

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER  
CASE NO. C-10-0084  
ORDER NO. C-10-0084-10-OR01**

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ARKANSAS SECURITIES DEPT.

**IN THE MATTER OF:  
AMERICAN EXPRESS PREPAID CARD  
MANAGEMENT CORPORATION**

**RESPONDENT**

**CONSENT ORDER**

This Consent Order is entered pursuant to the Arkansas Money Services Act (“Act”), codified at Ark. Code Ann. §§ 23-55-101 through 23-55-1005, the Arkansas Money Services Rules (“Rules”) and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-101 through 25-15-219, in accordance with an agreement by and between the Staff of the Arkansas Securities Department (“Staff”) and the Respondent, American Express Prepaid Card Management Corporation (“American Express”), in full and final settlement of all claims that could be brought against American Express by the Staff on the basis of the facts set forth herein.

By signing below American Express admits the jurisdiction of the Act and the Arkansas Securities Commissioner (“Commissioner”), waives its right to a formal hearing and appeal, admits the findings of facts made herein, consents to the entry of this Order, and agrees to abide by its terms.

**FINDINGS OF FACT**

1. American Express is organized under the laws of Arizona, with its principal office located at 20022 North 31<sup>st</sup> Avenue, Phoenix, Arizona 85027. American Express is a foreign corporation authorized to do business in the State of Arkansas.

2. American Express holds itself out to the public as an open loop retail gift card issuer that provides services throughout the United States.

3. At all times relevant to this matter, American Express has had multiple authorized delegates, as defined by Ark. Code Ann. § 23-55-102(2), in Arkansas.

4. American Express engaged in the business of money transmission in Arkansas without a license from August 10, 2009 to October 5, 2010, pursuant to advice from outside legal counsel that a license was unnecessary.

5. American Express filed an application with the Department to be licensed as a money transmitter in Arkansas on July 7, 2010, and was approved on October 5, 2010.

6. From August 10, 2009 through October 5, 2010, American Express transmitted approximately \$2,144,000.00 in approximately 33,500 transactions in Arkansas. During such time period, American Express earned approximately \$60,000.00 in commissions on those transactions.

7. American Express self reported its violation of the Act. In addition, American Express fully cooperated with the Staff during the Staff's investigation of this matter.

### **CONCLUSIONS OF LAW**

8. Pursuant to Ark. Code Ann. § 23-55-101 et seq. the Commissioner has jurisdiction over American Express and the subject matter of this proceeding.

9. Ark. Code Ann. § 23-55-804 permits the informal disposition of an allegation by consent order.

10. Ark. Code Ann. § 23-55-201 states that a person may not engage in the business of money transmission or advertise, solicit, or hold itself out as providing money transmission

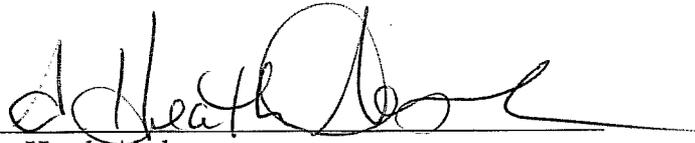
unless the person is licensed under this subchapter or approved to engage in money services under § 23-55-203. As detailed in paragraphs two through six, the failure by American Express to obtain a license in Arkansas prior to engaging in the business of money transmission or advertising, soliciting, or holding itself out as providing money transmission in Arkansas constituted violations of Ark. Code Ann. § 23-55-201, notwithstanding the legal advice that had been provided to American Express prior to its conducting business in Arkansas.

11. Pursuant to Ark. Code Ann. § 23-55-805 the Commissioner has the authority to assess a civil penalty against a person that violates the Act in an amount not to exceed \$1,000 per day for each day the violation is outstanding. The violations by American Express support an assessment by the Commissioner of a civil penalty against American Express pursuant to Ark. Code Ann. § 23-55-805.

**ORDER**

By agreement and with the consent of the Staff and the authorized representative of American Express it is hereby ordered that American Express shall be responsible for the payment of a civil penalty in the amount of \$20,000.00 to the Arkansas Securities Department. The payment of said civil penalty by American Express shall be made to the Arkansas Securities Department within ten (10) days of the entry of this Consent Order.

IT IS SO ORDERED.

  
A. Heath Abshure  
Arkansas Securities Commissioner

October 8, 2010  
Date

Approved as to Content and Form:



\_\_\_\_\_  
Stefan Happ, President and CEO  
American Express Prepaid Card Management  
Corporation, Respondent

\_\_\_\_\_  
Date

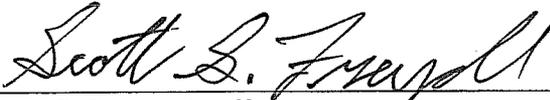
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\_\_\_\_\_  
Anu Sud Baron  
Senior Litigation Attorney for the Respondent

\_\_\_\_\_  
Date

10/6/2010



\_\_\_\_\_  
Scott S. Freydl, Staff Attorney  
Arkansas Securities Department

\_\_\_\_\_  
Date

10/8/10