STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
Before the Director of the Department of Insurance and Financial Services

In the matter of:

Associated Foreign Exchange, Inc. dba AFEX
805 Third Avenue, Suite 1210
New York, New York 10022

Respondent

_____/

Enforcement Case No. 13-11773

Issued and entered,
on April 3, 2014,
by Rhonda J. Fossitt,
Senior Deputy Director

CONSENT ORDER

I.
BACKGROUND

On or about December 17, 2012, the [1]Office of Financial and Insurance Regulation received an application from Associated Foreign Exchange, Inc. dba AFEX (Respondent), for a money transmission services provider license under the Money Transmission Services Act (MTSA), 2006 PA 250, MCL 487.1001 *et seq.* Respondent is not presently licensed by the Department of Insurance and Financial Services (DIFS) pursuant to the MTSA to provide money transmission services in the state of Michigan. In reviewing the past practices of Respondent, DIFS staff determined that contrary to the MTSA, Respondent conducted money transmission services without a license. DIFS and Respondent have now conferred for purposes of resolving this matter and have determined to settle this matter pursuant to the terms set forth below.

II.
FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. At all times pertinent to the matter herein, Respondent was not licensed by DIFS to engage in money transmission services.

2. The Director of DIFS has jurisdiction and authority to adopt and issue this Consent Order, pursuant to the Michigan Administrative Procedures Act (MAPA), MCL 24.201 *et seq.*

3. Respondent is an entity incorporated in the state of California.

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[1] On March 18, 2013, the Governor, by Executive Order 2013-1, transferred the authority, powers, duties, functions, and responsibilities of the Commissioner of Financial and Insurance Regulation to the Director of the Department of Insurance and Financial Services (Director).

4. Respondent has applied to be licensed to provide money transmission services in the state of Michigan.

5. During DIFS's investigation of Respondent's application for licensure under the MTSA, DIFS staff found that Respondent conducted money transmission services in the state of Michigan prior to submitting its application for a money transmitter license.

6. Section 3(c) of the MTSA, MCL 487.1003(c), states, "'Money transmission services' means selling or issuing payment instruments or stored value devices or receiving money or monetary value for transmission...."

7. Section 11(1) of the MTSA, MCL 487.1011(1), states, "Except as otherwise provided in this section and subject to section 4, a person shall not provide money transmission services in this state after December 31, 2006 without a license under this act or a class I license issued under the consumer financial services act, 1988 PA 161, MCL 487.2051 to 487.2072."

8. Respondent is not exempt from licensure under the MTSA.

9. Respondent conducted money transmission services without the required license to engage in money transmission services in the state of Michigan pursuant Section 11(1) of the MTSA.

III.
ORDER

Therefore it is ORDERED that:

1. Respondent shall comply with Section 11(1) of the MTSA.

2. Respondent shall pay the state of Michigan, through DIFS, a civil fine in the amount of $59,850. The fine shall be paid on or before 30 days of the date of entry of this Order.

3. Respondent shall maintain a program to monitor and ensure compliance with the MTSA.

4. Respondent shall educate its officers and appropriate employees with respect to all state and federal consumer laws and regulations, including the MTSA.

5. Respondent shall maintain a compliance officer to ensure that Respondent is in compliance with applicable state and federal laws, rules, and regulations. Respondent has provided written notification to DIFS of the compliance officer's name and business address. Respondent shall notify DIFS of any change in designation of the compliance officer within 30 days of such re-designation.

The Director retains jurisdiction over the matters contained herein and has the authority to issue such further Order(s) as he shall deem just, necessary, and appropriate in accordance with the provisions of the MTSA. Failure by the Respondent to abide by the terms and provisions of this Order may result in the commencement of additional proceedings.

Rhonda J. Fossitt
Senior Deputy Director

IV.
STIPULATION

Respondent understands the proposed Consent Order above. The Senior Deputy Director may in her sole discretion, decide to accept or reject the Stipulation and Consent Order. If the Senior Deputy Director accepts the Stipulation and Consent Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Consent Order. Further, in consideration of the terms and conditions set forth herein, if and when the Consent Order is entered, Respondent voluntarily waives and gives up any and all right that it may now or hereafter have to administrative or judicial review concerning entry of the Director's Order in this matter. If the Senior Deputy Director does not accept the Stipulation and Consent Order, Respondent waives any objection to the Director holding a formal administrative hearing and making her decision after such hearing. The Director has jurisdiction and authority under the provisions of the MAPA to accept this Stipulation and to issue a Consent Order resolving these proceedings. Respondent agrees to abide by the terms and provisions of the Consent Order. Respondent admits to the Findings of Fact and Conclusions of Law of the Order. Respondent has had an opportunity to review this Stipulation and the accompanying Consent Order. Respondent's legal counsel has also reviewed the Stipulation and Consent Order.

Associated Foreign Exchange, Inc.
dba AFEX

Dated: _____

By: Jan Vlietstra
Its: Chief Executive Officer

DIFS staff approves this Stipulation and recommends that the Senior Deputy Director issue the Consent Order above.

Dated: 3/21/14

Marlon F. Roberts
Staff Attorney