

COLORADO STATE BANKING BOARD
Record of Proceedings - Regular Session
July 17, 2025

The Colorado State Banking Board (Banking Board) was called to order by Chair Sarah Auchterlonie (Chair Auchterlonie) at 10:02 am, July 17, 2025, at the DORA conference center, 1560 Broadway, Room 100D. In addition to the Chair, Board members Scott Applegate and Jennifer Payne were physically present, while other members Kim Gardner, Megan Harmon, Glen Jammaron, Sid Kotwal, Doug Price, and Clay Roberts participated via Zoom. A quorum was declared; 10:02 am.

DORA Executive Director Patty Salazar; Acting Commissioner Kara Hunter (Commissioner); the Board's legal representatives, Robert Finke, First Assistant Attorney General, and Janna Fischer, Senior Assistant Attorney General; Robert Spell, Director of Money Transmitters; PDPA Administrator Allison Rothermel; and Board Administrator Chas Siler also attended.

The Commissioner introduced the Board's two new members, Scott Applegate and Clay Roberts, whose terms began July 1st.

➤ **Record of Proceedings Approval**

Chair Auchterlonie called for a motion to approve the minutes for June 18, 2025. G. Jammaron made a motion to approve the June 18th Record of Proceedings, Regular Session, as presented. Second by J. Payne. Motion carried unanimously; 10:03 am.

R. Finke informed the Board that the selection process to name the next Banking Commissioner provides members the opportunity to give input regarding the candidates under consideration. Executive Director Salazar will accept that input during the Executive Session.

There were no further items for discussion in open session; therefore, Chair Auchterlonie called for a motion that the Banking Board convene in Executive Session to discuss confidential information of – and when appropriate with – the following entities with an application or request on the agenda of today's meeting of the Colorado Banking Board: stating that such matters must be kept confidential as required by the Colorado Banking Code, Sections 11-102-103(10), 11-102-305, and 11-102-306. Authorization for the Executive Session is in the Colorado Banking Code Section 11-102-103(8) and in the Open Meetings Law, Section 24-6-402(3)(a) (III), C.R.S.

1. Money Transmitter License Application: Ace Payment Services, Inc. (Irving, TX)
2. Money Transmitter License Application: Payward Interactive, Inc. (Cheyenne, WY)
3. Money Transmitter License Application: Pomelo Group USA, Inc. (San Francisco, CA)
4. Update on Commissioner Search

Motion by J. Payne to convene in Executive Session. Second by S. Applegate. Motion carried

unanimously; 10:06 am.

The Banking Board retired to Executive Session, which was digitally recorded only.

Motion by M. Harmon to adjourn the Executive Session and reconvene the Regular Session of the July 17, 2025, Banking Board meeting. Second by J. Payne. Motion carried unanimously; 11:31 am.

➤ **Applications and Requests**

Money Transmitter License Application – Ace Payment Services, Inc. (Irving, TX)

J. Kowalik stated that Ace Payment Services, Inc., Irving, Texas, (Ace) has filed an application to be licensed as a Money Transmitter under the Colorado Money Transmitters Act. Ace has complied with all statutory requirements, and all documentation provided by the applicant, including biographical and financial information, was reviewed by the Division and no items of concern were found.

Chair Auchterlonie asked if there were any questions or comments from the Banking Board. Hearing none, the Chair then requested a motion to table the application of Procore Payment Services, Inc., Carpinteria, California, to be licensed as a Colorado money transmitter under the Colorado Money Transmitters Act. S. Applegate moved to table the Money Transmitter application, and J. Payne seconded. The motion carried unanimously at 11:33 am.

Money Transmitter License Application – Payward Interactive, Inc. (Cheyenne, WY)

Hooman Yavi with the applicant was on the call. J. Kowalik stated that Payward Interactive, Inc., Cheyenne, Wyoming, (Payward) has filed an application to be licensed as a Money Transmitter under the Colorado Money Transmitters Act. Payward has complied with all statutory requirements, and all documentation provided by the applicant, including biographical and financial information, was reviewed by the Division and no items of concern were found.

Chair Auchterlonie asked if there were any questions or comments from the Banking Board. Hearing none, the Chair then requested the Division's recommendation.

The Division recommended approving the application of Payward Interactive, Inc., Cheyenne, Wyoming, to be licensed as a Colorado money transmitter under the Colorado Money Transmitters Act. The applicant must comply with the requirements of Section 11-110-109 C.R.S. J. Payne moved to approve the Money Transmitter application as stated in the Division's recommendation, and S. Applegate seconded. The motion carried unanimously at 11:35 am.

Money Transmitter License Application – Pomelo Group USA, Inc. (San Francisco, CA)

J. Kowalik stated that Pomelo Group USA, Inc., San Francisco, California, (Pomelo) has filed an application to be licensed as a Money Transmitter under the Colorado Money Transmitters Act. Pomelo has complied with all statutory requirements, and all documentation provided by the applicant,

including biographical and financial information, was reviewed by the Division and no items of concern were found.

