

ORDER NO. 2015-024

IN THE MATTER OF:

EDEPOSIT CORPORATION

ROCKVILLE, MARYLAND

§ **BEFORE THE BANKING**

§

§ **COMMISSIONER OF TEXAS**

§

§ **AUSTIN, TRAVIS COUNTY, TEXAS**

CONSENT ORDER

On this day, the matter of eDeposit Corporation, a Maryland company whose principal address is in Rockville, Maryland (Respondent), was submitted to me, Charles G. Cooper, Banking Commissioner of the State of Texas (Commissioner), for consideration and action.

1. Respondent is a Maryland company, with its principal address listed as 9901 Belward Campus Drive, Suite 175, Rockville, Maryland 20850.
2. Norman Understein is the Chief Executive Officer of Respondent.
3. The Texas Department of Banking (Department) has jurisdiction over Respondent and the subject matter of this proceeding pursuant to *Texas Finance Code* Chapter 151. The Commissioner has the authority to issue this Consent Order (Order) and to assess administrative penalties pursuant to *Texas Finance Code* §§151.702, 151.705, 151.706, and 151.707.
4. Respondent has been properly notified regarding its right to an administrative hearing under *Texas Finance Code* Chapter 151 (Chapter 151). Respondent is represented in this matter by Goldfarb PLLC.
5. The statutory provisions at issue in this matter include *Texas Finance Code* §§151.301 - 151.302, 151.702, and 151.705 - 151.707.
6. Any violation of this Order could subject Respondent to additional regulatory or enforcement actions authorized by *Texas Finance Code* Chapter 151, Subchapter H, and other provisions of Texas law. Nothing in this Order diminishes the regulatory or

enforcement powers of the Department, the Commissioner, or the Finance Commission of Texas under Chapter 151 or other applicable law.

7. For purposes of this proceeding, Respondent knowingly and voluntarily waives:
 - a. Service upon Respondent of this Order;
 - b. The right to present defenses to the allegations in this proceeding;
 - c. Notice and hearing prior to imposition of this Order;
 - d. The filing of proposed findings of fact and conclusions of law;
 - e. The issuance of a proposal for decision by an administrative law judge;
 - f. The filing of exceptions and briefs with respect to such proposal for decision;
 - g. Any review of this Order by the Texas Finance Commission; and
 - h. Judicial review of this Order as provided by *Texas Government Code* §2001.171 et seq., and any other challenge to the validity of this Order.
8. Respondent and the Commissioner agree to this Order solely for the purpose of this proceeding, and without Respondent admitting or denying any violations of law or regulations. This Order does not constitute an admission by Respondent that Chapter 151 or a rule adopted or order issued under Chapter 151 has been violated.
9. The Commissioner has considered the matter and finds as follows:
 - a. Respondent's former business model included a payment solution for businesses that wished to provide their customers an online method to make payments. Through the eDeposit network, which had been provided through PreCash Inc., a licensed money transmitter, customers could make payments to their suppliers, which Respondent states lead to faster payments and reduced fees and late payments. Under *Texas Finance Code* §151.301(b)(4)(A)(iii), such third party bill payment services constitute money transmission.

- b. From January 2013 to September 2015, Respondent offered its third party bill payment services in Texas. Respondent represented to the Department that it was an authorized delegate of PreCash, Inc., a licensed money transmitter. Respondent ceased offering its third party bill payment services in Texas on or before September 30, 2015. As of October 1, 2015, Respondent is no longer an authorized delegate of PreCash.
 - c. The Department regulates money transmission under the authority of *Texas Finance Code* Chapter 151, Subchapter B.
 - d. *Texas Finance Code* §151.302(a) provides that “a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as a person that engages in the business of money transmission unless the person: (1) is licensed...; [or] (2) is an authorized delegate” of a license holder and “appointed by the license holder in accordance with [*Texas Finance Code*] Section 151.402.” The Department has not licensed Respondent to engage in the business of money transmission in Texas. While Respondent asserts that its bill payment services were provided by PreCash and that it was acting as PreCash’s authorized delegate, Respondent has not demonstrated, to the satisfaction of the Department, that it was appointed by PreCash in accordance with *Texas Finance Code* §151.402.
 - e. Because Respondent made third party bill payments for consumers in Texas without either a license or being a properly authorized delegate of a license holder, Respondent violated *Texas Finance Code* §151.302(a).
10. Respondent has agreed to comply with the terms that are set out in the Order below.

11. Nothing in this Order shall prohibit the Respondent from submitting an application to the Department for a money transmission license or a temporary money transmission license in the future.

ORDER

It is hereby ORDERED, ADJUDGED and DECREED that Respondent will do the following:

12. Upon the Effective Date of this Order, Respondent will not conduct any money transmission for any customers in Texas until a money transmission license or temporary money transmission license is granted by the Texas Department of Banking;
13. Within seven days of achieving full compliance with the preceding paragraph, Respondent will confirm to the Department in writing that it has ceased all unlicensed activities in Texas;
14. Within 10 days of the Effective Date of this Order, Respondent will ensure that its website automatically blocks anyone from enrolling as a new customer or completing a transaction if they list Texas as their state of residence. This includes business conducted directly or through the activity of others and includes but is not limited to advertising and soliciting persons in Texas, and the acceptance of customers who are located in Texas;
15. Within seven days of achieving full compliance with the preceding paragraph, Respondent will confirm to the Department in writing that the website configurations have been completed;
16. Within 30 days of the Effective Date of this Order, Respondent will return to its Texas customers any funds held by Respondent for payment of bills and any other funds that are due to its Texas consumers that are held by Respondent;

17. Within seven days of achieving Texas full compliance with the preceding paragraph, confirm to the Department in writing that all customer funds held by Respondent have been returned.

Effective Date

This Order against Respondent is effective on November 6th, 2015, and subject to its terms, Respondent may not appeal.

Signed on this 6th day of November, 2015.

/s/ Stephanie Newberg for
Charles G. Cooper
Banking Commissioner of Texas

AGREED AS TO FORM AND SUBSTANCE:

eDeposit Corporation

By: /s/ Norman Understein
Norman Understein
Chief Executive Officer

Date:

APPROVED AS TO FORM:

/s/ Jeffrey Goldfarb
Jeffrey Goldfarb
Goldfarb PLLC
Counsel for eDeposit Corporation

Date:

/s/ Brenna McGee
Brenna McGee
Assistant General Counsel
Texas Department of Banking

Date: 11/6/2015