
IN THE MATTER OF:

USIO, INC.
f/k/a PAYMENT DATA SYSTEMS, INC.

 (“Respondent”)

NOTICE OF INTENT TO ISSUE
ORDER TO CEASE AND DESIST

NOTICE OF INTENT TO IMPOSE
CIVIL PENALTY

AND

NOTICE OF RIGHT TO HEARING

I. LEGAL AUTHORITY AND JURISDICTION

1. The Banking Commissioner (“Commissioner”) is charged with the administration of Part V of Chapter 668, Sections 36a-595 to 36a-612, inclusive, of the Connecticut General Statutes, known as the “Money Transmission Act”.

2. Pursuant to the authority granted by Sections 36a-17 and 36a-608(a) of the Connecticut General Statutes, the Commissioner, through the Consumer Credit Division (“Division”) of the Department of Banking, has investigated the activities of Respondent to determine if it has violated, is violating or is about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner (“Investigation”).

3. As a result of the Investigation, the Commissioner has reason to believe that Respondent has violated Section 36a-597(a) of the Connecticut General Statutes, in effect at such time.

4. As a result of the Investigation, the violation alleged by the Commissioner forms the basis to issue an order to cease and desist against Respondent pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes.

5. As a result of the Investigation, the violation alleged by the Commissioner forms the basis to impose a civil penalty against Respondent pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes.

II. MATTERS ASSERTED

6. USIO, Inc. is a Nevada corporation with a corporate headquarters located at 3611 Paesanos Parkway, Suite 300, San Antonio, Texas. On or about June 4, 1998, Payment Data Systems, Inc., filed its Articles of Incorporation with the Nevada Secretary of State. On June 14, 2019, Payment Data Systems, Inc., filed an amendment with the Nevada Secretary of State changing its name to USIO, Inc.

7. In April 2016, the Division informed Respondent that it was engaging in unlicensed money transmission activity without the required license. Records produced from Respondent show it was engaged in such activity through July 2017.

8. During the period of at least January 3, 2013 through July 13, 2017, Respondent engaged in the business of “money transmission”, within the meaning of Section 36a-596 of the Connecticut General Statutes in effect at such time, when it would, advance payments to third-party entities on behalf of Connecticut consumers and then transmit funds from said consumers to Respondent as repayment of said amounts when available directly from the Connecticut consumer’s bank account.

9. During the period of at least January 3, 2013 through July 13, 2017, Respondent was not acting as an agent or authorized delegate, as applicable, of a person licensed to engage in the business of “money transmission” when it received money or monetary value for current or future transmission for Connecticut consumers.

10. Respondent is not currently and has never has been licensed pursuant to Section 36a-595 to 36a-612, inclusive, of the Connecticut General Statutes to engage in the business of “money transmission”, within the meaning of Section 36a-596 of the Connecticut General Statutes, in effect at such time, nor is Respondent currently and has never been exempt from licensure pursuant to Section 36a-609 of the Connecticut General Statutes, in effect at such time.

III. STATUTORY BASIS FOR ORDER TO CEASE AND DESIST AND IMPOSITION OF CIVIL PENALTY

Respondent's engaging in the business of money transmission in this state without obtaining the required license, as more fully described in paragraphs 6 through 10, inclusive, of the Matters Asserted, constitutes at least one violation of Section 36a-597(a) of the Connecticut General Statutes, in effect prior to October 1, 2017. Such violation forms the basis to issue an order to cease and desist pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes and to impose a civil penalty pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes. Section 36a-50(a) of the Connecticut General Statutes authorizes the Commissioner to impose a civil penalty upon Respondent in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation.

IV. NOTICE OF INTENT TO ISSUE ORDER TO CEASE AND DESIST, NOTICE OF INTENT TO IMPOSE CIVIL PENALTY AND NOTICE OF RIGHT TO HEARING

WHEREAS, the Commissioner has reason to believe that Respondent has engaged in acts or conduct which forms the basis to issue an order to cease and desist pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, and impose a civil penalty pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes.

NOW THEREFORE, notice is hereby given to Respondent that the Commissioner intends to issue an order requiring Respondent to **CEASE AND DESIST** from violating Section 36a-597(a) of the Connecticut General Statutes, and impose a **CIVIL PENALTY** upon Respondent as set forth herein, subject to Respondent's right to a hearing on the allegation set forth above.

A hearing will be granted to Respondent if a written request for a hearing is received by the Department of Banking, Consumer Credit Division, 260 Constitution Plaza, Hartford, Connecticut 06103-1800 or submitted by e-mail to DOB.hearingsupport@ct.gov within fourteen (14) days following Respondent's receipt of this Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing as set forth in Sections 36a-52(a), 36a-50(a) and 36a-50(c) of the Connecticut General Statutes. This Notice of Intent to Issue Order to Cease and Desist,

Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing shall be deemed received on the earlier of the date of actual receipt, or seven (7) days after mailing or sending. To request a hearing, complete and return the enclosed Appearance and Request for Hearing Form to one of the above addresses. If Respondent will not be represented by an attorney at the hearing, please complete the Appearance and Request for Hearing Form as “pro se”. Once a written request for a hearing is received, the Commissioner may issue a notification of hearing and designation of hearing officer that acknowledges receipt of a request for a hearing, designates a hearing officer and sets the date of the hearing in accordance with Section 4-177 of the Connecticut General Statutes and Section 36a-1-21 of the Regulations of Connecticut State Agencies. If a hearing is requested, the hearing will be held remotely via videoconference using Microsoft Teams on May 18, 2021, at 10 a.m.

If a hearing is requested, it will be held in accordance with the provisions of Chapter 54 of the Connecticut General Statutes, Executive Order 7B, Section 1, as amended, renewed or superseded, and the Remote Hearing Guidelines, available on the Department’s website at <https://portal.ct.gov/dob>, unless Respondent fails to appear at the requested hearing. At such hearing, Respondent will have the right to appear and present evidence, rebuttal evidence and argument on all issues of fact and law to be considered by the Commissioner.

If Respondent does not request a hearing within the time period prescribed or fails to appear at any such hearing, the allegation herein will be deemed admitted. Accordingly, the Commissioner will issue an order that Respondent cease and desist from violating Section 36a-597(a) of the Connecticut General Statutes, and may order a civil penalty in an amount not to exceed One Hundred Thousand Dollars (\$100,000) per violation be imposed upon Respondent.

So ordered at Hartford, Connecticut,
this 16th day of March 2021.

/s/
Jorge L. Perez
Banking Commissioner

CERTIFICATION

I hereby certify that on this 17th day of March 2021, the foregoing Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing was sent by certified mail, return receipt requested, to USIO, Inc. f/k/a Payment Data Systems, Inc., 3611 Paesanos Parkway, Suite 300, San Antonio, Texas 78231, Certified Mail No. 7016 2710 0000 5897 0342; and to Eric A. Pullen, Esq., Pulman, Cappuccio & Pullen, LLP, 2161 NW Military Highway, Suite 400, San Antonio, Texas 78213, Certified Mail No. 7016 2710 0000 5897 0359.

_____/s/
Tina M. Daigle
Paralegal