

STATE OF CALIFORNIA

DEPARTMENT OF BUSINESS OVERSIGHT

In the Matter of )  
 )  
 UNIDOS FINANCIAL SERVICES, INC. )  
 )  
 Respondent. )  
 \_\_\_\_\_ )

FINAL ORDER  
(Financial Code section 580)

The Department of Business Oversight (“Department”) regulates and licenses money transmitters pursuant to the Money Transmission Act (Fin. Code § 2000 et seq.). Unidos Financial Services, Inc. (“Respondent”) is licensed by the Department pursuant to that law.

Respondent, by and through its duly elected Board of Directors (“Board”), has executed a Waiver and Consent to the issuance on this order under Financial Code section 580 (“Order”), dated June 22, 2018, that has been accepted by the Commissioner of Business Oversight (“Commissioner”). Respondent has consented without admitting or denying any findings relating to unsafe or unsound practices as detailed in the May 8, 2017 Report of Examination.

Having determined that the requirements for issuance of an Order pursuant to Financial Code section 580 have been satisfied, the Commissioner orders:

1. Within ninety (90) days of the date of this Order, Unidos Financial Services, Inc. (“Respondent”) shall implement policies and procedures governing oversight of agents. The policies and procedures shall, at a minimum, address:
  - (a) frequency and results of visits to agent locations;
  - (b) maintaining complete and accurate agent training records, including training materials provided in accordance with Financial Code section 2043(a);
  - (c) periodic screening of agents and owners against the Office of Foreign Assets Control’s Specially Designated Nationals List;
  - (d) ensuring all contracts with California agents are in accordance with Financial Code sections 2060(b) and 2060(c); and,

(e) maintaining accurate reports of agents as required by Financial Code sections 2039(d) and 2039(e).

Respondent shall document the oversight of agents. Respondent shall produce evidence documenting the oversight of agents within seven (7) days upon request by the Commissioner.

2. As of the date of this Order, Respondent shall continue to monitor daily eligible securities coverage to comply with Financial Code sections 2081 through 2089. Respondent cannot count as eligible securities those not deemed an eligible security pursuant to Financial Code section 2084. If the amount of eligible securities is ever less than the amount of outstanding transmission liability, the Respondent shall accurately report and document the shortage, and correct the violation by close of business on the day the shortage occurs.

Respondent shall produce bank or third-party documentation to support eligible securities coverage, and correction of shortfalls (where applicable), within five (5) days upon request by the Commissioner.

3. Within ninety (90) days of the date of this Order, Respondent shall accurately recognize, maintain, and extinguish all outstanding money transmission liability as defined in Financial Code sections 2003(q) and (r), including cancelled transactions. For all money transmission services, Respondent shall meet the requirements set forth in Financial Code section 2081(d) that money received for transmission by Respondent or its agent shall remain the liability of Respondent until it receives confirmation that such money was received by the beneficiary, refunded to the customer, or escheated to the State.
4. Within ninety (90) days of the date of this Order, Respondent shall maintain records evidencing accounts receivable from any person in an amount equal to or greater than 20 percent of the Respondent's tangible shareholders' equity. The records shall include a written agreement addressing the purpose, repayment terms, collateral, and any security or other source of payment for the amount owed, for such accounts receivable transactions. Sufficient detail shall also be recorded in Respondent's general ledger to support the purpose(s) of accounts receivable transactions.

Respondent shall produce the general ledger containing descriptions of the specific purpose(s) of accounts receivable transactions within seven (7) days upon request by the Commissioner.

5. Within ninety (90) days of the date of this Order, Respondent shall allocate resources to provide for timely reconciliation of settlement assets and settlement obligations. Correspondent accounts shall be reconciled on a per-transaction basis to eliminate the occurrence of reconciling and clerical errors. The allocated resources shall be adequate to ensure that reconciling items contained within the money transfer software are properly identified and recorded in the general ledger.

Respondent shall produce all records of settlement assets and settlement obligations within seven (7) days upon request by the Commissioner.

6. Within ninety (90) days of the date of this Order, Respondent shall implement resources to improve its accounting control environment so that review functions are carried out accurately. The resources should provide for a review process of the Respondent's financial statements to timely identify and remedy errors contained therein. The nature and purpose of adjustments and revisions (greater than \$25,000, on a gross basis) to the Respondent's financial statements shall be documented. The review process should also be evidenced by sign-off attesting to the accuracy of the financial statements from two persons knowledgeable of the Respondent's financial condition and accounting functions.

Respondent shall produce such documentation of material adjustments and revisions to the financial statements within seven (7) days upon request by the Commissioner.

7. As of the date of this Order, Respondent shall comply with the February 23, 2012 Call Report Order issued pursuant to Financial Code section 2039(e). Respondent shall submit timely and accurate quarterly electronic Call Reports prepared in accordance with the Call Report Instructions. If Respondent ever identifies or is notified by the Commissioner of an error in the Call Report, Respondent shall correct the error within seven (7) days of the notification. Respondent shall also provide the Commissioner with a summary of the correction(s).
8. Within ninety (90) days of the end of each quarter, Respondent shall furnish a written progress report to the Commissioner. The report shall set forth the following details:
  - (a) Actions taken to comply with each section of this Order;
  - (b) The results of those actions; and,

(c) A description of actions remaining to be accomplished to achieve full compliance with each section of this Order.

9. As of the date of this order, Respondent has requested to voluntarily surrender its license. If the surrender is accepted by the Commissioner, the order accepting the surrender of license will replace sections 1 through 8 of this order.
10. Within ten (10) days of the date of this Order, Respondent shall pay civil money penalties of \$405,000.00, including costs and expenses, for violations of the 2016 Report of Examination. A total amount of \$405,000.00 should be paid in the form of a cashier's check, wire, or Automated Clearing House deposit to the "Department of Business Oversight."
11. This Order is effective immediately and replaces the prior Final Order dated December 13, 2016. 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: 6/24, 2018.

\_\_\_\_\_/s/\_\_\_\_\_  
JAN LYNN OWEN  
Commissioner of Business Oversight