

JUN 16 2014

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

In Re:)
)
MH Pillars, Inc. d.b.a. Payza) Docket No. 14-028-B
)

STIPULATION AND CONSENT AGREEMENT

Background

1. Pursuant to 8 V.S.A. Chapters 1 and 79, the Commissioner of the Vermont Department of Financial Regulation is charged with administering and enforcing Vermont law as it pertains to money services in the State of Vermont.

2. MH Pillars Inc. d.b.a. Payza (“Payza”) is a New York corporation with its principal office at 8255 Mountain Sights, Suite 100, Montreal, Quebec, Canada and a registered office at 1221 Avenue of the Americas, 42nd Floor, New York, New York 10020.

3. The Department has alleged that between April 1, 2012 and June 3, 2013 Payza engaged in a money services business in Vermont without a license in violation of 8 V.S.A. Chapter 79, the Vermont Money Services Act.

4. Under Chapter 79 a person may not engage in money transmission without either: (a) obtaining a money transmission license under subchapter 2 of Chapter 79; or (b) being an authorized delegate of a person licensed under subchapter 2 of Chapter 79. 8 V.S.A. §2502 (a). The Department contends that Payza did not satisfy either of these requirements.

5. 8 V.S.A. §2500 (2) defines an “authorized delegate” as “a person located in this State that a licensee designates to provide money services on behalf of the licensee.” “Money services” are defined by 8 V.S.A. §2500 (10) as “money transmission, check cashing, or currency exchange.” Since Payza is not located in Vermont, the Department contends that Payza cannot be an authorized delegate of a licensee and that Payza would need a money transmitter license in its own name in order to provide money transmission services to Vermont residents. According to the Department’s records, Payza was not licensed as a money transmitter in the State of Vermont. All Vermont accounts related to Payza operating as an authorized delegate have been closed.

6. Payza neither admits nor denies the Department's allegations. To the extent any violation may exist, and no such finding is made herein, Payza denies any intentional wrongdoing and believes it has valid defenses to the Department's allegations. Payza further contends that it has a good faith basis to believe that it was operating as a duly appointed authorized delegate of Obopay, Inc. ("Obopay"), a Vermont licensed money transmitter, to the extent it may have engaged in money services activities in the State of Vermont. Payza further contends that there are additional mitigating circumstances, including those relating to Obopay's contractual obligation to ensure compliance with the Vermont Money Services Act. Payza is entering into this Stipulation and Consent Agreement to settle a dispute with the Department.

7. The Department contends that there is a substantial factual basis for the Department's allegations and entering into this Stipulation and Consent Agreement is not a concession by the Department that its allegations are not well-founded.

8. Payza has informed the Department that approximately \$4,000,000 of Payza account holder funds were transferred to a bank account owned by Obopay, Inc. for the benefit of Payza account holders. The parties believe that the \$4,000,000 account has been seized by the Department of Homeland Security or other federal authorities. Payza has represented to the Department that all Payza account funds owned by Vermont residents are part of the \$4,000,000 account seized by federal authorities. According to the U.S. Department of Justice website, consumers with questions or concerns about their Obopay or Payza account may call the U.S. Department of Justice at 202-252-1903 and leave their name and contact information.

9. The parties wish to resolve this matter without the expense and uncertainty of administrative or judicial proceedings.

10. Payza and the Department expressly agree to enter into this Stipulation and Consent Agreement in full and complete resolution of the alleged violations described herein.

Stipulation and Agreement

Payza and the Department stipulate and agree as follows:

11. Payza agrees to pay to the Department an administrative penalty in the amount of \$25,000.00 (the "Administrative Penalty"). Payza shall pay the Administrative Penalty to the Department in 5 monthly installments of \$5,000 each, with the first payment due upon the execution of this Agreement and with subsequent payments due and payable thereafter on or before July 10, August 10, September 10, and October 10, 2014. Notwithstanding the foregoing, Payza may pay the entire outstanding amount of the Administrative Penalty in full at any time prior to October 10, 2014. Payment of the Administrative Penalty shall be deemed a settlement

with, and release of, Payza and Payza's officers, directors, and employees by the Department with respect to the Department's factual allegations and contentions set forth above.

12. In the event Payza: (a) fails to make any payment when due; or (b) voluntarily or involuntarily declares bankruptcy or files a petition in bankruptcy, at the option of the Department the entire Administrative Penalty shall be immediately due and payable in full without any further demand or notice. It is further agreed that upon an event of default, Payza shall timely stipulate to an entry of judgment by the Washington County Superior Court in favor of the Department for any unpaid amounts due under the Administrative Penalty described in paragraph 11 above. The Department's failure to exercise this option shall not constitute a waiver of the right to exercise such option at any other time.

13. Payza has ceased all money services activities in Vermont for which a money transmitter license would be required under Vermont law.

14. Payza shall not engage in money services activities in Vermont without an appropriate Vermont money transmitter license.

15. The Department shall retain continuing jurisdiction in this matter until Payza has complied with the terms and conditions of this Stipulation and Consent Agreement.

16. This Stipulation and Consent Agreement shall not prevent any legitimate Payza account holder from pursuing any claim he or she may have against Payza.

17. Nothing contained in this Stipulation and Consent Agreement shall restrain or limit the Department in responding to and addressing any actual complaint filed with the Department involving Payza and the Department reserves the right to pursue restitution in connection with any complaint filed with the Department.

18. Payza knowingly and voluntarily waives any right it may have to judicial review by any court of these matters by way of suit, appeal, or extraordinary relief resulting from entry or enforcement of this Stipulation and Consent Agreement.

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

19. Payza shall comply with all agreements, stipulations, and undertakings as recited above.

20. Payza shall make the payments described in paragraph 11.

21. Nothing contained in this Order shall restrain the Department from responding to and addressing any complaint involving Payza filed with the Department nor shall it preclude the Department from pursuing any other violation of law.

22. This Order shall not be construed as an adjudication of any violation of any Vermont law or federal law, except as specifically set forth herein.

25. Payza and the Department each shall be responsible for their own costs and attorneys' fees.

Vermont Department of Financial Regulation

Susan L. Donegan
Susan L. Donegan
Commissioner

Dated this 11th day of June 2014

CONSENTED AND AGREED TO:

MH Pillars Inc. d.b.a. Payza

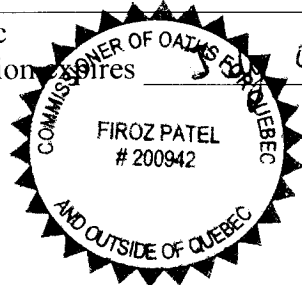
[Signature]
By: _____
Ferhan Patel
Director

Dated this 9 day of June 2014

Province
STATE OF Quebec) SS
COUNTY OF Montreal)
City

On the 9 day of June 2014, personally appeared Ferhan Patel, being the Director and duly authorized representative **MH Pillars Inc. d.b.a. Payza**, signer of the foregoing Stipulation and Consent Agreement and acknowledged the same to be his/her free act and deed and the free act and deed of **MH Pillars Inc. d.b.a. Payza**.

Before me, _____
Notary Public
My commission expires _____



5/4/2015