

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of the Office of Financial and Insurance Regulation

In the Matter of:

Office of Financial and Insurance Regulation

Enforcement Case No. 11-11379

Agency No. 11-065-MT

Petitioner,

v

Alfarooq Express, Inc.

Respondent.

_____ /

Issued and entered
On 12-15, 2011
by Annette E. Flood
Chief Deputy Commissioner

ORDER TO CEASE AND DESIST

The Office of Financial and Insurance Regulation (OFIR), pursuant to the Administrative Procedures Act of 1969, 1969 PA 306, as amended; MCL 24.201 *et seq.*; and the Michigan Money Transmission Services Act (Act), PA 250 of 2006, MCL 487.1001, *et seq.*, says that:

**I
BACKGROUND**

1. Alfarooq Express, Inc. (Respondent) is an active licensed money transmission services provider with a place of business at 3104 Caniff Street, Hamtramck, MI 48212.
2. An examination of Respondent was conducted on August 29, 30, and September 6, 2011, pursuant to the Act.
3. During the examination, Respondent provided compiled financial statements for the months ending April 30, 2011; May 31, 2011; June 30, 2011; and July 31, 2011; showing net worth of \$61,418; \$63,496; \$63,537; and \$71,356, respectively. Section 13(2) of the Act, MCL 487.1013, requires Respondent to maintain net worth of at least \$100,000 at all times.

4. Respondent was unable to produce a record of the details for each payment instrument; specifically Respondent recorded the receipt of funds and instructions for each payment, but was not able to provide the details regarding the transmission of funds to the paying agent or the payments to beneficiaries, as required by Section 25(1)(a) of the Act, MCL 487.1025.
5. Respondent was unable to produce a general ledger containing all asset, liability, capital, income, and expense accounts, as required by Section 25(1)(b), MCL 487.1025.
6. During the examination, Respondent was requested to provide copies of all bank statements and records in accordance with the requirements of the Act. Respondent provided screen prints of a Talmer Bank and Trust account from March 28, 2011, to June 17, 2011, and Huntington Bank statements for April, May, and June 2011. Statements from a Chase bank account, referenced in Respondent's application for licensure, were not provided. Section 25(1)(c), MCL 487.1025, requires the licensee to maintain, in addition to other records, all bank statements and reconciliation records for three years.
7. Respondent was unable to produce records of outstanding payment instruments, as required by Section 25(1)(d) of the Act, MCL 487.1025.
8. During the course of the examination, OFIR uncovered evidence that Respondent had conducted money transmission services beginning June 1, 2011, however, Respondent was not issued a license to conduct such activity until June 10, 2011.
9. The Code of Federal Regulations prohibits money transmission with certain identified foreign nationals and governments, 31 CFR part 501. Respondent failed to compare the names of senders and beneficiaries to the Department of Treasury's Specially Designated Nationals list until August 27, 2011.
10. 31 CFR part 1022 requires a licensee to provide education and training to appropriate personnel to include training in the detection of suspicious transactions to the extent that such transactions require reporting. At the time of examination, none of Respondent's employees had completed the required training.

II CONCLUSIONS OF LAW

WHEREAS, Section 44 of the Act, MCL 487.1044, states that, if, in the opinion of the Commissioner, a licensee is, has, or is about to engage in a practice that poses a threat of financial loss or threat to the public welfare, or is, has, or is about to violate a law, rule, or order, the Commissioner may issue and serve a cease and desist order.

WHEREAS, the Commissioner finds that a person must have a license to provide money transmission services in the State of Michigan under Section 11 of the Act, MCL 487.1011; and

WHEREAS, the Commissioner finds that Respondent provided money transmission services in the State of Michigan without first obtaining a license; and

WHEREAS, the Commissioner finds that a licensee must keep and maintain complete records as required by Section 25 of the Act, MCL 487.1025; and

WHEREAS, the Commissioner finds that Respondent failed to maintain complete records of its money transmission services business; and

WHEREAS, the Commissioner finds that Respondent failed to comply with federal regulations regarding global terrorism sanctions regulations; and

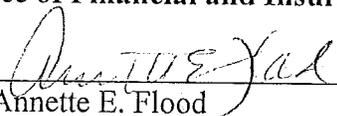
WHEREAS, the Commissioner finds this action necessary and appropriate in the public interest for the protection of the public from threat of financial loss and threat to the public welfare and consistent with the purposes fairly intended by the policy and provisions of the Act.

