

**ORDER NO. 2023-005**

**IN THE MATTER OF:**

**SMART COMMUNICATIONS  
HOLDINGS, INC.**

**SEMINOLE, FLORIDA**

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**BEFORE:**

**THE BANKING  
COMMISSIONER OF TEXAS**

**AUSTIN, TRAVIS COUNTY, TEXAS**

**CONSENT ORDER**

On this day, in the matter of Smart Communications Holdings, Inc. (Respondent) was submitted to me, Charles G. Cooper, Banking Commissioner (Commissioner) of the State of Texas, for consideration and action.

1. Respondent is a Florida based company providing products and services to correctional facilities and detention centers across the United States.
2. The Texas Department of Banking (Department) has jurisdiction over Respondent and the subject matter of this proceeding pursuant to *Texas Finance Code* (Finance Code) Chapter 151 (Chapter 151). The Commissioner has the authority to issue this Consent Order (Order) and to assess administrative penalties pursuant to Finance Code §§ 151.706 and 151.707.
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 Order.
5. The statutory provisions at issue in this matter include, but are not limited to, Finance Code §§ 151.301, 151.302, 151.702, 151.706, and 151.707.
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. 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 this matter and finds as follows:
  - a. Respondent provides telephone services to inmates and consumers wishing to communicate with the inmate. In connection with these services, consumers deposit funds into an account and a fee is charged to process the deposit transaction depending on the method used. The deposited funds are held in the account owned by Respondent and are refundable at the request of the consumer. The funds remain in the account until such time as the consumer or inmate makes use of the telephone services or a refund is requested.
  - b. On January 17, 2023, Respondent obtained a temporary money transmission license from the Department.

- c. Under Finance Code § 151.301(b)(4), money transmission means “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.” The Finance Code defines engaging in the business of money transmission as receiving compensation or expecting to receive compensation, directly or indirectly, for conducting money transmission. Finance Code § 151.302(b). The Department has determined that the Respondent is engaging in licensable activity because Respondent receives a customer’s funds in exchange for a promise to make funds available at a later time or different location.
- d. 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” without a license unless it is an authorized delegate of a license holder, is excluded from licensure under Chapter 151, or has been granted an exemption under Chapter 151.
- e. As described above, the Department has concluded that: (i) Respondent has conducted money transmission in Texas; (ii) Prior to January 17, 2023, Respondent was neither licensed by the Department nor determined by the Department to be excluded from licensure under Chapter 151; and (iii) Respondent is not an authorized delegate of a license holder. Consequently, the Commissioner finds that Respondent has violated Finance Code § 151.302.
- f. As required by Finance Code § 151.707(d), the Commissioner has considered the seriousness of the violations, Respondent’s compliance history, and Respondent’s good faith in attempting to comply with Chapter 151.

- g. Based on these findings and based on the representations made by Respondent as to the volume of transactions and length of time it has been conducting an unlicensed money transmission business in Texas, the Commissioner finds that a penalty of \$19,482.42 is appropriate.
10. Respondent has agreed to comply with the terms that are set out in the Order below.
11. Nothing in this Order shall prohibit Respondent from obtaining a money transmission license from the Department in the future.
12. This Order does not restrict the Department with respect to any enforcement action or other recourse regarding any other violations by Respondent not now known to the Department that come to the attention of the Department. Nothing herein shall be construed to limit Respondent's right to contest any future finding or determination of non-compliance.

### **Order**

1. It is hereby ORDERED, ADJUDGED and DECREED that within 30 days of the effective date of this Order, Respondent will pay \$19,482.42 to the Department as an administrative penalty under Texas Finance Code § 151.707.
2. Respondent will make a good faith effort to fulfill all of the requirements to obtain a permanent license to conduct money transmission in Texas as detailed in Chapter 151 of the Finance Code. In the event that Respondent elects to withdraw its license application or Respondent's license application is suspended pursuant to Finance Code § 151.204, determined abandoned pursuant to 7 Texas Administrative Code § 33.13(g)(1), or denied pursuant to Finance Code § 151.205, Respondent will confirm to the Department in writing that Respondent has ceased all unlicensed activities in Texas within 7 days of the Department's notification of said withdrawal, suspension, abandonment, or denial.

**Effective Date**

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 8th day of February, 2023.

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

**AGREED AS TO FORM AND SUBSTANCE**

Smart Communications Holdings, Inc.

/s/ Noreen Gunning  
By: Noreen Gunning

Date: February 7, 2023

**APPROVED AS TO FORM:**

/s/ Marcus Adams  
Marcus Adams  
Deputy General Counsel  
Texas Department of Banking

Date: February 8, 2023