

OCCC CASE NO. L18-00165

IN THE MATTER OF:	§	BEFORE THE
	§	
MASTER FILE NO.: 1800061808	§	OFFICE OF CONSUMER
JBS DISTRIBUTORS LLC d/b/a	§	
KING'S JEWELRY	§	CREDIT COMMISSIONER
7500 BELLAIRE BLVD. #224	§	
HOUSTON, TEXAS 77036	§	STATE OF TEXAS

AGREED ORDER

The Office of Consumer Credit Commissioner ("OCCC") and JBS Distributors LLC d/b/a King's Jewelry ("JBS Distributors") enter this Agreed Order under Section 14.208 of the Texas Finance Code.

Statement of Facts and Law

Under Chapter 1956, Subchapter B of the Texas Occupations Code, a person must hold a registration with the OCCC in order to engage in business as a crafted precious metal dealer.¹

JBS Distributors is registered with the OCCC as a crafted precious metal dealer under Chapter 1956. JBS Distributors buys and sells crafted precious metal in its regular course of business. JBS Distributors operates under OCCC master file no. 1800061808. Its designated contact address is 7500 Bellaire Blvd. #224, Houston, TX 77036, and its designated compliance officer is Aaslam Nazarali.

JBS Distributors previously held a crafted precious metal dealer registration with the OCCC, under master file no. 1800061808, registration number 212687. This registration was for a permanent location at 12300 North Fwy. #210, Houston, Texas 77060, doing business under the name "Johnny's Custom Jewelry." JBS Distributors surrendered this registration, and the OCCC accepted the surrender effective April 30, 2019.

On July 2, 2019, JBS Distributors obtained a new crafted precious metal dealer registration with the OCCC, under master file no. 1800061808, registration

¹ Tex. Occ. Code § 1956.0612(a).

number 215455. The registration is for a permanent location at 5090 Griggs Rd. Ste. 109, Houston, Texas 77021. In July 2019, JBS Distributors notified the OCCC of a change in its DBA name, from “Johnny’s Custom Jewelry” to “King’s Jewelry.”

Under Chapter 1956, Subchapter B of the Texas Occupations Code and its implementing rules, a crafted precious metal dealer must prepare a transaction report for each transaction.² The transaction report must contain required elements, including the following:

- a. the date of purchase;
- b. the name and address of the dealer’s permanent business location;
- c. the dealer’s registration number;
- d. the full name of the seller, as listed on the seller’s driver’s license or personal identification certificate;
- e. a physical description of the seller;
- f. a description of the crafted precious metal purchased by the dealer, using either a list containing the description, or a description accompanied by a clear image;
- g. the seller’s certification that the seller’s name and address, as well as the description of the crafted precious metal, are true and complete; and
- h. the following notice: “This business is registered under the laws of the State of Texas and by state law is subject to regulatory oversight by the Office of Consumer Credit Commissioner. Any consumer wishing to file a complaint against this business may contact the Office of Consumer Credit Commissioner through one of the means indicated below: In Person or U.S. Mail: 2601 North Lamar Boulevard, Austin, Texas 78705-4207. Telephone No.: (800) 538-1579. Fax No.: (512) 936-7610. E-mail: consumer.complaints@occc.texas.gov. Website: occc.texas.gov.”³

Within 48 hours of each transaction, a crafted precious metal dealer must report each item of crafted precious metal that the dealer purchases.⁴ To report a transaction, a dealer must submit the transaction report in a manner approved by

² Tex. Occ. Code § 1956.063(c); 7 Tex. Admin. Code § 85.2001(a).

³ 7 Tex. Admin. Code § 85.2001(a).

⁴ Tex. Occ. Code § 1956.062(d)(2); 7 Tex. Admin. Code § 85.2002(b).

local law enforcement.⁵ In the City of Houston, a crafted precious metal dealer is required to use a real-time electronic reporting system called LeadsOnline.⁶ A crafted precious metal dealer must retain a copy of each transaction report until the third anniversary from the date the report is filed.⁷

In 2016, 2017, and 2018, JBS Distributors entered transactions where it purchased crafted precious metal from consumers. At the time of these transactions, JBS Distributors was doing business under the name “Johnny’s Custom Jewelry.” In August 2017, the Houston Police Department conducted an inspection of JBS Distributors. The Houston Police Department reviewed JBS Distributors’ records and identified transactions from 2016 and 2017 that had not been reported through LeadsOnline.

