

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking)
and Insurance, State of New Jersey, to fine,)
suspend, and/or revoke the check cashing)
license of Galeria Paredes Group, Inc.,)
Reference No. 19-019968)

ORDER TO SHOW CAUSE

TO: Galeria Paredes Group, Inc.
354 North Avenue
Dunellen, NJ 08812

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Galeria Paredes Group, Inc., a New Jersey corporation (“Respondent”), may have violated various provisions of the Check Cashers Regulatory Act of 1993, N.J.S.A. 17:15A-30 to -52 (“Act”); and

WHEREAS, Respondent has been licensed as a check casher since September 16, 2002; and

WHEREAS, Respondent is subject to the provisions of the Act; and

WHEREAS, pursuant to N.J.S.A. 17:15A-44(a), a check casher shall conspicuously display its license at its office; and

WHEREAS, pursuant to N.J.S.A. 17:15A-44(c), N.J.A.C. 3:24-5.1(a)(2), and N.J.A.C. 3:24-5.1(a)(3), a check casher is to provide each customer a record of the transaction; and

WHEREAS, pursuant to N.J.S.A. 17:15A-44(d), a check casher is to maintain a photographic record of all checks cashed; and

WHEREAS, pursuant to N.J.S.A. 17:15A-44(f), a check casher is to use a bank account solely for the purpose of the check cashing business; and

WHEREAS, pursuant to N.J.S.A. 17:15A-44(h) and N.J.S.A. 17:15A-44(i), a check casher is to maintain adequate records of its check cashing business and retain essential records for five years; and

WHEREAS, pursuant to N.J.S.A. 17:15A-44(j), a check casher is to suspend for at least six months the cash checking privileges of any customer that cashes, in one calendar year, more than three checks returned for insufficient funds, and notify the Commissioner of the name of the customer and action taken; and

WHEREAS, pursuant to N.J.A.C. 3:24-5.2(a), a check casher is to maintain a record of fees charged; and

WHEREAS, pursuant to N.J.A.C. 3:24-5.2(c), a check casher is to reconcile its bank statements monthly; and

WHEREAS, pursuant to N.J.A.C. 3:24-5.3, a check casher is to maintain a returned items log providing information required by regulation as to what was returned; and

WHEREAS, pursuant to N.J.A.C. 3:24-5.4, a check casher is to maintain daily cash reconciliations containing information required by regulation; and

WHEREAS, pursuant to N.J.S.A. 17:15A-48(a)(1), the Commissioner may revoke or suspend a license for violating any provision of the Act or any order, rule, or regulation made or issued pursuant to the Act or has violated any other law in connection with the operation of the check cashing business; and

WHEREAS, pursuant to N.J.S.A. 17:15A-48(a)(7), the Commissioner may revoke or suspend a license of a check casher found to have demonstrated unworthiness, incompetence, bad faith or dishonesty in transacting business or otherwise; and

WHEREAS, pursuant to N.J.S.A. 17:15A-48(a)(8), the Commissioner may revoke or suspend a license of a check casher that has engaged in any other conduct which would be deemed by the Commissioner to deny, revoke, or suspend a license; and

WHEREAS, pursuant to N.J.S.A. 17:15A-49(b)(2), any person who violates or causes to be violated any provision of the Act or any order, rule or regulation made or issued pursuant to the Act shall be liable for a penalty, in addition to all other penalties or forfeitures imposed by this or any other law, of not more than \$5,000.00 for each violation. Any person who shall aid or abet a violation shall be equally liable for such a penalty as may be imposed upon a principal violator; and

WHEREAS, pursuant to N.J.S.A. 17:15A-49(b)(2), any violation of the provision of this Act or order of the Commissioner or rule or regulation promulgated by the Commissioner pursuant thereto shall constitute a separate violation; and

FACTUAL ALLEGATIONS

IT APPEARING, that Respondent is a New Jersey limited liability company with its principal place of business at 354 North Avenue, Dunellen, New Jersey 08812; and

