

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

STATE OF IDAHO, DEPARTMENT OF
FINANCE, SECURITIES BUREAU,

Complainant,

vs

COMMONWEALTH FOREIGN
EXCHANGE, INC.

Respondent

Docket No. 2017-12-01

CONSENT ORDER

The Director of the Idaho Department of Finance, 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 Commonwealth have agreed to resolve this matter without a public hearing or adjudication of this matter. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered, and Respondent, without admitting or denying any of the allegations in this Agreement and Order, consents to the entry of this Agreement and Order.

RESPONDENT

1. Commonwealth Foreign Exchange, Inc. (Respondent) is a Rhode Island corporation that presently maintains money transmission licenses in 30 states and has money transmission licensing applications pending in nine other states. Respondent’s principal address is 56 Pine Street, Suite 600, Providence, Rhode Island 02903.

2. Respondent incorporated on December 27, 2000. The Company submitted a State of Idaho Money Transmitter application on November 26, 2016.

3. Respondent is in the for-profit business of helping American businesses manage their foreign currency exposure and facilitate any related international payments.

FINDINGS OF FACT

4. On November 26, 2016, Respondent submitted its application for a money transmitter license in Idaho. The supporting documentation reported that significant unlicensed money transmission activity occurred in Idaho as early as 1998 which continued to the present date.

5. Respondent had previously sought legal guidance from its attorneys, who determined that Respondent's business model did not require a money transmission license. Moreover, during the period 2008 to 2013, Respondent maintained a federal license as a Futures Commission Merchant, and Respondent held a good-faith belief that such license further obviated the need for money transmission licenses.

6. The Idaho Department of Finance has never received a complaint regarding Respondent's business.

7. Prior to the application submission to the State of Idaho, Respondent incurred regulatory penalties for unlicensed money transmission activity in the states of Washington, Illinois, New Hampshire, Florida, Pennsylvania and Arizona covering the time period 2007-2016.

VIOLATIONS

8. Idaho Code §26-2903(1), of the Idaho Money Transmitters Act, provides that no person except a person exempt pursuant to the provisions of section §26-3904, Idaho Code, shall engage

in the business of money transmission without a license as provided in accordance with the provisions of this chapter.

9. Respondent is not an exempt person under Idaho Code §26-2904 or any other law or rule.

10. Complainant finds that the Respondent's continuous unlicensed money transmission activity for Idaho customers violated Idaho's Money Transmitters Act.

REMEDIES

11. Respondent neither admits nor denies the Complainant's findings of facts and conclusions of law. In order to economically and efficiently resolve the pending dispute, the parties have executed this Consent Order in lieu of alternative civil or administrative adjudicatory proceedings.

12. Respondent represents that the information provided, as supplemented and amended in the course of the processing of the licensing application, to the Complainant in its investigation of this matter is complete and accurate.

13. Respondent represents that once licensed, they will be operating in full compliance with the Idaho Money Transmitters Act. In the event that Respondent commits future violations of the Idaho Money Transmitters Act or fails to adhere to the terms of this Order, Respondent acknowledges that Complainant can incorporate the facts and findings giving rise to this Order in any future proceeding.

14. Complainant agrees to not unreasonably withhold approval of the Respondent's money transmitter licensing application upon execution of this Consent Order and payment of all sums due under the terms of this Order.

15. Respondent agrees to remit a fine of twenty thousand dollars (\$20,000.00) to the Complainant. Checks should be made payable to "The Idaho Department of Finance" and remitted by March 6, 2017.

16. Respondent and Complainant agree that this Order serves as a final resolution of the facts, findings and violations described herein.

DATED this 24th day of February, 2017.



Elan Mendel
General Counsel and Chief Compliance Officer
Commonwealth

IT IS SO ORDERED

DATED this 28th day of January, 2017



MARY E. HUGHES
Acting Director of Finance

