

IN THE MATTER OF THE FINANCIAL INSTITUTIONS ACT  
R.S.B.C. 1996, C. 141

AND

PAYZILLA TECHNOLOGIES INC.,  
VIRTU-PAY.COM S.A., and VIRTU-PAY.COM S.A. doing business as VIRTU-PAY,  
and RON ZVI MENDELSON also known as RONI MENDELSON,  
director and controlling mind

ORDERS UNDER SECTIONS 244(2) AND 238, AND

NOTICE OF RIGHT OF HEARING OR APPEAL  
UNDER SECTIONS 238(2) AND 242

UPON REVIEWING THE SUBMISSIONS AND EXHIBITS OF STAFF, the  
Superintendent of Financial Institutions (the "Superintendent") makes the following  
findings and order:

1. On June 28, 2007 a complaint was received by Financial Institutions Commission ("FICOM") concerning a website for Virtu-Pay.com, S.A. ("VP") located at [www.virtu-pay.com](http://www.virtu-pay.com) offering debit cards. The VP website states that its copyright is owned by payZilla Technologies Inc. ("PT").
2. The domain registrant owner of the VP website as of September 4, 2007 is PT listing a contact address of 1200 – West 73 Avenue, Vancouver, British Columbia, V6P 6G5. The domain was created June 20, 2001.
3. The PT website, [www.payzilla.ca](http://www.payzilla.ca), includes the following statements and representations:

***Company Profile***

***Welcome to payZILLA***

*payZILLA Technologies INC. owns, operates, markets and distributes a distinctive suite of products and services in the payment solution and stored value industries. Such as international prepaid debit cards, secure financial mobile transactions and merchant accounts accepting Visa ® and MasterCard ®.*

*Prepaid Debit Mastercard is our flagship – prepaid product. Our Prepaid Debit Mastercard is intelligently conceived, robust and flexible to meet many needs of the unbanked, under banked, employers, card-to-card transfer and many other financial functions. PLUS our Prepaid products are bearable **GLOBALLY!***

**What we do**

**Credit Card Merchant Accounts**

*We provide everything you need to accept credit cards for your business. With over 25 + years of combined credit card management experience, our service provides solid and advanced processing solutions.*

**E-payments (e-cheque/ACH)**

*payZILLA Technologies INC. is the premier provider of alternative payment solutions that are well-established, highly secure and widely accepted. Our solutions are used in all major regions of the world such as North America, Europe, and Asia.*

**Prepaid/Stored Value Cards**

*Our Card Programs will provide your business additional revenue from distribution, payment processing and transactions..*

**Services**

**International Processing Solutions**

*STOP losing sales today! Get the newest E-Commerce technologies from payZILLA Technologies INC. With our innovative options you can offer your international customers the best methods of doing business in their preferred and trusted form of payment. All Effortlessly.*

**Clients**

***We specialize in HIGH RISK business***

*We are able to work with almost any type of company worldwide.*

*Online Gaming*

*Online Pharmacy*

*Adult Content*

*and others*

***Investors***

*Investor Information*

***About Us***

*payZILLA Technologies INC. is based in Vancouver, BC Canada and consists of a team of professionals with a combined 25 + years experience in the Banking & Credit Card business.*

*payZILLA Technologies INC. are pioneers in online financial transaction processing and development. With our North American, Asian and European Bank Debit (E-Check) processing systems we have enabled businesses worldwide to accept payments from almost every corner of the world.*

*We are fast becoming the premier provider of turnkey alternate billing solutions for almost every business category on the web. From content and service-based website businesses to Online Gaming operators, any business desiring global capabilities can rely on our core competencies to get the job done.*

*In a nutshell, we take care of you, **OUR VALUED CLIENT**, so you can focus on your business!*

***About Us***

*At payZILLA Technologies INC. our goal is to continually improve returns on capital to maximize our shareholder value.*

*To accomplish this goal, we have established a strategy based on the following objectives:*

- *Maintain our market share and grow our core business*
- *Develop up-and-coming international market opportunities*
- *Leverage our core competencies into related transaction processing business opportunities*

...

***Private Bank, Offshore Credit Union, and Association Programs***

*payZILLA has competitive business solutions for Private Banks, Offshore Credit Unions, and Associations of all sizes. Contact us to learn more about custom tailoring a program to suit your needs.*

4. The website [www.virtu-pay.com](http://www.virtu-pay.com) appears to be operated by [www.payzilla.ca](http://www.payzilla.ca) . On the [www.payzilla.ca](http://www.payzilla.ca) website it confirms, under "Latest News", that:

*Virtu-Pay.com*

*payZILLA Technologies INC. acquires controlling stake in Virtu-Pay.com S.A. ....*

5. The VP website, [www.virtu-pay.com](http://www.virtu-pay.com), includes the following statements and representations:

***Virtu-Pay Debit Cards***

*At Virtu-Pay we make available to our Members Prepaid MasterCard cards, thereby allowing easy access to the funds held in Virtu-Pay accounts offline in the real world environment.*

*These cards are private and are available to all Members.*

*The Prepaid MasterCard is available at a nominal cost of \$59.95 including compliance, administration and posted charges to ALL Members an initial deposit of \$50 is also required when requesting your card.*

