

STATE OF CALIFORNIA

DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

In the Matter of)
)
 PRABHU GROUP, INC.,)
)
 Respondent)
 _____)

ORDER
(Fin. Code, § 2148)

Respondent Prabhu Group, Inc. (“Respondent”) is licensed under the Money Transmission Act (Fin. Code, § 2000 et seq.). Respondent voluntarily ceased engaging in regulated activity on March 23, 2023.

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

1. (a) Respondent shall continue not to engage in regulated activity unless and until all the following conditions are met:
 - (i) Respondent complies with all provisions of this Order as determined by the Commissioner; and
 - (ii) Respondent applies for and receives written approval from the Commissioner.
2. Within ninety (90) days of the date of this Order, Respondent shall perform and document a Bank Secrecy Act (“BSA”)/Anti-Money Laundering (“AML”) risk assessment to ensure Respondent’s BSA/AML program is commensurate with the risks posed by the location, size, nature, and volume of services provided by the Respondent and is in compliance with the AML program requirements specified in 31 CFR § 1022.210(b).
3. Within ninety (90) days of the date of this Order, Respondent shall develop, adopt, and implement policies and procedures to ensure compliance with the Currency Transaction Report (“CTR”) filing requirements as described in 31 CFR § 1010.306(a)(1).
4. Within thirty (30) days of the date of this Order, Respondent shall prepare and maintain a list of its agents with the information required for each agent to ensure compliance with 31 CFR § 1022.380(d)(2)(i).

5. Within ninety (90) days of the date of this Order, Respondent shall comply with the Standards for Safeguarding Customer Information and update, implement, and maintain policies and procedures to include:
 - (a) A written information security risk assessment that identifies reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of customer information and the sufficiency of any safeguards in place to control this risk in compliance with 16 CFR Part 314.4(b).
 - (b) Vendor management policies and procedures for i) vendor contracts to require vendors to implement and maintain safeguards to protect customer information; and 2) enhanced vendor due diligence in compliance with 16 CFR Part 314.4(f)(2).

6. Commencing with the date of this Order, Respondent shall make, keep, and preserve its books, accounts, and other records in accordance with United States Generally Accepted Accounting Principles (“US GAAP”), particularly as it relates to the following:
 - (a) Accurate general and subsidiary ledger accounts;
 - (b) Cash-in-transit documentation to verify the account balance of armored truck services;
 - (c) Accurate aging schedule of accounts receivable;
 - (d) Schedule of eligible securities with supporting documentation;
 - (e) Outstanding transmission liability (“OTL”) daily report;
 - (f) Reconciliation of total shareholders’ equity; and
 - (g) Related party transactions disclosures.

7. Within sixty (60) days of the date of this Order, Respondent shall update the following reports, as directed, to ensure that its financial position is accurately reported and material information disclosed in accordance with US GAAP:
 - (a) Revise and reissue the 2021 audit report to (i) include the Right-of-Use Assets balance and its corresponding Lease Liability balance in the Total Other Assets subtotal and the Long-Term Liabilities subtotal; and (ii) to reconcile the Statement of Changes in Stockholders’ Equity for the year ended December 31, 2021 to ensure the Beginning Balances of Year are consistent with the Balances at End of Year for the year ended December 31, 2020 and any difference in the Accumulated Other Comprehensive Loss balance is resolved.

- (b) Revise the NMLS call reports for the fourth quarters of 2020, 2021, and 2022 to agree with its audited financial statements.
8. Within sixty (60) days of the date of this Order, Respondent shall provide documentation on the related party transactions that were recorded in the general ledger under Employee Advances and Other Receivables: Shareholder. Documentation shall include a description of the transaction, the nature of the relationship with the party, the amount of the transaction, the terms and manner of repayment or settlement, and copies of any agreements and promissory notes.
 9. Within ninety (90) days of the date of this Order, Respondent shall prepare a detailed standalone financial budget for the current fiscal year. Respondent shall also continue to prepare a standalone financial budget on an annual basis.
 10. Within thirty (30) days of the date of this Order, Respondent shall submit documentation substantiating the cash-in-transit balance reported on the September 30, 2022 general ledger under "Armored Truck Pickup."
 11. Within thirty (30) days of the date of this Order, Respondent shall charge off any receivable account past due and unpaid for 365 days.
 12. Commencing with the date of this Order, Respondent shall develop and/or enhance internal policies and procedures to track submission deadlines for all regulatory filings so that all future monthly, quarterly, and annual reports are provided in a timely and complete manner. All reports shall be prepared in accordance with US GAAP.
 13. Within sixty (60) days of the date of this Order, Respondent shall comply with California Financial Code section 2040, subdivision (e) so that the aggregate value of a shareholder receivable and an employee advance to any one person does not exceed 50% of Respondent's tangible shareholders' equity.
 14. Within thirty (30) days of the date of this Order, Respondent shall provide a fictitious business name certificate filed with a county clerk for the use of the trade name "Prabhu Money Transfer" in compliance with Chapter 5 (commencing with Section 17900) of Part 3 of Division 7 of the Business and Professions Code.
 15. Commencing with the date of this Order, Respondent shall provide a designated email address and update policies and procedures to ensure active monitoring of the email address account.
 16. Commencing with the date of this Order, Respondent shall post on its Internet website the complaint disclosure notice required by California Financial Code section 2105, subdivisions (a) and (c).
 17. Within one-hundred eighty (180) days of the date of this Order, Respondent shall appoint a full-time chief financial officer and submit to the Commissioner background

information on the chief financial officer. The background information shall include a confidential resume (Form DFPI-3), personal financial statement (Form DFPI-2), submission of fingerprint card or third-party background check report, and written consent form (Form DFPI- 379).

18. Within thirty (30) days of the date of this Order, Respondent shall complete the Individual Form (MU2) in the Nationwide Multistate Licensing System & Registry for Respondent's compliance officer.
19. Respondent shall immediately use only the receipt form filed with and approved by the Commissioner as required by California Financial Code section 2100. Within ninety (90) days of the date of this Order, Respondent shall develop, adopt and implement policies and procedures to ensure that every receipt form used by the company has been filed and approved by the Commissioner.
20. Within one-hundred twenty (120) days of the date of this Order, Respondent shall make system enhancements to its electronic records of receipts so that a copy of a receipt provided pursuant to California Financial Code section 2101 can be reprinted for six months or a longer period of time specified in the contract between Respondent and its agent(s) as required by Section 2124, subdivision (b).
21. Within one-hundred twenty (120) days of the date of this Order, Respondent shall implement an automated transaction monitoring system to ensure the timely review of all transactions for suspicious activity including identification of reportable transactions, patterns of unusual activity, or deviations from expected activity.
22. Within ninety (90) days of the date of this Order, Respondent shall update the operating systems of all computers to ensure the security of customer information.
23. Within ninety (90) days of the date of this Order, Respondent shall develop or revise, adopt, and implement written policies and procedures for:
 - (a) Outstanding transmission liability daily reports;
 - (b) Internal audit;
 - (c) Unlawful Internet Gambling Enforcement Act;
 - (d) Disaster recovery/business continuity plan;
 - (e) Physical security and external crime prevention;
 - (f) Password policy;
 - (g) Escheatment policy; and

