

STATE OF CALIFORNIA

DEPARTMENT OF BUSINESS OVERSIGHT

In the Matter of

FIRST GLOBAL MONEY, INC., )

Respondent. )

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FINAL ORDER

(Financial Code Section 2148)

Pursuant to Financial Code Section 2148, the Commissioner of Business Oversight (Commissioner) hereby orders:

1. First Global Money, Inc. (Respondent), formerly known as Samsos Express Money Transfer, Inc., shall discontinue all unsafe practices as follows:
  - A. Within thirty (30) days of the date of this Order, and at all times thereafter until further instructed, Respondent shall achieve and maintain tangible shareholders' equity (TSE) of not less than \$1,500,000 or 10% of total assets, whichever is higher, plus an additional amount as a capital reserve for ongoing losses. The latter reserve amount would be the higher of one (1) quarter of actual losses (based on prior quarter's losses), or of one (1) quarter of projected losses.
  - B. Within forty-five (45) days of the date of this Order, Respondent shall establish a viable budget and strategic plan in order to achieve operational net income in 2014 and maintain regulatory capital requirements at all times. The budget and strategic plan shall take into account actual losses and performance, and include an analysis of agent profitability, break-even points, and assumptions utilized in preparing the budget.
  - C. Within thirty (30) days of the date of this Order, and at all times thereafter until further instructed, Respondent shall increase its surety bond maintained in accordance with California Financial Code §2037(c) to no less than \$1,000,000, or a reserve amount for security of transmission money, whichever is higher. The latter reserve amount shall be determined to be no less than three times the California average daily transmission liability at all times.
  - D. Commencing with the fiscal year 2013 and annually thereafter until further instructed, Respondent shall cause to be prepared and submitted to the Department the annual audited financial statements of its parent company, First Global Data Corp., or any successor company that owns or controls the Respondent. The annual audited financial statements

shall be prepared in accordance with International Financial Reporting Standards (IFRS). Respondent shall also report all areas where these IFRS prepared financial statements would materially differ had they been prepared in accordance with U.S. generally accepted accounting principles.

- E. Within thirty (30) days of the date of this Order, Respondent shall provide for the complete reconciliation of its agent receivables. Credit balances resulting from unapplied deposits, refunds owed to agents, and/or commissions retained by Respondent pursuant to agent agreement shall be cleared from the agent receivables report. For purposes of reporting on the Department's Call Report, all credit balances remaining after reconciliation shall be reported as a payable (liability) to the agent; not netted with the amounts the agent owes to the Respondent.
- F. Effective immediately, Respondent shall on or before the twenty-first day of each month submit to the Commissioner an agent receivables aging report as of the end of the previous month. The report shall include a list of all accounts due from receiving agents, showing amounts owed to Respondent as of the end of the previous month. The aging report should be summarized in: 0-3 days, 4-10 days, 11-45 days, 46-90 days, 91-120 days, 121-365 days, and over 365 days.
- G. Effective immediately, Respondent shall on or before the twenty-first day of each month submit to the Commissioner a calculation of its allowance for bad debt reserve as of the end of the previous month. In calculating its allowance for bad debt reserve, Respondent shall take into consideration the quality, collateral support, and collectability of the asset in addition to the number of days past due.
- H. Effective immediately, Respondent's agent supervision program shall require an onsite visit and review of each California agent by a field compliance employee at least once every 12 months for all California agents who either: a) conduct an average of \$5,000 in transactions or more per month (\$60,000 per year) in the preceding 12 month period; or b) primarily service a beneficiary jurisdiction with Basel ranking of 6.5 or higher. The field compliance employee's salary shall not be tied to sales, commissions, or the recruitment of agents, and those field compliance employees shall report directly to the Respondent's compliance officer.
- I. Within thirty (30) days of the date of this Order, Respondent shall provide the Commissioner with a copy of policies and procedures to ensure maintenance of sufficient eligible securities at all times. The policies and procedures shall identify the responsible parties for monitoring and ensuring full compliance with California Financial Code §2081, et seq., on a daily basis. In calculating its eligible securities, Respondent is instructed to exclude all non-eligible accounts, such as accounts hypothecated, pledged, or otherwise restricted.
- J. Within thirty (30) days the date of this Order, Respondent shall establish an inter-company transaction policy and procedures which should require that all intercompany transactions are at "arm's length", with terms and conditions that are consistent with safe and sound business practices, and in accordance with California Financial Code §2404(c).

- K. Within forty-five (45) days the date of this Order, Respondent shall develop and execute formal, written agreements with third-parties for extensions of credit to/from the Respondent not covered by foreign paying agent agreements. The agreements, at a minimum, shall specify the purpose and repayment terms of the arrangement.
  - L. Commencing with the fiscal year 2013 and annually thereafter until further instructed, Respondent shall provide the Commissioner with an evaluation and reserve calculation which supports the amount of goodwill reported on the books of the Respondent. Respondent shall submit a copy of all goodwill impairment testing, at least annually, within 45 days of its completion to the Commissioner.
  - M. Respondent will continue to submit to the Commissioner by the twentieth day of each month a company-prepared balance sheet, income statement and average daily transmission liability (ADTL) report as of the end of the previous month.
  - N. Within thirty (30) days of the end of each quarter, Respondent shall furnish a progress report to the Commissioner detailing the form and manner of all actions taken to comply with the provisions of this Order.
2. This Order is effective immediately and replaces the Final Order dated October 25, 2012. Violation of any provision of this Order will be deemed to be conducting business in an unsafe manner and will subject the Respondent to further regulatory enforcement action. The Commissioner reserves the right to amend, revoke or rescind this Order, in whole or in part.

Dated: January 6, 2014.

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JAN LYNN OWEN  
Commissioner Department of Business Oversight