Chair Auchterlonie asked if there were any questions or comments from the Banking Board. Hearing none, the Chair then requested the Division's recommendation.

The Division recommended approving the application of Pomelo Group USA, Inc., San Francisco, California, to be licensed as a Colorado money transmitter under the Colorado Money Transmitters Act. The applicant must comply with the requirements of Section 11-110-109 C.R.S. J. Payne moved to approve the Money Transmitter application as stated in the Division's recommendation, and K. Gardner seconded. The motion carried unanimously at 11:36 am.

➤ **Division of Banking/Commissioner's Report**

- 1) Delegated Authority Report. Acting Commissioner Hunter presented for ratification the delegated items processed during the month of June.
 - Two items were presented, and Chair Auchterlonie called for a motion to ratify the delegated items. Motion made by J. Payne, and second by M. Harmon. The motion carried unanimously; 11:37 am.
- 2) Activities & Outreach Report.
 - June 3-12, 2025 – Division staff presented at the Independent Community Bankers of Colorado- Community Banker Roundtables. Discussions were framed around fraud, AI, cannabis, asset quality, Colorado banking conditions, fintechs, third-party vendor due diligence, insurance and more.
 - i. Tuesday, June 3, First FarmBank, Greeley
 - ii. Wednesday, June 4, Redstone Bank, Parker
 - iii. Tuesday, June 10, Wiley United Methodist Church, Wiley
 - iv. Wednesday, June 11, San Luis Valley Federal Bank, Alamosa
 - v. Thursday, June 12, Durango Library, Durango
 - The Commissioner and Division staff continue to attend periodic meetings regarding money transmitters, trust companies, cryptocurrency firms, and other companies with significant regulatory issues.
- 3) Completed Examinations for Fiscal Year 2024/2025
 - The Commissioner presented for review a report on the exams completed by the Division in the 2024-2025 fiscal year.

➤ **Emergency Rulemaking Hearing: Money Transmitters**

The Chair stated that the next item on the agenda is an Emergency Rulemaking hearing. Division Staff will present the rule and the Chair will then ask if there are any public comments. If there are no comments the Board will go directly into discussion and vote. If there are comments, the Board Secretary will go over the guidelines and the floor will be open.

Allison presented the proposed emergency amendments and repeals to the Banking Board Rules 3 CCR 701-7 Money Transmitters. Section 24-4-103(6)(a), C.R.S. authorizes the Division of Banking (Division) to issue an emergency regulation if the Division finds that the immediate adoption of the regulation is imperatively necessary to comply with a state law or for the preservation of public health, safety, or welfare and compliance with the requirements of Section 24-4-103, C.R.S. would be contrary to the public interest.

At this point in the meeting the Zoom call was disrupted and had to be terminated. After a few minutes the call resumed and the Rulemaking Hearing started again from the beginning.

Division staff find that immediate adoption of the rules is imperatively necessary to comply with state law and that compliance with the rulemaking requirements of Section 24-4-103, C.R.S., applicable to non-emergency rules, including prior notice, would be contrary to the public interest. Without the immediate adoption of the emergency rules, the public's interest is not served. Wherefore, the Colorado State Banking Board, pursuant to Section 24-4-103(6), C.R.S. has an obvious and stated need to adopt the rules.

Pursuant to Section 11-102-104, C.R.S., the Colorado State Banking Board shall have the authority to amend and repeal rules for 3 CCR 701-7 Money Transmitters. The specific purpose of the emergency rulemaking is due to the repeal and reenactment, with amendments, Title 11, Article 110 of the Colorado Revised Statutes the "Money Transmission Modernization Act" (MTMA), effective August 6, 2025, and the emergency rules shall take effect August 6, 2025, and shall apply to acts committed on or after said date.

Amendments to Rules MO0.5, MO1, MO2, MO3, MO5, and MO7 are to align Rule requirements with the MTMA, remove sections that are no longer applicable, or are codified in the MTMA, and update statutory references.

The repeal of Rules MO4, MO6, and MO8 is due to Rule requirements being addressed in Federal regulations, and rule language being codified in the MTMA and a duplicative rule being unnecessary.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY AMENDMENT of MO0.5 Definitions. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY AMENDMENT for

