

**ORDER NO. 2017-004**

<b>IN THE MATTER OF:</b>	§	<b>BEFORE THE BANKING</b>
	§	
	§	
<b>VENDENGINE, INC. D/B/A</b>	§	<b>COMMISSIONER OF TEXAS</b>
<b>JAILFUNDS.COM</b>	§	
	§	
<b>BRENTWOOD, TENNESSEE</b>	§	<b>AUSTIN, TRAVIS COUNTY, TEXAS</b>

**CONSENT ORDER**

On this day, the matter of VendEngine, Inc., d/b/a JailFunds.com, Brentwood, Tennessee (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 Tennessee with its principal address listed as 750 Old Hickory Blvd, Suite 2-275, Brentwood, TN 37027.
2. Silas E. Deane, II is the 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. Respondent has been properly notified regarding its right to an administrative hearing under Chapter 151. Respondent is represented in this matter by Vestevich & Associates, P.C.
5. 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.

6. 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.
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 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.
8. The Commissioner has considered the matter and finds as follows:
  - a. Respondent offers a service where an inmate's friends and family can deposit money into an account that can be accessed by the inmate at a later time to purchase commissary items. Respondent offers this service online at its website JailFunds.com, through its toll-free telephone system, and at kiosks at correctional facilities. Respondent has been providing this service for persons located in Texas since 2015. By taking money and making it available to inmates at a later time and different location, Respondent is engaging in money transmission in Texas.

- b. Respondent applied for a temporary money transmission license, which was issued on December 27, 2016.
  - c. Until Respondent received its temporary license on December 27, 2016, the Department had not licensed Respondent; 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.
  - d. Based on the foregoing, the Commissioner finds that Respondent was in violation of Texas Finance Code § 151.302, and that grounds exist to initiate an administrative proceeding against Respondent for the issuance of administrative penalties pursuant to Texas Finance Code § 151.707.
  - e. The Commissioner has considered the facts as stated herein, in conjunction with Texas Finance Code § 151.707(d), and finds that a penalty of \$23,700 is appropriate because Respondent conducted money transmission activities in Texas since 2015 without a license and did not provide Texas customers with the requisite protections or perform the required recordkeeping functions of a licensee.
- 9. Respondent neither admits nor denies either that the aforementioned grounds exist or the Commissioner's factual findings and conclusions set forth above (except as to the jurisdiction of the Commissioner, which is admitted).
  - 10. Respondent desires to cooperate with the Commissioner and to avoid the time and expense of such administrative litigation with the Commissioner.
  - 11. Accordingly, Respondent and the Commissioner agree to this Order solely for the purpose of this proceeding, and further agree that 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.

12. 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 \$23,700 to the Department as an administrative penalty under Texas Finance Code § 151.707. 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 10 days of the Department's notification to Respondent of said withdrawal, suspension, abandonment or denial, 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;

- b. Within 30 days of the Department's notification to Respondent of said withdrawal, suspension, abandonment or denial, cease and desist from engaging in the unauthorized business of money transmission in Texas and have returned to its customers all customer funds held by Respondent; and
- c. Within seven days of achieving full compliance with this paragraph, Respondent must confirm to the Department in writing that it has ceased all unlicensed activities in Texas.

**Effective Date**

This Order against Respondent is effective on April 10th, 2017, and subject to its terms, Respondent may not appeal.

Signed on this 10th day of April, 2017.

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

**AGREED AS TO FORM AND SUBSTANCE:**

VendEngine, Inc. d/b/a JailFunds.com

By: /s/ Silas E. Deane, II  
Silas E. Deane, II  
President

Date: April 10, 2017

**APPROVED AS TO FORM:**

/s/ William P. Vestevich  
William P. Vestevich  
Vestevich & Associates, P.C.  
Counsel for VendEngine, Inc. d/b/a JailFunds.com

Date: April 10, 2017

/s/ Brenna McGee

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Brenna McGee  
Assistant General Counsel  
Texas Department of Banking

Date: April 10, 2017