

WEST VIRGINIA DIVISION OF FINANCIAL INSTITUTIONS

In the Matter of:

**ULTRALIGHT FS, Inc., formerly known as OBOPAY, Inc.,
also doing business Obopay USA**

Case No. 13-MT-02

CONSENT ORDER

On this day came Ultralight FS, Inc. (hereinafter "Ultralight"), by counsel, and informed the undersigned that Ultralight has consented to the resolution of the issues arising from a recent examination of Ultralight, which was at the time of the examination known as Obopay, Inc., by staff of the West Virginia Division of Financial Institutions (hereinafter "the Division"). The undersigned, having been informed of this agreement, hereby approves the same and makes the following findings:

1. At the time of the subject examination, Obopay, Inc. was a money transmitter licensed by the State of West Virginia operating from its principal place of business at 1804 N. Shoreline Blvd., Suite 230, Mountain View, CA 94043.
2. During the subject examination, on or about October 22, 2013, Obopay, Inc. filed an application for amended certificate of authority from the West Virginia Secretary of State seeking to change the name of the corporation to Ultralight FS Inc. The West Virginia Secretary of State issued a certificate of amendment to the certificate of authority and Obopay, Inc. then shortly thereafter became Ultralight FS, Inc., the name under which the corporation currently operates. Based upon documents reviewed during the examination and information obtained on



the company website, Ultralight also does business as Obopay USA. For the purposes of this Consent Order and for all future regulatory and or enforcement activity, communications, or correspondence the names, Obopay, Inc., Obopay USA, and Ultralight FS, Inc. are synonymous with the subject corporate entity and may be used interchangeably. The terms of this consent order and any and all future regulatory and or enforcement action are equally applicable and binding upon the subject entity regardless of which corporate identity or trade name may be used at any given time.

3. The Division was in the process of conducting an examination of Ultralight's operations during the week of October 21, 2013. The examination covered all data and records of transmission activity beginning on January 1, 2012 through June 30, 2013, during which time frame, Ultralight was known as and conducted business as Obopay, Inc.

4. The subject examination revealed serious violations of both state and federal law and regulations pertaining to money transmission under W.Va. Code §32A-2-1, *et seq.* which would result in a revocation of Obopay's license and the issuance of a Notice and a copy of a Cease and Desist Order pursuant to W.Va. Code §32A-2-22.

5. Specifically, the examination revealed the following acts or omissions by Obopay:

A. Failure to offer adequate and reliable evidence of the minimum net worth of and failure to provide an audited annual financial statement for 2012 documenting its financial condition, all as required by W.Va. Code §32A-2-8. The company failed to provide the Division their most recent audited financial statements, including balance sheet, statement of income, statement of stockholder's equity and statement of cash flow for the preceding year of 2012. The audited statement provided during the examination only covered November 9, 2012 to December



31, 2012. During the course of the examination the company provided several versions of unaudited interim statements, therefore, the Division is unable to determine that the license holder has continuously maintained net worth in the minimum statutory amount under consistent financial reports;

B. Failure to timely notify the Commissioner of Financial Institutions (“Commissioner”) of the institution of license revocation or suspension procedures by another state as required by W.Va. Code §32A-2-13(b)(2) when it failed to timely report the termination of its license in August, 2012 by the Missouri Division of Finance;

C. Failure to timely notify the Commissioner of Financial Institutions of the institution of any merger or acquisition that results in a change of control or a change in its principals as required by W.Va. Code §32A-2-13(c). On or about November 9, 2012, OBP Investments, Inc. merged with Obopay, Inc. and acquired 100% equity in Obopay, Inc. Then on or about January 30, 2013, CEO Carol Realini entered into a stock purchase agreement with Obopay, Inc. whereby she purchased all of the capital stock of Obopay, Inc. The licensee failed to provide proper notice of either transaction both of which resulted in a change in control of the company;

