

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the matter of:

Swanson Services Corporation
MT-0019161

Enforcement Case 15-12607

Respondent.

_____ /

Issued and entered
on March 3, 2016
By Rhonda J. Fossitt
Senior Deputy Director

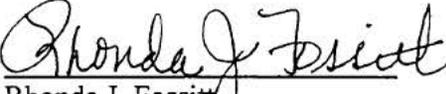
ORDER ACCEPTING STIPULATION

Based upon the Stipulation to Entry of Order and the files and records of the Department of Insurance and Financial Services (DIFS) in this matter, the Senior Deputy Director finds and concludes that:

1. Pursuant to Executive Order 2013-1, all authority, powers, duties, functions, and responsibilities of the Commissioner of the Office of Financial and Insurance Regulation (Commissioner) have been transferred to the Director of the Department of Insurance and Financial Services (DIFS) to exercise general supervision and control over persons transacting the business of money transmission services in Michigan.
2. The Senior Deputy Director has jurisdiction and authority to adopt and issue this Order Accepting Stipulation in this proceeding pursuant to the Michigan Administrative Procedures Act of 1969 (APA), as amended, MCL 24.201 *et seq.*, and the Money Transmission Services Act (Act), 2006 PA 250, MCL 487.1001 *et seq.*
3. All required notices have been issued in this case, and the notices and service thereof were appropriate and lawful in all respects.
4. Acceptance of the Stipulation to Entry of Order is reasonable and in the public interest.
5. All applicable provisions of the APA have been met.
6. Respondent violated Section 11(1) of the Act, MCL 487.1011(1), by conducting unlicensed money transmission services business in the state of Michigan.

Now therefore, based upon the Stipulation to Entry of Order and the facts surrounding this case,
IT IS ORDERED THAT:

7. Respondent shall comply with all provisions of the Act, MCL 487.1001 *et seq.*
8. Respondent shall pay to the state of Michigan, through DIFS, a civil fine in the amount of \$140,000.00. Respondent shall pay the civil fine within 30 days of the invoice date as indicated on the DIFS invoice.
9. The Senior Deputy Director retains jurisdiction over the matters contained herein and has the authority to issue such further order(s) as shall be deemed just, necessary, and appropriate in accordance with the Code. Failure to abide by the terms and provisions of the Stipulation to Entry of Order and this Order may result in the commencement of additional proceedings.


Rhonda J. Fossitt
Senior Deputy Director

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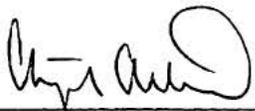
STIPULATION TO ENTRY OF ORDER

Swanson Services Corporation (Respondent) stipulates to the following:

1. On or about January 17, 2014, Respondent submitted a money transmission services license application to the Department of Insurance of Financial Services (DIFS). That application is pending. As a result of Respondent's disclosures in its license application, DIFS staff became aware of Respondent's activities in Michigan.
2. On or about August 5, 2015, DIFS served Respondent with a Notice of Opportunity to Show Compliance (NOSC) alleging that Respondent violated provisions of the Michigan Money Transmission Services Act (Act), 2006 PA 250, MCL 487.1001 *et seq.*
3. The NOSC contained allegations that Respondent engaged in unlicensed money transmission services activities in violation of Section 11(1) of the Act, MCL 487.1011(1).
4. Respondent denies the allegations in the NOSC and exercised the right to an opportunity to show compliance pursuant to the Michigan Administrative Procedures Act (APA), MCL 24.201 *et seq.*
5. Respondent and DIFS conferred for the purpose of resolving this matter.
6. Respondent's primary business is to supply food, clothing and other convenience items which are sold to inmates through facility commissaries in correctional facilities in Michigan, and has been engaged in this business in Michigan since 2006.
7. To facilitate its primary business, in 2010 Respondent began receiving credit card, debit card, and cash payments from friends and family of inmates through Respondent's kiosks located in the correctional facilities and transferring the money electronically to correctional facilities that hold the money in trust for the inmates.
8. It is DIFS position that Respondent violated Section 11(1) of the Act, MCL 487.1011(1) by conducting the activities listed in paragraph 7 in Michigan without a money transmission license or qualifying for an exemption under the Act.

9. Respondent is not, and has never been, licensed under the Act.
10. Respondent admits all parties have complied with the procedural requirements of the APA and the Code.
11. Respondent disputes the allegations contained in the NOSC that Respondent violated Section 11(1) of the Act, MCL 487.1011(1). DIFS disagrees with Respondent's contention that the activities listed in paragraph 7 do not constitute money transmission services.
12. Respondent agrees that it will comply with the provisions of the Act, MCL 487.1001 *et seq.*
13. Respondent agrees that it will pay to the state of Michigan, through DIFS, a civil fine in the amount of \$140,000.00. Respondent further agrees to pay the civil fine within 30 days of the invoice date as indicated on the DIFS invoice.
14. Respondent has had an opportunity to review this Stipulation to Entry of Order and the proposed Order Accepting Stipulation and have the same reviewed by legal counsel.
15. Respondent understands and agrees that this Stipulation to Entry of Order will be presented to the Senior Deputy Director for approval.
16. Respondent further understands and agrees that the Senior Deputy Director may, in her sole discretion, decide to accept or reject this Stipulation to Entry of Order. If the Senior Deputy Director accepts the Stipulation to Entry of Order, Respondent waives the right to a hearing in this matter and consents to the entry of the Order Accepting Stipulation. If the Senior Deputy Director does not accept the Stipulation to Entry of Order, Respondent waives any objection to the Director holding a formal administrative hearing and making his decision after such hearing.
17. Respondent further agrees that failure to comply with the Order of the Director accepting this settlement by failing to comply with the terms as set forth above shall result in the commencement of an action to deny Respondent's application.
18. It is further stipulated that the amount of the civil fine has been negotiated in return for the avoidance of further proceedings and certain promises and conditions, one of which is the timely payment of said civil fine. Should Respondent fail to pay the civil fine in accordance with the terms of this Stipulation and the Director's Order, the parties agree that an action will commence to determine if the Respondent has, in fact, failed to pay, and, if so, Respondent agrees that the fine will immediately increase to the maximum amount allowed under the Act and shall be immediately due in full.
19. Upon issuance and entry of the Order and Respondent's payment of the \$140,000.00 civil fine, DIFS and Respondent agree that this settles all claims that DIFS could bring against Respondent for unlicensed money transmission services activities in Michigan as set forth in the NOSC.

20. DIFS reserves all of its rights, duties, and authority to enforce all statutes, rules, and regulations under its jurisdiction against Respondent, its affiliates and subsidiaries, in the future regarding all matters not resolved by the Order. Respondent acknowledges and agrees that the Order is only binding upon DIFS and not any other local, state, or federal agency, department, or office regarding matters within the Order.
21. Upon issuance and entry of the Order and Respondent's payment of the \$140,000.00 civil fine, DIFS shall conduct a final review of Respondent's application material. If at that time Respondent's application contains all required and current information and Respondent meets all requirements for licensure, as listed in the Act, DIFS shall approve Respondent's money transmission services application.

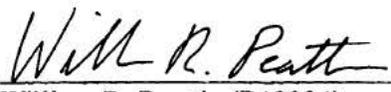


Authorized Representative of
Swanson Services Corporation
MT-0019161

2/23/16
Date

Christopher Alberta, CEO
Print Name and Title

DIFS Staff approve this stipulation and recommend that the Senior Deputy Director accept it and issue an Order Accepting Stipulation.



William R. Peattie (P48004)
DIFS Staff Attorney

3/1/16
Date