

ORDER NO. 2017-015

IN THE MATTER OF:	§	BEFORE THE BANKING
	§	
PAYPOOL LLC	§	COMMISSIONER OF TEXAS
	§	
WASHINGTON, D.C.	§	AUSTIN, TRAVIS COUNTY, TEXAS

CONSENT ORDER

On this day, the matter of PayPool LLC, Washington, D.C. (Respondent), was submitted to me, Charles G. Cooper, Banking Commissioner of the State of Texas (Commissioner), for consideration and action.

1. Respondent is a corporation organized under the laws of the State of Delaware with its principal address listed as 1801 Pennsylvania Ave., NW Suite 700, Washington, D.C. 20006.
2. Daniel Matthew Voorhees is Chief Executive Officer and President of Respondent and is duly authorized to enter into this Order on behalf 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 (Chapter 151). The Commissioner has the authority to issue this Consent Order (Order) and to assess administrative penalties pursuant to Texas Finance Code §§ 151.706 and 151.707.
4. The statutory provisions at issue in this matter include, but are not limited to, Texas Finance Code §§ 151.301 - 151.302, 151.702, and 151.706 - 151.707.
5. Any violation of this Order could subject Respondent to additional regulatory or enforcement actions authorized by 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.

6. For purposes of this proceeding and Order, Respondent knowingly and voluntarily waives:
 - a. Service upon Respondent of this Order;
 - b. The right to present defenses to the allegations stated in this Order;
 - 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.
7. 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.
8. The Commissioner has considered the matter and finds as follows:
 - a. Respondent operates a payment processing business focused on automating the accounts payable process for its business customers. Respondent accepts and manages invoices on behalf of its customers and then provides a system allowing customers to view and authorize payment of those invoices. Customers make payment to Respondent instead of the payee on an invoice. Respondent is then responsible for ensuring that payment is made to its customer's payees.

- b. Respondent applied for a temporary money transmission license, which was issued on July 11, 2017.
- c. Respondent is in the process of applying for a full money transmission license from the Department.
- d. Under Texas Finance Code § 151.301(b)(4), money transmission is defined as “the receipt of money or monetary value by any means in exchange for a promise to make the money or monetary value available at a later time or different location.” By accepting a customer’s money and using that money to pay the customer’s invoices, the Commissioner finds that Respondent is engaging in money transmission in Texas.
- e. Under Texas Finance Code § 151.302, a person may not conduct money transmission for persons located in Texas and receive any form of compensation for it unless the person is licensed under Chapter 151; is an authorized delegate of a license holder; is excluded from licensure under Chapter 151; or has been granted an exemption under Chapter 151.
- f. Until Respondent received its temporary license on July 11, 2017, Respondent was not licensed under Chapter 151; Respondent is not an authorized delegate of a license holder; Respondent is not excluded from licensure under Chapter 151; and Respondent has not been granted an exemption under the Chapter 151. Consequently, the Commissioner finds that Respondent was in violation of Texas Finance Code § 151.302.
- g. The Commissioner has considered the facts as stated herein, in conjunction with Texas Finance Code § 151.707(d), and finds that a penalty of \$47,832 is appropriate because

Respondent conducted money transmission activities in Texas since December 2016 without a license.

9. Respondent has agreed to comply with the terms set out in the Order below.
10. This Order does not restrict the Department with respect to any enforcement action or other recourse regarding any other past, current, or future violations by Respondent that come to the attention of the Department. However, nothing herein shall be construed to limit Respondent's right to contest any future finding or determination of non-compliance.

ORDER

It is hereby ORDERED, ADJUDGED and DECREED that:

1. Respondent will pay \$47,832 to the Department as an administrative penalty under Texas Finance Code § 151.707 for operating an unlicensed money transmission business in Texas since December 2016. The penalty shall be payable to the Department within 10 days of the effective date of this Order; and
2. Respondent will fulfill all of the requirements to obtain a license to conduct money transmission in Texas as detailed in Chapter 151. In the event that Respondent elects to withdraw its license application or Respondent's license application is suspended pursuant to Texas Finance Code § 151.204, determined abandoned pursuant to 7 Texas Administrative Code § 33.13(g)(1), or denied pursuant to Texas Finance Code § 151.205, Respondent will do the following:
 - a. Within three days of the Department's notification to Respondent of said withdrawal, suspension, abandonment, or denial, cease and desist from engaging in the business of money transmission in Texas with respect to new customers. Also within three days,

- Respondent must configure its computer system to refuse the registration of, or any transactions for, new customers located in Texas.
- b. Within seven days of achieving full compliance with the preceding paragraph, Respondent will confirm to the Department in writing that it is not conducting money transmission activities for new customers in Texas and that the computer systems configurations have been completed.
 - c. Within ten days of the Department's notification to Respondent of said withdrawal, suspension, abandonment, or denial, Respondent will notify its existing Texas customers that it will cease providing money transmission services to them. This notification must be made in writing, and a copy of the notice must be sent contemporaneously to the Department.
 - d. Within 30 days of the Department's notification to Respondent of said withdrawal, suspension, abandonment, or denial, Respondent will cease and desist from engaging in the unauthorized business of money transmission in Texas with respect to existing customers, return to its customers all customer funds held by Respondent, and configure its computer system to refuse any transactions for any customers located in Texas by blocking: (a) transactions attempted by an Internet Protocol address identified as located in the state of Texas and (b) transactions involving an address in Texas.
 - e. Within seven days of achieving full compliance with the preceding paragraph, Respondent will confirm to the Department in writing that it is not conducting money transmission activities, as defined by Chapter 151, in Texas; that the website configurations have been completed; and that all funds held by Respondent for Texas customers have been returned to those customers.

Effective Date

This Order against Respondent is effective on October 23, 2017, and subject to its terms, Respondent may not appeal.

Signed on this 23rd day of October 2017.

/s/ Stephanie Newberg

Stephanie Newberg
Deputy Banking Commissioner of Texas

AGREED AS TO FORM AND SUBSTANCE:

PayPool LLC

/s/ Daniel Matthew Voorhees

Daniel Matthew Voorhees
Chief Executive Officer

Date: October 19, 2017

APPROVED AS TO FORM:

/s/ Kathryn Ryan

Kathryn Ryan
Counsel for PayPool LLC
Buckley Sandler

Date: October 20, 2017

/s/ Ryan P. McCarthy

Ryan P. McCarthy
Assistant General Counsel
Texas Department of Banking

Date: October 23, 2017