has  
20 waived the same.

21           2.       Petitioner AFEX admits the jurisdiction of the Superintendent and consent to  
22 the entry of the foregoing Findings of Fact, Conclusions of Law, and Order.

23           3.       Petitioner AFEX states that no promise of any kind or nature has been made  
24 to induce it to consent to the entry of this Order, and that it has done so voluntarily.



1 COPY mailed/delivered same date to:

2 Tammy Eigenheer  
3 Administrative Law Judge  
4 Office of the Administrative Hearings  
5 1400 West Washington, Suite 101  
6 Phoenix, AZ 85007

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8 Craig A. Raby, Assistant Attorney General  
9 Office of the Attorney General  
10 1275 West Washington  
11 Phoenix, AZ 85007

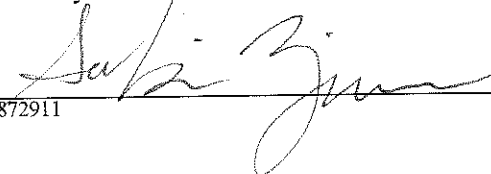
12  
13 Robert D. Charlton, Assistant Superintendent  
14 Lola Duncan, Senior Examiner  
15 Arizona Department of Financial Institutions  
16 2910 N. 44th Street, Suite 310  
17 Phoenix, AZ 85018

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

20  
21 Continental Exchange Solutions, Inc. #2  
22 dba Associated Foreign Exchange  
23 c/o Juan C. Bianchi, President and CEO  
24 6565 Knott Avenue  
25 Buena Park, CA 90620-1139  
26 Petitioner

William E. Waugh  
Chief Compliance Officer  
VP-Regulatory Affairs  
Continental Exchange Solutions, Inc. #2  
dba Associated Foreign Exchange  
6565 Knott Avenue  
Buena Park, CA 90620-1139

Deborah S. Thoren-Peden, Esq.  
Michael J. Finnegan, Esq.  
PILLSBURY WINTHROP SHAW PITTMAN LLP  
725 South Figueroa Street, Suite 2800  
Los Angeles, CA 90017-5406  
Attorneys for Petitioner

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