

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. MT-18-0050

LINX CARD, INC.,

Respondent.

FINAL ORDER TO CEASE AND
DESIST, FINAL ORDER ASSESSING
CIVIL PENALTY, AND CONSENT TO
ENTRY OF ORDER

The Division of Financial Regulation (the “Division”), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”), conducted an investigation of Linx Card, Inc. (“Respondent”). The Division determined that Respondent violated provisions of Oregon Revised Statutes (“ORS”) chapter 717 (the “Oregon Money Transmitters Act) and the Oregon Administrative Rules (“OAR”) promulgated under those laws.

Respondent, without either admitting or denying the Findings of Fact or Conclusions of Law contained herein, wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed herein, Respondent hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. On or about February 6, 2017, Respondent registered with the Oregon Secretary of State to conduct business in Oregon. As more fully described below, since that time Respondent has operated in Oregon as a business that allows consumers to transfer funds from their personal credit or debit cards onto proprietary cards developed by Respondent. Consumers then redeem those funds to purchase products at certain marijuana dispensaries.

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1 2. Respondent created a reloadable payment card (the “Linx Card”), which it sells
2 to consumers. Consumers may purchase a Linx Card and load money onto it using their
3 credit or debit cards. The Linx Card is a physical card with a magnetic stripe, similar to
4 most credit or debit cards.

5 3. Respondent has contracted with marijuana dispensaries to create a network of
6 dispensaries that accept Linx Cards. As part of this network, participating marijuana
7 dispensaries distribute the Linx Cards to consumers on Respondent’s behalf and assist
8 consumers to load funds onto their Linx Cards. To load these funds, the participating
9 marijuana dispensary swipes a consumer’s credit or debit card in a card reader provided by
10 Respondent.

11 4. Funds loaded onto a Linx Card are transferred from a consumer’s credit or debit
12 card to an account owned and controlled by Respondent. A participating dispensary does
13 not receive or control any funds as part of the process to load funds onto a Linx Card. After
14 a consumer makes a purchase using a Linx Card, funds are transferred from Respondent’s
15 account to the participating dispensary where the purchase was made.

16 5. Any funds loaded onto a Linx Card are redeemable only at marijuana
17 dispensaries that participate in Respondent’s network, where consumers may use those
18 funds to purchase marijuana products or other goods sold at such dispensaries.

19 6. After the initial purchase of a Linx Card and loading of funds on that card,
20 consumers may load additional funds onto their Linx Cards at a participating marijuana
21 dispensary or online at Respondent’s website. Consumers may also maintain a balance of
22 unused funds on their Linx Cards.

23 7. When consumers load funds onto their Linx Cards, Respondent charges them a
24 fee or fees. Between February 6, 2017, and July 31, 2018, approximately 50,005 Oregon
25 consumers made 129,676 load transactions and paid \$375,970 in fees to Respondent.
26 Consumers have continued to make load transactions and pay fees to Respondent.

1 8. At no relevant time has Respondent been licensed as an Oregon money
2 transmitter.

3 9. On or about December 2, 2018, following conversations with the Division,
4 GiVV, Inc., a wholly-owned subsidiary of Respondent, began the application process for
5 a money transmitter license in Oregon. On May 1, 2019, GiVV, Inc. completed that
6 application and the Division issued Oregon money transmitter license number MTX 32033.

7 CONCLUSIONS OF LAW

8 The Director CONCLUDES that:

9 10. Under ORS 717.200(13)(a), a “payment instrument” means any electronic or
10 written check, draft, money order, traveler’s check or other electronic or written instrument
11 or order for transmitting or paying money, sold or issued to one or more persons, whether
12 or not the instrument is negotiable.

13 11. The Linx Card is a payment instrument under ORS 717.200(13)(a).

14 12. Under ORS 717.200(11), “money transmission” means selling or issuing
15 payment instruments or engaging in the business of receiving money for transmission, or
16 transmitting money within the United States or to locations abroad by any and all means,
17 including but not limited to payment instrument, wire, facsimile or electronic transfer.

18 13. Respondent is the issuer and seller of the Linx Card.

19 14. The products and services Respondent provides as described above – including
20 issuing and selling the Linx Card payment instruments, engaging in the business of
21 receiving money from consumers for transmission, and transmitting money from
22 consumers to marijuana dispensaries that participate in Respondent’s network – constitute
23 money transmission under ORS 717.200(11).

24 15. Under ORS 717.205(1), a person, other than a person that is exempt under ORS
25 717.210, may not conduct a money transmission business without a license that the
26 Director issues in accordance with ORS 717.200 to 717.320, 717.900 and 717.905.

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1 16. By conducting a money transmission business without a license issued by the
2 Director, and without being exempt from such licensure requirement, Respondent is in
3 violation of ORS 717.205(1).

4 17. Under ORS 717.900(1), if the Director finds that a person has violated any
5 provision of ORS 717.200 to 717.320, 717.900 and 717.905, the Director may impose a
6 civil penalty in an amount not to exceed \$1,000 for each violation or, in the case of a
7 continuing violation, \$1,000 for each day that the violation continues.

