

BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE
OF THE STATE OF IDAHO

STATE OF IDAHO, Department of Finance,
Securities Bureau,
Complainant,

vs.

TRANSCEND, LLC,
Respondent.

Docket No. 2006-12-1

AGREEMENT AND ORDER

The Director of the Department of Finance has instituted an inquiry into the conduct of Transcend, LLC. Pursuant to said inquiry, it appears to the Director that violations of the Idaho Money Transmitters Act, Idaho Code §26-2901 et seq., have occurred. The Director and the named Respondent have agreed to resolve this matter without a public hearing or court proceedings. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondent consents to the entry of this Agreement and Order.

Respondent

1. Respondent Transcend, LLC (Transcend) is an Ohio limited liability company that is regularly engaged in the money transmission business as defined in the Idaho Money Transmitters Act. Transcend is licensed in twelve states and the District of Columbia to engage in money transmission, sales of checks, or the distribution of stored value products.

Background

2. Transcend filed an application for licensure as a money transmitter with the Idaho Department of Finance (Department) during 2005. Application deficiencies were identified by the Department and the identified deficiencies were not fully corrected by Transcend until April 2006, when a money transmitter license was issued by the Department.

3. Section §26-2905 of the Idaho Money Transmitters Act states that “Each licensee licensed under the provisions of this chapter shall at all times have a net worth of not less than fifty thousand dollars (\$50,000), calculated in accordance with generally accepted accounting principles. Licensees engaging in money transmission at more than one (1) location or through authorized representatives shall have an additional net worth of twenty-five thousand dollars (\$25,000) per

location or authorized representative located in the state...to a maximum of two hundred fifty thousand dollars (\$250,000).”

4. In granting Transcend’s money transmitter license in April 2006, the Department relied on audited financial statements for the eight months ended August 31, 2005 stating that Transcend had total member equity of \$845,223. At that time, Transcend had reported 17 locations in Idaho that would conduct business on behalf of the applicant.

5. On September 15, 2006, Transcend submitted an Annual Renewal Report to the Department to effect the renewal of its money transmitter license in the State of Idaho. The un-audited financial statements submitted by Transcend with the Annual Renewal Report indicate that Transcend was in a negative equity position at least as early as December 31, 2005.

6. Near the time of the original application approval by the Department, Transcend’s equity position was approaching negative \$779,745. This negative equity position was not disclosed to the Department at the time the original licensing application was approved, nor at anytime prior to the Respondent’s submission of the Annual Renewal Report on September, 15, 2006.

6. The un-audited balance sheet submitted by Transcend with its Annual Renewal Report indicates that the Respondent has been in a negative equity position for all of 2006 and that Transcend’s equity position at July 29, 2006 was a negative \$2,280,329.

Findings of Violations

7. Idaho Code §26-2905 states that each licensee licensed under the provisions of the Idaho Money Transmitters Act shall at all times have a net worth of not less than fifty thousand dollars (\$50,000), calculated in accordance with generally accepted accounting principles; and that licensees engaging in money transmission at more than one location or through authorized representatives shall have an additional net worth of twenty-five thousand dollars (\$25,000) per location or authorized representative located in the state...to a maximum of two hundred fifty thousand dollars (\$250,000).”

8. Beginning on a date uncertain, but at least since December 2005, Transcend has engaged in the business of money transmission while not meeting the net worth requirements imposed by Idaho Code §26-2905 of the Idaho Money Transmitters Act.

9. Respondent has violated Idaho Code §26-2905.

Remedies

Complainant and Respondent hereby agree as follows:

1. Respondent attests that it is currently in compliance with the net worth requirement of the Idaho Money Transmitters Act.
2. Respondent admits that it operated in violation of the net worth requirements of the Idaho Money Transmitters Act and can provide no assurance that the firm will remain in compliance with the net worth requirements of the Idaho Money Transmitters Act.
3. Based on the net worth compliance issue identified in Item 2, Respondent has determined to voluntarily surrender its money transmitter license in Idaho and to cease engaging in any money transmission activities in, from or into Idaho.
4. Respondent agrees to pay Complainant a fine in the total amount of ten thousand dollars (\$10,000.00). Said fine shall be paid not later than thirty (30) days from the date of the signing of this Order by Transcend.
5. Respondent agrees to abide by the Idaho Money Transmitters Act in the future. In the event that Respondent commits future violations of the Idaho Money Transmitters Act, Respondent acknowledges that the Complainant can incorporate the allegations giving rise to this Order in any future proceeding.
6. This Agreement and Order is in lieu of civil litigation or other proceedings.

DONE AND DATED at Boise, Idaho, this ____ day of October, 2006.

TRANSCEND, LLC

BY: _____

Russell R. Capps

NAME: _____

Russell R. Capps

Title: _____

President / General Manager

Marilyn T. Chastain

MARILYN T. CHASTAIN

Bureau Chief, Securities Bureau

Department of Finance, State of Idaho

IT IS SO ORDERED this 11th day of October, 2006.


GAVIN M. GEE
Director, Idaho Department of Finance