MO0.5 as presented. J. Payne so moved, and S. Applegate seconded. Motion carried unanimously, 11:55 a.m.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY AMENDMENT of MO1 Surety Bond. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY AMENDMENT for MO1 as presented. G. Jammarron so moved, and J. Payne seconded. Motion carried unanimously, 11:55 a.m.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY AMENDMENT of MO2 Permissible Investments. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY AMENDMENT for MO2 as presented. J. Payne so moved, and S. Applegate seconded. Motion carried unanimously, 11:56 a.m.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY AMENDMENT of MO3 Records. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY AMENDMENT for MO3 as presented. S. Applegate so moved, and K. Gardner seconded. Motion carried unanimously, 11:57 a.m.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY REPEAL of MO4 Qualification of License Applicant. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY REPEAL for MO4 as presented. J. Payne so moved, and S. Applegate seconded. Motion carried unanimously, 11:57 a.m.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY AMENDMENT of MO5 Change of Control. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY AMENDMENT for MO5 as presented. J. Payne so moved, and K. Gardner seconded. Motion carried unanimously, 11:58 a.m.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY AMENDMENT for MO7 Customer Notice. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY AMENDMENT for

MO7 as presented. J. Payne so moved, and K. Gardner seconded. Motion carried unanimously, 11:58 a.m.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY REPEAL for MO6 Compliance with Federal Regulations. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY REPEAL for MO6 as presented. J. Payne so moved, and K. Gardner seconded. Motion carried unanimously, 11:59 a.m.

Chair Auchterlonie asked if there were any public comments on the proposed EMERGENCY REPEAL for MO8 Employee Money Laundering Affirmation. Hearing none, the rulemaking hearing portion on this rule concluded and no further comments accepted. The Chair called for discussion; there was none, so the Chair called for a motion that the Banking Board adopt the proposed EMERGENCY REPEAL for MO8 as presented. S. Applegate so moved, and G. Jammaron seconded. Motion carried unanimously, 11:59 a.m.

There were no further amendments or repeals to the Rules to consider, so the hearing concluded.

➤ **Request to Proceed with Permanent Rulemaking: Money Transmitters**

A. Rothermel asked the Board for authorization to move forward with the Permanent Rulemaking process for the Money Transmitter Rules just presented in the Emergency Rulemaking Hearing. The Board gave consensus for initiating Rulemaking, 12:02 pm.

There were no further items for discussion in open session; therefore, Chair Auchterlonie called for a motion to reconvene in Executive Session to discuss:

- 1) aggregate statistical data summarizing: processing of examinations, applications, PDPA, examination results and outstanding enforcement actions;
- 2) confidential information of - and when appropriate with – financial service providers that are or may be the subject of formal or informal enforcement action or have recently been examined;
- 3) the current status of applications approved by the Board at prior meetings; and
- 4) applications, requests, or consent orders submitted to the Division of Banking, in particular the consent order with Etana Trust Company.

Stating that such matters must be kept confidential as required by the Colorado Banking Code, Sections 11-102-103 (10), 11-102-305, and 11-102-306, and Authorization for the Executive Session is in the Colorado Banking Code, Sections 11-102-103 (8) and the Open Meetings Law, Section 24-6-402 (3) (a) (II) and (III), and (3.5) C.R.S.

Motion by J. Payne to reconvene the Executive Session of the July 17, 2025, Board meeting,

and K. Gardner seconded. Motion carried unanimously; 12:03 pm.

The Banking Board retired to Executive Session, which was digitally recorded only.

Chair Auchterlonie called for a motion to adjourn from the Executive Session and reconvene the Regular Session of the July 17, 2025, Banking Board meeting. Motion by G. Jammaron to reconvene, and second by D. Price. Motion carried unanimously; 1:00 pm.

➤ **Update on consent order with Etana Trust Company**

The Division requested that the Board formally approve supervisory directives requiring Etana Custody, Inc. to remediate its current undercapitalized condition and comply with enhanced reporting and capital requirements.

Brandon Russell, Alex Luton, and Hyuk Jo with Etana Custody Inc. were provided with the opportunity to address questions from Board members and outline the actions taken by Etana in the past few years.

The Chair stated that this matter arises based on capital amounts reported in Etana Custody Inc's audited financial statements. The Board has considered in executive session applicable law, the statements of representatives of Etana Custody Inc., and a prior consent order, among other information provided by the Division. The Chair requested a motion to authorize the Division to proceed with Etana Custody as set forth in or substantially similar to the corrective actions outlined in the Confidential Memo related to Etana Custody, including an increase in Capital of up to \$3 million, which may also include required liquidity levels; and other tools and activities which may include acknowledgment of legal and personal liability for unauthorized conduct. S. Applegate made such a motion, and J. Payne seconded; it passed unanimously at 1:02 pm.

➤ **Other Items for Discussion**

There were no other items for discussion; therefore, Chair Auchterlonie asked for a motion to adjourn. Motion made by D. Price to adjourn the Regular Session of the July 17, 2025, Banking Board meeting. Second by G. Jammaron. Motion carried unanimously; 1:03 pm. Meeting adjourned.

I certify that the foregoing information substantially reflects the substance of the discussions as transcribed from my notes.



July 17, 2025

Chas Siler, Board Administrator
Colorado State Banking Board

Date