IT FURTHER APPEARING, that after conducting an examination of Respondent covering the period from January 1, 2016 through December 3, 2018, the Department of Banking and Insurance (“Department”) found Respondent had engaged in multiple alleged violations of the Act as detailed in a Report of Examination; and

IT FURTHER APPEARING, that the Department's examination of Respondent occurred from October 17, 2018 to January 17, 2019 ("October 17, 2018 examination"); and

COUNT ONE

IT FURTHER APPEARING, that during the October 17, 2018 examination, the Department's examiner did not see Respondent's license displayed conspicuously, in violation of N.J.S.A. 17:15A-44(a); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

COUNT TWO

IT FURTHER APPEARING, that, at the October 17, 2018 examination, Respondent did not have a device to generate a printable transaction receipt; and

IT FURTHER APPEARING, that the Department's examiner for the October 17, 2018 examination found Respondent using a hand-held calculator to determine the fees to charge; and

IT FURTHER APPEARING, that, as a result of using a hand-held calculator, Respondent did not provide a receipt to each customer; and

IT FURTHER APPEARING, that, as a result of not issuing receipts to its customers, Respondent failed to retain receipts for internal recordkeeping; and

IT FURTHER APPEARING, that, as a result of Respondent using hand-held calculator, receipts were not issued by Respondent to its customers, in violation of N.J.S.A. 17:15A-44(c); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); N.J.A.C. 3:24-5.1(a)(2); and N.J.A.C. 3:24-5.1(a)(3); and

IT FURTHER APPEARING, upon information and belief, that the amount of times Respondent failed to provide receipts to customers is to be determined in discovery, in violation

of N.J.S.A. 17:15A-44(c); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); N.J.A.C. 3:24-5.1(a)(2); and N.J.A.C. 3:24-5.1(a)(3); and

COUNT THREE

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent failed to maintain a photographic record of any checks below \$2,500.00; and

IT FURTHER APPEARING, that, as a result of not maintaining records of checks under \$2,500.00 being cashed, the Department's examiner was unable to determine whether Respondent accurately recorded the transaction date on the back of each check cashed or whether it cashed postdated checks; and

IT FURTHER APPEARING, that Respondent failed to maintain photographic records of all checks cashed, in violation of N.J.S.A. 17:15A-44(d); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

IT FURTHER APPEARING, that the amount of times Respondent failed to make a photographic record of the checks cashed is to be determined in discovery, in violation of N.J.S.A. 17:15A-44(d); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

COUNT FOUR

IT FURTHER APPEARING, that Respondent maintained two bank accounts with Unity Bank; and

IT FURTHER APPEARING, that Respondent completed a commingling letter form in 2014 submitted by the Department, which allowed Respondent to utilize one cash drawer in conducting both check cashing and money order transactions; and

IT FURTHER APPEARING, that a condition, pursuant to N.J.A.C. 3:24-5.6(a), for the Department to allow an exception to the prohibition of the commingling of funds was that Respondent was prohibited from using its main check cashing account (“main account”) to deposit funds generated from business services other than check cashing activities; and

IT FURTHER APPEARING, that Respondent deposited funds into the main account for services other than check cashing activities; and

IT FURTHER APPEARING, that Respondent improperly utilized its main account for transactions other than its check cashing business, in violation of N.J.S.A. 17:15A-44(f); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

IT FURTHER APPEARING, that the amount of times Respondent improperly utilized its main banking account for transactions other its check cashing business is to be determined in discovery, in violation of N.J.S.A. 17:15A-44(f); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

COUNT FIVE

IT FURTHER APPEARING, that during the October 17, 2018 examination, the Department’s examiner requested examination records from January 1, 2016 to the time when the October 17, 2018 examination occurred; and

IT FURTHER APPEARING, that Respondent was unable to provide the examiner with records prior to 2017; and

IT FURTHER APPEARING, that Respondent did not retain records of checks cashed prior to 2017; and