Between August 2017 and October 2018, JBS Distributors reported crafted precious metal transactions through LeadsOnline. In these transactions, the transaction reports used by JBS Distributors did not include all elements required by Chapter 1956 of the Occupations Code and its implementing rules. In particular, the transaction reports:

- did not include the seller’s certification that the seller’s name and address, as well as the description of the crafted precious metal, are true and complete; and
- either did not include the disclosure showing the OCCC’s contact information, or included a version of this disclosure without the OCCC’s current website and email address.

By failing to report transactions to local law enforcement within 48 hours of each transaction, and by failing to include required elements in its transaction reports, JBS Distributors violated Chapter 1956, Subchapter B of the Texas Occupations Code and its implementing rules.

On January 8, 2019, the OCCC issued a Notice of Revocation to JBS Distributors.

⁵ 7 Tex. Admin. Code § 85.2002(b). For in-person sales in a city that maintains a police department, the term “local law enforcement” refers to the chief of police. ⁷ Tex. Admin. Code § 85.1001(4)(A)(i).

⁶ City of Houston, Code of Ordinances, ch.7, art. IV, § 7-88(a).

⁷ Tex. Occ. Code § 1956.063(d).

Authority

If the Consumer Credit Commissioner (“Commissioner”) has reasonable cause to believe that a person is violating Chapter 1956, Subchapter B of the Texas Occupations Code, the Commissioner may issue an order to cease and desist from the violation, an order to take affirmative action, or both to enforce compliance.⁸

The Commissioner has reasonable cause to believe that JBS Distributors has violated Chapter 1956, Subchapter B of the Texas Occupations Code and its implementing rules by failing to report transactions to local law enforcement within 48 hours of each transaction, and by failing to include required elements in its transaction reports.

Order and Agreement

In lieu of revoking JBS Distributors’ registration, JBS Distributors and the OCCC enter this Agreed Order. By signing below, JBS Distributors acknowledges the violations described above, waives all rights to any hearing or appeal, agrees to pay the administrative penalty identified below, and otherwise agrees to comply with this Agreed Order and Texas law.

IT IS ORDERED that:

1. **No later than December 16, 2019**, JBS Distributors LLC must pay an administrative penalty of \$500.00 to the OCCC.
2. JBS Distributors must comply with, and cease and desist from violating, the transaction report requirements described in Sections 1956.062 and 1956.063 of the Texas Occupations Code, and Title 7, Sections 85.2001 and 85.2002 of the Texas Administrative Code.
3. JBS Distributors must file a complete copy of each transaction report, including all required elements, with local law enforcement within 48 hours of each transaction, in a manner approved by local law

⁸ Tex. Fin. Code §§ 14.201, 14.208(a).

enforcement.

4. JBS Distributors must maintain each transaction report for three years from the date the report is filed, and must make each transaction report available for inspection by the OCCC and local law enforcement.
5. **No later than December 16, 2019**, JBS Distributors must prepare an amended transaction report form to be used in crafted precious metal transactions, including all elements required by Title 7, Section 85.2001 of the Texas Administrative Code.
6. **No later than December 16, 2019**, JBS Distributors must provide the amended transaction report form to the OCCC. The form must be sent by e-mail to Matthew Nance at matthew.nance@occc.texas.gov.
7. The Notice of Revocation issued to JBS Distributors on January 8, 2019, is withdrawn and replaced by this Agreed Order.

Signed this 15th day of November, 2019.

/s/ Leslie L. Pettijohn
Leslie L. Pettijohn
Consumer Credit Commissioner
State of Texas

AGREED:

/s/ Aaslam Nazarali
Aaslam Nazarali
Compliance Officer
JBS Distributors LLC d/b/a King's Jewelry
(signed electronically with permission)

CERTIFICATE OF SERVICE

I certify that on November 15, 2019, a true and correct copy of this Agreed Order was sent to JBS Distributors LLC d/b/a King’s Jewelry by the following:

Sabina Karim, Attorney at Law
Law Office of Sabina Karim
10190 Katy Freeway, Suite 430A
Houston, TX 77043
281-624-8528 (p)
281-240-3295 (f)
sabinakarimlaw@gmail.com

hand-delivery

facsimile

electronic mail

regular mail

*ATTORNEY FOR JBS DISTRIBUTORS
LLC*

certified mail, return receipt requested
#91 7199 9991 7037 5193 4340

JBS Distributors LLC d/b/a King’s
Jewelry
Attn: Aaslam Nazarali, Compliance
Officer
7500 Bellaire Blvd. #224
Houston, TX 77036
tahani@lsmdistributors.net

hand-delivery

facsimile

electronic mail

regular mail

certified mail, return receipt requested
#91 7199 9991 7037 5193 4357

/s/ Matthew Nance_____

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