

Order No. 2019-019

IN THE MATTER OF:	§	BEFORE THE BANKING
	§	
EAGLE SMART SOLUTIONS, LLC,	§	
MONEY TRANSMISSION LICENSE	§	COMMISSIONER OF TEXAS
NO. 3051	§	
	§	
LAREDO, TEXAS	§	AUSTIN, TRAVIS COUNTY, TEXAS

CONSENT ORDER

On this day, in the matter of Eagle Smart Solutions, LLC (“Respondent”) was submitted to me, Charles G. Cooper, Banking Commissioner (“Commissioner”) of the State of Texas, for consideration and action.

1. Respondent holds money transmission license number 3051 issued by the Texas Department of Banking (“Department”) pursuant to Texas Finance Code (“Finance Code”) Chapter 151 (“Chapter 151”) and operates a money transmission business headquartered in Laredo, Texas.
2. The Department has jurisdiction over Respondent and the subject matter of this proceeding pursuant to Chapter 151. The Commissioner has the authority to issue this Consent Order (“Order”) pursuant to Finance Code § 151.706.
3. Respondent has been properly notified of its right to an administrative hearing under Chapter 151.
4. The undersigned representative of Respondent has full authority to enter into and bind Respondent to the terms and conditions of this Consent Order.
5. The statutory provisions at issue in this matter include, but are not limited to, Finance Code §§ 151.202, 151.207, 151.302, 151.308, 151.703, and 151.706.
6. Any violation of this Order could subject Respondent to additional regulatory or enforcement actions authorized by Chapter 151 and other provisions of Texas law.

7. 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.
8. This Order does not restrict the Department, the Commissioner, or the Finance Commission of Texas with respect to any enforcement action or other recourse regarding any past, current, or future violations by Respondent that come to the attention of the Department to the extent those violations have not been identified by the Department as of the effective date of this Order. However, nothing herein shall be construed to limit Respondent's right to contest any future finding or determination of non-compliance.
9. This Order does not restrict the Department, the Commissioner, or the Finance Commission of Texas from considering any relevant facts in determining the financial and business experience, competence, character, and general fitness of a current or future license holder or applicant under Chapter 151 or each principal of, person in control of, principal of a person in control of, and proposed responsible individual of any such license holder or applicant.
10. 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.

11. 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. Respondent is voluntarily agreeing to the surrender of its license to avoid the uncertainty of further proceedings. More specifically though, Respondent denies that it engaged in conduct alleged in paragraphs 19-22 herein. This Order does not constitute an admission by Respondent that Chapter 151, a rule adopted or order issued under Chapter 151, the Bank Secrecy Act, the USA PATRIOT ACT, or its implementing regulations (31 CFR Section 1022 et. seq.) has been violated.

12. Respondent has agreed to comply with the terms that are set out in the Order below.

I. Findings

13. Respondent is owned 75% by Edelmiro J. Martinez and 25% by Marco A. Morales.

14. In June 2018, the Department initiated a full-scope examination of Respondent pursuant to Finance Code § 151.601 and required that Respondent provide certain financial and operational information regarding its money transmission business.

15. Between August 27 and August 31, 2018, the Department conducted the on-site portion of the examination at Respondent's headquarters in Laredo, Texas.

16. During the course of the examination, the Department discovered inconsistencies between financial records provided by Respondent and Respondent's 2017 audited financial statements. To verify the accuracy of Respondent's audited financial statements, on August 30, 2018, the Department asked the certified public accountant ("CPA") that performed the audit to provide the Department with certain information supporting the audit. The CPA could not provide the

requested information and on August 31, 2018, withdrew the 2017 Independent Auditor's Report.