D. Failure to develop, implement and maintain an effective anti-money laundering (“AML”) program as required by 31 USC § 5318(h)(1) and its implementing regulation at 31 CFR §1022.210(a). Specifically, Obopay failed to: (i) exercise due diligence in agent selection; (ii) implement adequate policies, procedures, and internal controls for agent supervision; (iii) create and maintain records; and (iv) provide appropriate AML training on the detection of suspicious transactions;



E. Failure to file suspicious activity reports ("SARs"), and failure to retain records of those reports and their supporting documentation for five (5) years, all as required by 31 CFR §1022.320. The company failed to implement adequate internal controls to monitor for suspicious activity. The examination revealed multiple transactions that appeared to be suspicious, these transactions had not been reviewed, nor did Obopay provide documentation supporting a review of the transactions;

F. Failure to maintain records with respect to the transmittal of funds in the amount of \$3,000 or more as required by 31 CFR § 1010.410(e) and failure to maintain those records for a period of 5 years as required by 31 CFR 1010.430(d);

G. Failure to maintain copies of money service business registrations with the Financial Crimes Enforcement Network ("FinCEN") as required by 31 CFR §1022.380(b)(1)(iii);

H. Failure to file a re-registration with FinCEN when there was a change in ownership greater than 10% as required by 31 CFR §1022.380(b)(4)

I. Failure to provide consumers with an opportunity to opt out of the disclosure of nonpublic personal information to a nonaffiliated third party as required by 15 USC §6802(b);

6. As of February 1, 2013 Obopay made significant changes to its management. Many of the violations as to which this Consent Order applies occurred in 2012, prior to the arrival of most of the current Obopay management. Current management has taken steps to remedy the violations but progress has not been sufficient.

7. Ultralight is hereby advised of its right to receive a Notice and a copy of a Cease and Desist Order ("Notice") detailing the above violations of law or regulation and of its' right to a hearing on the cited violations pursuant to W.Va. Code §32A-2-22. By entering into this

Consent Order revoking its license under W.Va. Code §32A-2-1, *et seq.*, Ultralight knowingly and voluntarily waives those rights.

8. For and in consideration of resolving the violations identified in the subject examination and without admitting or denying any of the violations of law or regulation found during the recent examination by the Division, Ultralight hereby consents and agrees to the terms of this Consent Order which provides for the immediate **REVOCATION** of its' license.

9. Ultralight further stipulates and agrees that this Consent Order shall be deemed to be final and not appealable, and is effective immediately upon execution of this Consent Order by the Licensee and by the Commissioner and is fully enforceable by the Division pursuant to W.Va. Code §32A-2-1, *et seq.* subject only to the conditions set forth in paragraph 9 of this Consent Order.

10. For and in consideration of Ultralight's consent to entry of this Order the Division agrees that no civil action will be taken by the Division in the Circuit Court of Kanawha County, West Virginia relating to the violations identified in the subject examination unless the Division has reason to believe Ultralight has violated or intends to violate any provision of this Consent Order. In the event the Division determines that Ultralight has or intends to violate any provision of this Consent Order, the Division may issue a cease and desist order pursuant to W.Va. Code §32A-2-22 and take any and all other action permitted by the West Virginia Code.

11. By their signature and execution of this Consent Order, the undersigned representatives of the subject entity hereby swear and affirm that they are duly authorized to contract on behalf of and legally bind Ultralight FS, Inc., formerly known as Obopay, Inc. and doing business as Obopay USA.

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to consist of a large initial 'C' followed by a series of loops and a final horizontal stroke.

12. This Consent Order shall be considered a matter of public record pursuant to W.Va. Code §31A-2-4a, and may be released to appropriate organizations, data banks, and governmental bodies, or to the general public.

Dated this 16 day of December, 2013.

W.Va. Division of Financial Institutions

By:



Sara M. Cline
Commissioner

Ultralight FS, Inc.

By:



Carol Realini

(Printed Name)

CEO and President