IT FURTHER APPEARING, that Respondent did not retain its Summary of Business Records for the years of 2016 and 2017; and

IT FURTHER APPEARING, that Respondent did not retain records of receipts issued to customers; and

IT FURTHER APPEARING, that Respondent failed to retain required business records, including, but not limited to, records of checks cashed, summary of business records, and check cashing receipts, for the requisite five-year time period, in violation of N.J.S.A. 17:15A-44(h); N.J.S.A. 17:15A-44(i); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

IT FURTHER APPEARING, that the amount of times Respondent failed to retain its business records is to be determined in discovery, in violation of N.J.S.A. 17:15A-44(h); N.J.S.A. 17:15A-44(i); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

COUNT SIX

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent allowed A.C. to cash twenty-three checks returned for insufficient funds during the calendar year of 2017; and

IT FURTHER APPEARING, that Respondent failed to notify the Department that A.C. attempted to cash more than three checks returned for insufficient funds during the calendar year of 2017; and

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent allowed A.S. to cash nineteen checks returned for insufficient funds during the calendar year of 2017; and

IT FURTHER APPEARING, that Respondent failed to notify the Department that A.S. attempted to cash more than three checks returned for insufficient funds during the calendar year of 2017; and

IT FURTHER APPEARING, that Respondent failed to suspend the check cashing privileges for A.C. who provided more than twenty-three checks in a calendar year with insufficient funds and to notify the Department in writing of the name of A.C., in violation of N.J.S.A. 17:15A-44(j); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

IT FURTHER APPEARING, that each of the twenty instances where Respondent failed to suspend the check cashing privileges of A.C. and notify the Department after being presented with three checks returned for insufficient funds constitute a separate violation pursuant to N.J.S.A. 17:15A-49(b)(2); and

IT FURTHER APPEARING, that Respondent failed to suspend the check cashing privileges for A.S. who provided more than nineteen checks in a calendar year with insufficient funds and to notify the Department in writing of the name of A.S., in violation of N.J.S.A. 17:15A-44(j); N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

IT FURTHER APPEARING, that each of the sixteen instances where Respondent failed to suspend the check cashing privileges of A.S. and notify the Department after being presented with three checks returned for insufficient funds constitute a separate violation pursuant to N.J.S.A. 17:15A-49(b)(2); and

COUNT SEVEN

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not maintain a summary of business records designed to keep track of 2.21 percent checks cashed by Respondent; and

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not maintain a summary of business records designed to keep track of one percent checks, including Temporary Assistance for Needy Families ("TANF") checks, cashed by Respondent; and

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not maintain a summary of business records designed to keep track of one and one-half percent checks, including Supplemental Security Income ("SSI") and Social Security Old Age and Survivors checks, cashed by Respondent; and

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not maintain a summary of business record designed to keep track of no-fee checks cashed by Respondent; and

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not maintain a summary of business records designed to keep track of check cashing customer receipts; and

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not maintain a summary of business records designed to keep track of any other checks cashed by Respondent; and

IT FURTHER APPEARING, that Respondent failed to maintain a record of the fees charged for 2.21 percent checks; TANF checks; one and one-half percent checks, including

SSI and Social Security Old Age and Survivors checks; no-fee checks cashed; and check cashing customer receipts; all in violation of N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); and N.J.A.C. 3:24-5.2(a); and

IT FURTHER APPEARING, that the amount of times Respondent failed maintain a record of the fees charged for 2.21 percent checks, TANF checks, and one and one-half percent checks, including SSI and Social Security Old Age and Survivors checks, no-fee checks cashed, and check cashing customer receipts is to be determined in discovery, in violation of N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); and N.J.A.C. 3:24-5.2(a); and

COUNT EIGHT

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not keep monthly records of deposits; and

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not keep monthly records of cash on hand; and

IT FURTHER APPEARING, that, without monthly records of deposits or cash on hand, Respondent cannot reconcile its own internal records with monthly bank statements; and

