

STATE OF CALIFORNIA

DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

In the Matter of)
)
 KAAH EXPRESS F.S. INC.,)
)
 Respondent)
_____)

ORDER
(Fin. Code, § 2148)

Pursuant to Financial Code section 2148, the Commissioner of Financial Protection and Innovation (“Commissioner”) hereby orders:

1. Within sixty (60) days of the date of this Order, Kaah Express F.S. Inc. (“Respondent”) shall develop, adopt and implement policies and procedures to ensure compliance with the Currency Transaction Report filing requirements in 31 CFR § 1010.306(a)(1).
2. Commencing with the date of this Order, Respondent shall make, keep, and preserve Respondent’s books, accounts, and other records in accordance with United States Generally Accepted Accounting Principles (“US GAAP”), including:
 - (a) General and subsidiary ledger accounts;
 - (b) Cash-on-hand balances with supporting documentation at the end of each day for all locations;
 - (c) Cash-in-transit amounts;
 - (d) Pre-funded amounts to foreign paying agent on financial statements; and
 - (e) Use of accrual accounting, rather than cash basis accounting.
3. Within sixty (60) days of the date of this Order, Respondent shall develop, adopt and implement policies and procedures to track submission deadlines for all regulatory filings to ensure Respondent submits all future monthly, quarterly, and annual reports in a timely and complete manner. Respondent shall prepare all reports in accordance with US GAAP.
4. Within ninety (90) days of the date of this Order, Respondent shall develop, adopt, and implement policies and procedures to ensure that Respondent shall at all times own eligible securities having an aggregate market value computed in accordance with US GAAP of not less than the aggregate amount of all its outstanding money received for transmission, as required by Financial Code section 2081, subdivision (a).

5. Within sixty (60) days of the date of this Order, Respondent shall provide to the Commissioner an estimated time of completion for the integration of Respondent's transaction platform ControlMoney with the third-party transaction system Taaj used by its main foreign paying agent Sundus Exchange. Additionally, Respondent shall provide to the Commissioner a summary of the planned integration including details regarding how Respondent will have "control" of transactions.
6. Within ninety (90) days of the date of this Order, Respondent shall develop, adopt, and implement Suspicious Activity Report policies and procedures including system enhancements to ensure compliance with regulatory filing requirements. Respondent shall specify how transactions will be monitored, flagged, escalated for investigation, and tracked for regulatory filing.
7. Within ninety (90) days of the date of this Order, Respondent shall engage a new financial auditor after conducting due diligence on the new financial auditor's background and experience commensurate with the Respondent's unique risk exposure. Additionally, Respondent shall provide to the Commissioner:
 - (a) The engagement letter for the next upcoming audit by the new financial auditor; and
 - (b) A new financial audit and report for the fiscal year ending December 31, 2021, conducted by the new financial auditor with an emphasis on explanatory notes and details of documentation reviewed including the cash-on-hand balance. The report shall also discuss the status of Respondent's subsidiary Kaah Coffee Shop Corporation.
8. Within sixty (60) days of the date of this Order, Respondent shall conduct a recount of Respondent's cash-on-hand balance at all locations and provide to the Commissioner balances along with supporting documentation that reconcile with the general ledger. Additionally, Respondent shall develop, adopt, and implement new or revised policies and procedures for cash counting and recording that address:
 - (a) Documentation and accounting entries for armored car pick up and signing authority;
 - (b) Daily accounting of transmission payouts at U.S. locations for transactions originating from foreign senders; and
 - (c) Segregation of cash and checks by location along with documentation and signing authority.
9. Within ninety (90) days of the date of this Order, Respondent shall develop, adopt, and implement policies and procedures to ensure a secure method of movement and safeguarding of customer funds between licensee branches/headquarters and authorized delegates. The procedures should replace the current method of employees of the Respondent physically

transporting paper currency, including across state lines. Further, Respondent shall develop, adopt, and implement policies and procedures for securely remitting payment to foreign paying agent locations. Respondent shall provide the Commissioner with a copy of the policies and procedures required by this provision.

10. Within sixty (60) days of the date of this Order, Respondent shall provide to the Commissioner a detailed plan addressing how Respondent will improve staffing levels and dedicate the appropriate level of capital and resources to address the findings of the safety and soundness examination dated April 18, 2022.

This Order is effective immediately as of the date set forth below. Violation of any provision of this Order will be deemed to be conducting business in an unsafe manner and will subject Respondent to further regulatory enforcement action. The Commissioner reserves the right to amend, revoke or rescind this Order, in whole or in part.

Date: August __10__, 2022

_____/s/_____
Robert Venchiarutti
Deputy Commissioner
Department of Financial Protection and Innovation