

**STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION**

IN THE MATTER OF:)
) **CONSENT ORDER**
CSG Forte Payments, Inc. D/B/A CSG Forte)
) **NO. CO – 2023-0001**
)
RESPONDENT)

CONSENT ORDER

The Alabama Securities Commission (the "Commission"), having the authority to administer and provide for the enforcement of all provisions of the Alabama Monetary Transmission Act, *Code of Alabama 1975*, §8-7A-1 *et seq.* (the "Act"), upon due consideration of the subject matter hereof, and having confirmed information of the unlicensed transmission of money in the State of Alabama, has determined as follows:

RESPONDENT

1. CSG Forte Payments, Inc. D/B/A CSG Forte ("CSG") is a Texas corporation with a business address of 2121 Providence Drive, Suite 151, Fort Worth TX 76106. CSG is a money transmitter which provides an exclusively corporate-funded payment processing service to assist merchants in making payroll payments to merchants' employees and payments to merchants' vendors. The Commission records reflect that CSG has never been licensed in the State of Alabama.

STATEMENT OF FACTS

2. On July 2, 2020, CSG applied for licensure with the Commission pursuant to the Alabama Monetary Transmission Act on its own initiative.
3. On July 14, 2020, the Commission staff received Respondent's application cover letter, financial statements, and company references.

4. On September 11, 2020, the Commission staff requested the total amount of fees earned by CSG and time periods of services provided by CSG to Alabama companies.
5. On September 29, 2020, the Commission staff requested Lynn Stang, Compliance to submit Prior Activity Statement.
6. On October 14, 2020, the Commission staff issued a prior activity letter to Respondent advising that licensing would not be available until the prior business activity had been resolved. In addition, the staff requested an explanation of why Respondent was not a licensed money transmitter in its home state of Texas.
7. Between October 15, 2020 and September 28, 2021, the Commission staff and Respondent continued to discuss and exchange information regarding the Commission's investigation, as well as negotiate the terms of any consent order that would result from this investigation.
8. On September 29, 2021, Commission staff received an email from Don Mosher, Schulte Roth & Zabel LLP, Legal Representative, that included CSG's Application Cover Letter, Statement of Prior Activity, and Company References. Also included was an explanation of how CSG was acquired by CSG Systems International, Inc. (NASDAQ: CSGS) in October 2018. CSG's Merchant Disbursement services assist merchants in making payroll payments to the merchant employees and payments to merchant vendors. CSG misunderstood that they may be able to rely on an exemption under the Alabama Monetary Transmission Act since a portion of the merchants receiving the Merchant Disbursement Services were government entities. Approximately 5.6% of CSG Forte's clients in Alabama that received Merchant Disbursement Services were government entities. Under Ala. Code § 8-7A-4(4), a "person collecting, forwarding, or submitting payments to the state, a state agency, board, or commission, a quasi-governmental agency, or to persons in state custody" is exempt from the Act, provided that the person meets certain conditions.ⁱ While CSG Forte may not expressly fall within or otherwise meet the conditions set forth in Ala. Code § 8-7A-4(4) – for example, CSG Forte requested to discuss the exemption filing with the Commission staff. Furthermore, CSG's legal representatives requested that the Commission consider that the Respondent's penalties are assessed on the post-acquisition fees earned from non-government merchants after October 2018.

9. On November 12, 2021, the Commission staff received an affidavit from Jeffery Kump Vice President. CSG Payments Operations that advised certain payment processing business had been conducted in Alabama.

10. On November 18, 2021, the Commission staff received an email advising that CSG's total government merchant fees of \$2,524.63 and non-government fees of \$41, 217.30 were earned in the state of Alabama from 444 government and non-government Alabama merchants for time periods September 2014 – October 2021. However, the CSG's legal representative requested that the Commission consider certain mitigating factors relating when CSG was acquired by CSG International, Inc. and base any penalties on the post-acquisition fees of \$15,144.23 for such non-government merchant clients that totaled 196 post-acquisition transactions.

11. On July 20, 2022, the Commission staff received a verification email from Ms. Romano that CSG Alabama non-government merchant payroll payment fees earned was \$15,866.13 from 196 Alabama clients for time periods October 2018 – January 2022. In addition, CSG final total Alabama non-government merchant payroll payment fees earned was \$16,777.00 from 212 Alabama clients for time periods October 2018 – April 2022.

CONCLUSIONS OF LAW

1. Pursuant to Code of Alabama 1975, § 8-7A-5, it is unlawful for any person to engage in the business of money transmission without first obtaining a license from the Commission pursuant to the provisions of the Act. CSG FORTE PAYMENTS, INC DBA CSG FORTE engaged in a money transmission business without benefit of licensure with the Commission in violation of the Act.

WHEREAS, CSG FORTE PAYMENTS, INC DBA CSG FORTE voluntarily consents to the entry of the Consent Agreement admits that money transmission services were effected in the State of Alabama prior to licensure under the Act; and States that the information and assertions presented to the Commission during its investigation of this matter are true and correct; and that CSG understands the Commission relied upon such information or assertions in its determination to accept this Agreement, and that should information or assertions prove to be incorrect or

misrepresented, the Commission may seek such other administrative, civil or criminal remedies that may be available to it under the provisions of the Act; and

WHEREAS the Commission finds this Agreement necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS the Commission and CSG FORTE PAYMENTS, INC DBA CSG FORTE are desirous of settling this matter as hereafter set forth and agree to the entry of this Agreement; and

WHEREAS, CSG FORTE PAYMENTS, INC DBA CSG FORTE has voluntarily waived all rights to a hearing upon entry of this Agreement, and has consented to the entry of this Agreement; and

ACCORDINGLY, IT IS HEREBY AGREED:

1. That CSG FORTE PAYMENTS, INC DBA CSG FORTE application for licensure shall continue with the prior activity issue hereby resolved.
2. That CSG FORTE PAYMENTS, INC DBA CSG FORTE. shall hereafter comply with all State and federal statutes and regulations governing money services business and money transmitter business.
3. That CSG FORTE PAYMENTS, INC DBA CSG FORTE shall ensure that proper procedures are enacted to preclude any future non-compliance with the Act.

ACCEPTANCE AND CONSENT

1. Pursuant to §8-7A-19(a) CSG FORTE PAYMENTS, INC DBA CSG FORTE shall pay to the State of Alabama an administrative assessment in the total sum of \$10,000.00, said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.
2. Pursuant to §8-7A-19(b) CSG FORTE PAYMENTS, INC DBA CSG FORTE shall pay to the Alabama Securities Commission, as partial reimbursement for the Commission's cost for

investigating this matter, the sum of \$5,000.00, said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.

3. That to the extent that CSG FORTE's representations to the Commission as stated herein are true and correct, the terms set forth in this Agreement represent the complete agreement and settlement among the parties as to its subject matter, but in no way preclude legal proceedings by or on behalf of the Commission for acts and/or omissions not specifically addressed in this Agreement.

AGREED AND CONSENTED to on date indicated:

RESPONDENT :

CSG FORTE PAYMENTS, INC DBA CSG FORTE :

R. Bhattacharya
Authorized Signature

01 / 13 / 2023
Date

Rasmani Bhattacharya
Printed Name

EVP & General Counsel
Title

Entered at Montgomery, Alabama, this the 20th day of January 2023

ALABAMA SECURITIES COMMISSION
445 Dexter Avenue, Suite 12000
P.O. Box 304700
Montgomery, Alabama 36130-4700
(334) 242-2984

BY

JOSEPH P. BORG
Director