8 18. Because Respondent has been in continuous violation of ORS 717.205(1) since
9 February 6, 2017, the Director may impose a civil penalty against Respondent in an amount
10 not to exceed \$1,000 per day of such continuous violation.

11 19. Under ORS 717.290(1)(a), if the Director determines that a person has engaged
12 in, is engaging in, or is about to engage in any act or practice constituting a violation of
13 ORS 717.200 to 717.320 or of any rule adopted or order issued under ORS 717.200 to
14 717.320, the Director may order the person to cease and desist from the unlawful act or
15 practice.

16 20. Because the Director has reason to believe that Respondent has been engaged
17 and is engaging in an act or practice constituting a violation of ORS 717.205(1), the
18 Director may order Respondent to cease and desist from violating ORS 717.205(1), under
19 ORS 717.290(1)(a).

20 **ORDERS**

21 The Director issues the following ORDERS:

22 21. As used herein, "Respondent" shall mean Linx Card, Inc., including any
23 successor business entity or any business entity owned, operated, or controlled by
24 Respondent, including but not limited to GiVV, Inc.

25 22. Pursuant to ORS 717.290(1)(a), the Director ORDERS Respondent to CEASE
26 AND DESIST from violating ORS 717.205(1) and any other provision of the Oregon

1 Money Transmitters Act or the administrative rules promulgated thereunder.

2 23. The Director SUSPENDS the enforcement of the order to cease and desist in
3 paragraph 22. The suspended order to cease and desist shall become effective immediately,
4 upon written notice to Respondent, if Respondent fails to comply with the Oregon Money
5 Transmitters Act or otherwise fails to comply with the terms of this Consent Order.

6 24. Pursuant to ORS 717.900(1), the Director assesses CIVIL PENALTIES in the
7 amount of two hundred thousand dollars (\$200,000) against Respondent.

8 25. The Director SUSPENDS the collection of one hundred thousand dollars
9 (\$100,000) of the foregoing civil penalties and agrees to waive such amount at the end of
10 a period of three (3) years from the effective date of this Order, provided Respondent
11 complies with the Oregon Money Transmitters Act and the terms and conditions of this
12 Order. To the extent that Respondent continues to conduct money transmission business in
13 Oregon, such compliance includes but is not limited to: obtaining and maintaining a valid
14 Oregon money transmitter license; and creating and implementing procedures for adequate
15 disclosure of all fees Respondent charges to consumers in connection with the purchase or
16 use of a Linx Card. If Respondent fails to comply with the Oregon Money Transmitters
17 Act or otherwise fails to comply with the terms of this Order, the suspended portion of the
18 civil penalty shall become immediately due and payable.

19 26. At the time Respondent submits this executed Order, Respondent shall also
20 submit to the Director a payment in the amount of the remaining one hundred thousand
21 dollars (\$100,000) in civil penalties.

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1 ENTITY CONSENT TO ENTRY OF ORDER

2 I, Patrick Hammond, am an officer of Respondent and I am
3 authorized to act on its behalf. I have read the foregoing Order and I know and fully
4 understand the contents hereof. I have been advised of the right to a hearing and of the
5 right to be represented by counsel in this matter. Respondent, without either admitting or
6 denying the Findings of Fact or Conclusions of Law contained herein, voluntarily consents
7 to the entry of this Order without any force or duress, expressly waiving any right to a
8 hearing in this matter, as well as any rights to administrative or judicial review of this
9 order. Respondent understands that the Director reserves the right to take further action
10 against it to enforce this Order or to take appropriate action upon discovery that
11 Respondent has committed other violations of the Oregon Money Transmitters Act.
12 Respondent, along with its officers, directors, employees, or agents, will fully comply with
13 the terms and conditions stated herein.

14 Respondent understands that this Order is a public document.

16 Signature: /s/ Patrick Hammond

17 Position Held: CEO

18 State of California

19 County of Contra Costa

21 Signed or attested before me on this _____ day of _____, 2019

22 by _____.

23 [See Attached for Notary Public]

24 _____
25

26 Notary Public

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CALIFORNIA ACKNOWLEDGMENT CERTIFICATE

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

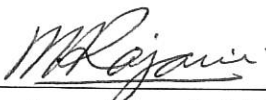
State Of: **California**

County Of: **Contra Costa**

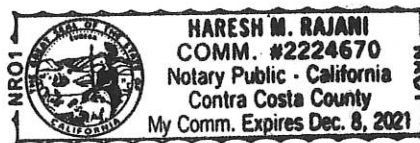
On May 7th, 2019 before me, **Haresh M. Rajani**, Notary Public, personally appeared, Patrick Hammond who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that she/he/they executed the same in her/his/their authorized capacity(ies), and that by her/his/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature: **Haresh M. Rajani**



Seal

Title of Document: Entity Consent to Entry of order

Total Number of Pages including Attachment: 8

Notary Commission Expiration Date: Dec. 8th, 2021

Notary Commission Number: 2224670