
*
IN THE MATTER OF: *
*
KALBAS, INC. *
d/b/a UNBANK *
NMLS # 1931557 *
*
(“Kalbas”) *
*

CONSENT ORDER

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Part V of Chapter 668, Sections 36a-595 to 36a-614, inclusive, of the Connecticut General Statutes, known as the “Money Transmission Act”;

WHEREAS, Kalbas is a Delaware corporation with a primary business address of 12 Route 50, Suite 505, Seaville, New Jersey;

WHEREAS, Kalbas is not currently, nor has it ever been, licensed to engage in the business of money transmission in Connecticut;

WHEREAS, on October 19, 2023, Kalbas filed an application with the Commissioner on the Nationwide Multistate Licensing System and Registry (“NMLS”) to obtain a license to engage in the business of money transmission in Connecticut, which application is currently pending;

WHEREAS, the Commissioner, through the Consumer Credit Division of the Department of Banking, has conducted an investigation into the activities of Kalbas pursuant to Sections 36a-17, 36a-600 and 36a-608 of the Connecticut General Statutes to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes within the jurisdiction of the Commissioner;

WHEREAS, as a result of such investigation, the Commissioner alleges that Kalbas engaged in the business of money transmission in this state without the required license since at least 2019, in violation of Section 36a-597(a) of the Connecticut General Statutes;

WHEREAS, the Commissioner believes that such allegation would support initiation of enforcement proceedings against Kalbas, including, without limitation, proceedings to issue a cease and desist order pursuant to Sections 36a-608(c) and 36a-52(a) of the Connecticut General Statutes, and to impose a civil penalty of up to One Hundred Thousand Dollars (\$100,000) per violation pursuant to Sections 36a-608(c) and 36a-50(a) of the Connecticut General Statutes;

WHEREAS, the Division is aware of one Connecticut consumer “Complainant” that patronized a Kalbas virtual currency kiosk in Connecticut since 2019, which resulted in virtual currency being purchased with Complainant’s funds and transmitted to third parties, thereby triggering Connecticut’s money transmission licensure requirement and resulted in a subsequent loss to the Complainant of the funds;

WHEREAS, initiation of such enforcement proceedings would constitute a “contested case” within the meaning of Section 4-166(4) of the Connecticut General Statutes. Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by consent order, unless precluded by law;

WHEREAS, both the Commissioner and Kalbas acknowledge the possible consequences of formal administrative proceedings, and Kalbas voluntarily agrees to consent to the entry of the sanctions imposed below without admitting or denying the allegation set forth herein, and solely for the purpose of obviating the need for formal administrative proceedings concerning the allegation set forth herein;

WHEREAS, Kalbas has represented that it has cooperated with the investigation;

WHEREAS, the Commissioner and Kalbas now desire to resolve the matters set forth herein;

WHEREAS, Kalbas specifically assures the Commissioner that the violation alleged herein shall not occur in the future;

WHEREAS, Kalbas acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and executes this Consent Order freely;

WHEREAS, Kalbas acknowledges that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on NMLS, as applicable;

AND WHEREAS, Kalbas, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including a right to a notice and an opportunity for a hearing as it pertains to the allegation set forth herein, and voluntarily waives its right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Kalbas, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. Kalbas shall cease and desist from engaging in the business of money transmission in this state without a license, in violation of Section 36a-597(a) of the Connecticut General Statutes;
2. No later than fifteen (15) days after the date this Consent Order is executed by Kalbas, it shall pay restitution to the Complainant as listed in Exhibit A attached hereto, in the amount identified therein. Restitution payment shall be made by check or money order valid for ninety (90) days, and shall be mailed by registered or certified mail, return receipt requested, with proof of mailing. No later than seven (7) days after issuance of refund payments, Kalbas shall provide evidence of such payments to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov;
3. No later than the date this Consent Order is executed by Kalbas, it shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of Fifty Thousand Dollars (\$50,000) as a civil penalty; and
4. No later than the date this Consent Order is executed by Kalbas, it shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of Six Thousand Three Hundred Seventy-Five Dollars (\$6,375) as payment for back licensing fees.

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against Kalbas based upon the allegation set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against Kalbas based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by Kalbas and reflected herein is subsequently discovered to be untrue;
3. Kalbas shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceedings in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis. Except as specifically provided herein, Kalbas shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects Kalbas' (i) testimonial obligations, or (ii) right to take legal or factual positions that may contradict the allegation in this Consent Order in litigation or other legal proceedings in which the Commissioner is not a party;
4. Subject to the foregoing, and so long as this Consent Order is promptly disclosed by Kalbas and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of Kalbas to apply for or obtain an initial license or renewal license under Part V of Chapter 668, Sections 36a-595 to 36a-614, inclusive, of the Connecticut General Statutes, provided that all applicable legal requirements for such license are satisfied and the terms of this Consent Order are followed;
5. This Consent Order shall be binding upon Kalbas and its successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 10th day of July, 2024.

/s/

Jorge L. Perez
Banking Commissioner

I, Emilio Pagan-Yournno, state on behalf of Kalbas, Inc. d/b/a Unbank that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Kalbas, Inc. d/b/a Unbank; that Kalbas, Inc. d/b/a Unbank agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that Kalbas, Inc. d/b/a Unbank voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/
Name: Emilio Pagan-Yournno
Title: CCO
Kalbas, Inc. d/b/a Unbank

State of: Florida

County of: Palm Beach

On this the 5 day of June, 2024, before me, Emilio Pagan-Yournno, the undersigned officer, personally appeared in Boynton Beach, who acknowledged himself/herself to be the Control Officer of Kalbas, Inc. d/b/a Unbank, a corporation, and that he/she as such Corporate Officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Control Officer.

In witness whereof I hereunto set my hand.

/s/
Notary Public: Symone Stewart
Date Commission Expires: 12/13/2027