17. As of the effective date of this Order, Respondent has not obtained current audited financial statements.
18. Finance Code § 151.307 requires that a money transmission license holder maintain a minimum net worth of at least \$100,000. Finance Code § 151.207 requires a license holder to submit audited financial statements to the Commissioner annually for the purpose of determining whether the applicant maintains the required minimum net worth. Finance Code § 151.703(a)(1) provides that the Commissioner must revoke a money transmission license if the Commissioner finds that the license holder does not maintain the required minimum net worth.
19. The Department further discovered that Respondent was withholding and suppressing information requested by the Department during the 2018 examination, such as Respondent's relationships with affiliates and financial institutions.
20. The Department further discovered Respondent engaging in violations of law and regulations and unsafe and unsound practices, including failing to maintain adequate books and records and failing to implement and maintain an effective anti-money laundering program.
21. The Commissioner has considered the matter and believes that, based on credible evidence, Respondent's actions satisfy the requirements for the issuance of an order revoking Respondent's money transmission license pursuant to Finance Code § 151.703. In particular, the Commissioner has determined the following:
 - a. Respondent does not maintain audited financial statements required to verify its net worth, as required by Chapter 151;

- b. it is not in the public's interest that Respondent possess a money transmission license;
- c. Respondent has violated Chapter 151, the Bank Secrecy Act, the USA PATRIOT ACT, and rules adopted under the foregoing laws;
- d. Respondent has not cooperated with an examination authorized by Chapter 151;
- e. Respondent has engaged in unsafe and unsound acts and practices and has conducted business in an unsafe manner;
- f. conditions and information exist that if known at the time Respondent applied for its money transmission license would have been grounds for denying Respondent's application; and
- g. Respondent knowingly made material misstatements and suppressed or withheld material information on a report and other documents required to be filed with the Department.

22. The Commissioner has determined further that such actions and violations of laws and regulations demonstrate that Respondent does not possess the financial responsibility and condition, business experience, competence, character, and general fitness to justify the confidence of the public and warrant the belief that Respondent will conduct business in compliance with Chapter 151 and rules adopted under Chapter 151 and other applicable state and federal laws.

II. Order

It is hereby ORDERED, ADJUDGED and DECREED that:

1. Within three days of the effective date of this Order, Respondent will cease and desist from accepting any new money transmission business in Texas. This includes business conducted directly or through the activity of others and includes but is not limited to advertising and soliciting persons in Texas.
2. Within 14 days of the effective date of this Order, Respondent will have returned to its Texas customers all customer funds or have satisfied all outstanding money transmission obligations.

3. Within seven days of complying with the above two paragraphs, Respondent will confirm in writing to the Department that all money transmission business has ceased and that there are no outstanding money transmission obligations or funds due to customers.
4. Within 21 days of the effective date of this Order, Respondent will surrender its original money transmission license to the Department at 2601 N. Lamar Blvd, Austin, Texas 78705 along with a written notice of surrender that includes the location at which the license holder's records will be stored and the name, address, telephone number, and other contact information for an individual who is authorized to provide access to the records for a period of five (5) years from the effective date of this Order.
5. Respondent will maintain the security required by Finance Code § 151.308 for five years from the effective date of this Order, as required by Finance Code §151.308(g), and provide notice and documentation to the Department demonstrating compliance annually from the effective date of this Order.
6. Without the prior written approval of the Commissioner, no controlling principal of Respondent may:
 - a. serve as a director, officer, or employee of a money transmission business licensed under Chapter 151;
 - b. directly or indirectly participate in any manner in the management of such an entity;
 - c. directly or indirectly vote for a director of such an entity; or
 - d. solicit, procure, transfer, attempt to transfer, vote, or attempt to vote a proxy, consent, or authorization with respect to voting rights in such an entity.

III. Effective Dates

This Order against Respondent is effective on the date signed by the Commissioner and is final and non-appealable as of that date.

Signed on this 20th day of May, 2019.

/s/ Charles G. Cooper
Charles G. Cooper
Commissioner, Department of Banking

AGREED AS TO FORM AND SUBSTANCE:

Eagle Smart Solutions, LLC

/s/ Marco Morales, Manager Member /s/ Edelmiro J. Martinez, Manager Member

By: _____

Date: 5/10/19

APPROVED AS TO FORM:

/s/ John Scott
John Scott
Scott PLLC
Counsel for Eagle Smart Solutions, LLC

Date: 5/14/19

/s/ Ryan P. McCarthy
Ryan P. McCarthy
Assistant General Counsel
Texas Department of Banking

Date: 5/17/19