

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

STATE OF IDAHO, DEPARTMENT OF  
FINANCE, SECURITIES BUREAU,  
Complainant,

vs.

PEDRO YESID SILVA AND SILMEX  
INC.,  
Respondents.

Docket No. 2017-12-03

AGREEMENT AND ORDER

The Director of the Department of Finance (Department), pursuant to the authority under the Idaho Money Transmitters Act, Idaho Code § 26-2901, *et seq.*, has reasonable grounds to believe that violations of the Idaho Money Transmitters Act ("Act") have occurred. The Director and Respondents Pedro Yesid Silva ("Silva") and Silmex Inc., ("Silmex") have agreed to resolve this matter without a public hearing or other adjudication of this matter. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondents consent to the entry of this Agreement and Order.

**RESPONDENTS**

1. Silmex, is an Idaho corporation that presently maintains a money-transmitter license in Idaho and South Carolina. Silmex's principal office and mailing address is 4107 W. State St., Boise, ID.

2. Silmex incorporated in Idaho on August 28, 2009, with Silva as the major stockholder and business manager. Silmex was issued Idaho money transmitter license number MTL-124 on September 15, 2010.

3. Silmex is in the for-profit business as a full service money transmitter and conducts its money transmission businesses through twenty-three authorized representative locations in Idaho and one authorized representative location in South Carolina.

### **FINDINGS OF FACTS**

4. On September 22, 2017, Silva submitted to the Department the required documentation for renewal of Silmex's 2018 money transmitter license.

5. As required by Idaho Code §26-2911(a) the Department utilized Silmex's 2016 federal income tax return to assess the adequacy of its capital. Silmex reported a net worth of \$183,904 on its tax return, which did not comply with the \$250,000 statutory net worth required under Idaho Code § 26-2905.

6. In addition to reviewing 2016 tax returns, Department examiners reviewed Silmex's August 31, 2017, unaudited financial statements. Although the net worth reported on the income statement was over \$400,000, numerous inconsistencies in the financial reporting were noted which raised concerns regarding management's oversight in assuring accurate financial records.

7. On October 12, 2017, Silva met with Department staff with the goal of explaining the inconsistencies noted in the August financial statements. Silva admitted that he had not reviewed the statements for accuracy and acknowledged inaccuracies and inconsistencies in the statements. Additionally, Silva acknowledged that over the years, the Department has spent time, effort and resources trying to assist Silva to bring accuracy, consistency and transparency to Silmax's financial reporting.

## VIOLATIONS

8. Idaho Code § 26-2905, of the Act, provides that each entity licensed under the provision of this chapter shall at all times have a net worth not less than fifty thousand dollars. 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 per location or authorized representative located in the state, as applicable, to a maximum of two hundred fifty thousand dollars.

9. Silmex offers money transmission through twenty-three authorized representative locations in Idaho, which brings the net worth statutory requirement to \$250,000. Silmex's 2016 tax returns reported net worth of \$183,904 which did not meet the net worth requirement in violation of Idaho Code § 26-2905.

10. Idaho Code § 26-2910, requires as a condition of licensure, a satisfactory review of the financial condition and responsibility of the money transmitter applicant. Although Silmex's revised August 31, 2017 unaudited income statement suggests adequate net worth in excess of \$400,000, the ongoing routine reporting errors bring to question the financial and business character of the applicant.

## ACKNOWLEDGEMENT AND REMEDIES

11. Silva agrees to provide the Department quarterly financial statements 45 days after each fiscal quarter ends for twelve months from the date of this Order. If Silmex fails to meet the net worth requirements pursuant to Idaho Code § 26-2905, the Department will have the option to suspend Silmex's money transmitter license until the net income requirement is met.

12. Silva agrees to review financial statements submitted to the Department and attest to the accuracy of the statements.

13. Silva admits the allegations contained in this Agreement and Order.

14. Silva agrees to pay a civil penalty of \$2,000 (two thousand dollars) for violations of the Idaho Money Transmitters Act, pursuant to Idaho Code § 26-2923(1). Payment shall be made payable to the Idaho Department of Finance and shall be made on or before January 30, 2018.

15. Silva agrees to comply with all provisions of the Act in the future.

AGREED TO and ACKNOWLEDGED this 17 day of January 2018.

SILMEX, INC.

By: Pedro Yesid Silva

  
PEDRO YESID SILVA

**IT IS SO ORDERED**

DATED this 23<sup>RD</sup> day of JANUARY, 2018.

STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
GAVIN M. GEE  
Director, Department of Finance



13. Silva admits the allegations contained in this Agreement and Order.
14. Silva agrees to pay a civil penalty of \$2,000 (two thousand dollars) for violations of the Idaho Money Transmitters Act, pursuant to Idaho Code § 26-2923(1). Payment shall be made payable to the Idaho Department of Finance and shall be made on or before December 29, 2017.
15. Silva agrees to comply with all provisions of the Act in the future.

AGREED TO and ACKNOWLEDGED this 21 day of November 2018.

  
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SILMEX, INC.  
By: Pedro Yesid Silva  
  
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PEDRO YESID SILVA

IT IS SO ORDERED

DATED this 21<sup>st</sup> day of NOVEMBER, 2018.

STATE OF IDAHO  
DEPARTMENT OF FINANCE

  
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GAVIN M. GEE  
Director, Department of Finance