IT IS THEREFORE ORDERED, pursuant to Section 44 of the Act, MCL 487.1025, that Respondent shall immediately **CEASE AND DESIST** from conducting money transmission services in this state and from violating the Act in any way.

A person who violates or otherwise fails to comply with a cease and desist order is subject to a civil fine of not more than \$10,000.00 per day for each day the violation continues, plus the state's costs and expenses for the investigation and prosecution of the matter, including reasonable attorney fees.

Unless stayed, modified, terminated, or set aside by the Commissioner or a court, this cease and desist order is effective on the date of service.

Office of Financial and Insurance Regulation

By: 
Annette E. Flood
Chief Deputy Commissioner

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III.

NOTICE OF HEARING

Section 44(2) of the Act, MCL 487.1044(2), provides:

(2) A cease and desist order issued under this section shall contain a statement of the facts constituting the alleged practice or violation and shall fix a time and place for a hearing to determine if the commissioner should issue an order to cease and desist against the licensee.

The hearing has been set for **9:00 A.M. on Monday, January 9, 2012**. The hearing will be held under the jurisdiction of laws administered by the Commissioner.

The hearing will be held at the Office of Financial and Insurance Regulation, Ottawa State Office Building, 611 W. Ottawa Street, 2ND Floor, Lansing, Michigan 48933.

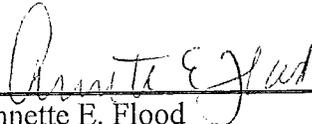
Particular factual allegations and applicable laws are identified herein in the above Order to Cease and Desist.

The case will be conducted in accordance with the procedures applicable to the hearing of contested cases under the Administrative Procedures Act, 1969 PA 306, as amended, MCL 24.201 *et seq.*, and other procedural provisions of Michigan law that are appropriate.

In the attached Order for Hearing and Order to Respond, you are required to take at least one of three actions in response to the Notice of Charges. Failure to do so will result in cancellation of the hearing and a decision by default against you in which the allegations in the Notice of Charges are taken as true and the Commissioner will enter the attached Cease and Desist Order against the Respondent.

It is important to understand that any statements made are voluntary and may be used in any proceeding that may be held.

In addition to the Hearings Coordinator identified in the attached Order for Hearing and Order to Respond, you may contact attorney Scott Basel. Mr. Basel may be contacted by mail at: Office of General Counsel, Office of Financial and Insurance Regulation, P.O. Box 30220, Lansing, MI 48909, or by telephone at: (877) 999-6442, or facsimile at: (517) 373-1224.



Annette E. Flood
Chief Deputy Commissioner
Office of Financial and Insurance Regulation

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Agency No. 11-065-MT

Petitioner,

v

Alfarooq Express, Inc.

Respondent.

Issued and Entered,
This 15 day of December, 2011,
By Annette E. Flood,
Chief Deputy Commissioner

ORDER FOR HEARING

AND

ORDER TO RESPOND

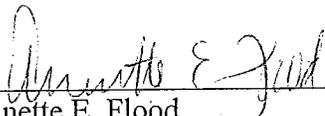
In the attached Notice of Charges are allegations that Respondent has violated the Michigan Banking Code of 1999. A hearing is required to determine the validity of the allegations.

Therefore, it is **ORDERED** that:

1. A hearing shall be scheduled in conformity with the attached Notice of Hearing.
2. A copy of this Order and the Order to Cease and Desist and Notice of Hearing shall be sent to the Respondent.
3. Within 21 calendar days of the date of this Order, the Respondent shall either:
 - (a) Agree to a resolution of this contested case with the opposing party and

file an agreed settlement signed by the parties.

- (b) File an answer to the allegations in the Notice of Charges.
 - (c) File a statement that Respondent plans to attend the hearing as scheduled or file a request for an adjournment that states the reasons why an adjournment is necessary.
4. The filing must be received by this agency no later than 21 days from the date of this Order. The filing shall be submitted to Michelle Tullar, Hearings Coordinator. Her street address is 611 West Ottawa Street, Third Floor, Lansing, Michigan 48933. Her e-mail address is TullarM@Michigan.gov. Her fax number is (517) 373-1224.
 5. Failure to make the required filing shall constitute the default of the Respondent in this contested case.
 6. Upon failure by the Respondent to timely respond as required in paragraph 3 above, the Hearings Coordinator shall report this to the Petitioner's attorney identified in this Order.
 7. The Petitioner's attorney shall file a motion with the Commissioner for a Final Decision based upon the default.



Annette E. Flood,
Chief Deputy Commissioner
Office of Financial and Insurance Regulation