IT FURTHER APPEARING, that Respondent failed to conduct, at least thirty-five, monthly reconciliations of its bank statements nor maintain the records of deposits or cash on hand to do so during the examination period of January 1, 2016 through December 3, 2018, in violation of N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); and N.J.A.C. 3:24-5.2(c); and

IT FURTHER APPEARING, that each of the, at least, thirty-five instances where Respondent failed to conduct a monthly reconciliation constitute a separate violation pursuant to N.J.S.A. 17:15A-49(b)(2); and

COUNT NINE

IT FURTHER APPEARING, that Respondent maintained a log of checks returned to it (“returned check log”); and

IT FURTHER APPEARING, that Respondent’s returned check log did not include the date on which each check, draft or money order was redeposited, in violation of N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); and N.J.A.C. 3:24-5.3(a)(9); and

IT FURTHER APPEARING, that Respondent’s returned check log did not include the date and manner of payment of each check, draft or money order with complete details of the disposition made of it, including a record of the specific check, draft or money order utilized in the payment of the original item, in violation of N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); and N.J.A.C. 3:24-5.3(a)(10); and

IT FURTHER APPEARING, that Respondent’s returned check log did not include a current record, updated (monthly), showing the efforts and progress being made to collect any unpaid checks, drafts, or money orders, including the receipt of partial payments, in violation of N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); and N.J.A.C. 3:24-5.3(a)(11); and

IT FURTHER APPEARING, that the amount of times Respondent failed to maintain the necessary information in its returned check log is to be determined in discovery, in violation of N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); and N.J.A.C. 3:24-5.3(a); and

COUNT TEN

IT FURTHER APPEARING, that the October 17, 2018 examination revealed that Respondent did not prepare or maintain daily cash reconciliations; and

IT FURTHER APPEARING, that the Respondent confirmed to the examiner that it did not keep or maintain daily cash reconciliations; and

IT FURTHER APPEARING, that Respondent failed to conduct daily cash reconciliations during the examination period of January 1, 2016 through December 3, 2018, in violation of N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); N.J.S.A. 17:15A-48(a)(8); and N.J.A.C. 3:24-5.4; and

IT FURTHER APPEARING, that each of the 1,068 instances where Respondent failed to conduct a daily cash reconciliation constitute a separate violation pursuant to N.J.S.A. 17:15A-49(b)(2); and

NOW, THEREFORE, IT IS on this 31st day of July, 2024:

ORDERED, that Respondent appear and show cause why its check casher license should not be revoked pursuant N.J.S.A. 17:15A-48(a)(1); N.J.S.A. 17:15A-48(a)(7); and N.J.S.A. 17:15A-48(a)(8); and

IT IS FURTHER ORDERED, that Respondent appear and show cause why the Commissioner should not assess a civil penalty of up to \$5,000.00 for each violation of the Act, pursuant to N.J.S.A. 17:15A-49(b)(2); and

IT IS PROVIDED, that Respondent has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas issued and subpoenas duces tecum issued and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED, that unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by the Respondent and the Commissioner shall dispose of this matter in accordance with the law. A hearing may be requested by mailing the request to Paulette Sibblies-Flagg, OCF Investigations Unit, Department of Banking and Insurance, P.O. Box 040, Trenton, New Jersey 08625, or by electronic mail to paulette.sibblies-flagg@dobi.nj.gov. A copy of the request for a hearing shall also be sent to Deputy Attorney General William E. Vaughan, Banking and Insurance Section, R.J. Hughes Justice Complex, 25 Market Street, P.O. Box 117, Trenton, NJ 08625-0117 or by electronic mail to william.vaughan@law.njoag.gov. The request shall contain the following:

- (a) Respondent's full name, address, and daytime telephone number;
- (b) A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;
- (c) A specific admission or denial of each fact alleged in this Order to Show Cause. Where the Respondent has no specific knowledge regarding a fact alleged in the Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- (d) A statement requesting a hearing.



Justin Zimmerman
Acting Commissioner