*Utilizing one of the Virtu-Pay Prepaid MasterCard Cards allows you to withdraw cash at nearly any ATM around the world and/or make purchases globally anywhere you see the MasterCard Logo. You can be in Eastern Europe or Canada, and always have virtually instant access to your Virtu-Pay funds.*

*This is the fastest method for withdrawing funds from your Virtu-Pay® account as funds are usually available on the card within 1 business day.*

*Using our Prepaid MasterCard Card Service is also inexpensive as the fee to cash out to your Prepaid MasterCard is only \$1.00 + 0.5% up to the maximum load of US \$5,000.*

*A complete fee schedule for the VIP and Debit Mastercards may be found **HERE***

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6. VP also represents through on its website:

*Started in 2002, Virtu-Pay is based in Vancouver, BC Canada.*

7. VP represents that its card program allows card balances of up to \$10 000.00 USD, “loads” of up to \$5 000.00 USD up to twice a day, and maximum withdrawals via ATM of \$2 000.00 per day.
8. The contact telephone number for VP is 1-604-357-7319 and fax number is 1-604-608-4785. The telephone number is the same number listed on the contact page for PT on PT's website.
9. On September 21, 2007, FICOM investigator Rod Clemons (“Clemons”) attended the PT/VP office located at #1100 – 1200 West 73 Avenue, Vancouver, British Columbia. Their name was not listed on the directory in the lobby. This office is the rental office for the 73<sup>rd</sup> Avenue Tower and operates under the name “Office Suites on Broadway”. At that time Clemons was told that:
  - (a) PT is currently a mail client only and no physical office is rented to them.
  - (b) Their mailbox is currently full.

- (c) The Service Agreement Summary Schedule the representative of PT completed is for an office in the Office Suites on Broadway's other building, #400 – 601 West Broadway. However the mail comes to the West 73 Avenue building.
10. Clemons obtained a copy of the Service Agreement Summary Schedule which identified Ron Z. Mendelson ("Mendelson") as the client name for PT, with an address of [REDACTED] North Vancouver, British Columbia, telephone 604 [REDACTED]. The Service Agreement identified Mendelson's Visa number as [REDACTED] under the name Roni Mendelson.
11. The Insurance Corporation of British Columbia reports the following driver's licence registration information for Mendelson:
- (a) Mendelson has a date of birth of [REDACTED].
- (b) He has a valid British Columbia driver's licence in the name of Roni Zvi Mendelson.
- (c) His residential address is [REDACTED], North Vancouver, British Columbia.
12. On September 24, 2007, at approximately 10:00 AM, Clemons attended at [REDACTED] North Vancouver, British Columbia, the residence of Mendelson. No one answered the intercom telephone, so Clemons left a message for Mendelson.
13. On September 24, 2007, at approximately 11:00 AM, Clemons received a telephone call from Mendelson claiming to be calling from Costa Rica. At that time Mendelson advised that he currently lives in Costa Rica, and provided the following statements about VP and PT:
- (a) They are money transaction processors similar to PayPal in that they offer the service of putting the merchant together with various banks all over the world.
- (b) PT is the operating/revenue generating business; VP is not operating at this time and generates no revenue.
- (c) PT gets paid a commission for putting the merchant customer together with the bank.

- (d) PT uses only the Canadian Imperial Bank of Commerce Branch at #3 Road and Westminster Highway in Richmond, British Columbia, as their financial institution. All revenues generated from PT go to that branch.
  - (e) PT has been a federally registered company in Canada since January, 2007.
  - (f) VP was purchased in January, 2007, from an associate in Costa Rica. Although the VP website is up and running, the services offered by VP are not currently available.
  - (g) The prepaid/stored value cards option on the PT website is in fact available, but they have yet to do a transaction.
  - (h) They do not provide the actual Visa/MasterCard cards, as these would be provided by the customer's specific bank.
14. Neither VP nor PT has a business authorization to conduct deposit taking in the Province of British Columbia.
15. Neither VP nor PT is registered with the Corporate and Personal Property Registries for the Province of British Columbia to do business in British Columbia.
16. VP is not registered with Corporations Canada to do business in Canada.
17. payZILLA Technologies Inc. is federally incorporated with the following corporate information:

Incorporation No.: 6703798 BN 829328566 RC 001

Incorporation date: January 16, 2007

Status: Active

Registered office: #1100 - 1200 West 73 Avenue, Vancouver, British Columbia

Director: Roni Mendelson.

18. Section 1 of the *Financial Institutions Act* (the "Act") defines "deposit business" as:

*"deposit business" means the business of receiving on deposit or soliciting for deposit money that is payable,*

- (a) on demand,*
  - (b) after notice,*
  - (c) on expiry of a specific term, or*
  - (d) at specified intervals for a specified term.*
19. Soliciting the sale of and/or selling debit cards in British Columbia is conducting deposit business under the *Act*. See *In the matter of Bux Cash Card Inc. et al.*, Cease and Desist Order of October 27, 2005; *In the matter of Uniclear Payment Systems Inc. et al.*, Cease and Desist Order issued March 24, 2006; and *In the matter of A1 Exchangers Inc. et al.*, Cease and Desist Order issued September 6, 2006.
20. The prepaid MasterCard offered by PT and VP operate as debit cards in that they allow a client to link the card to funds on deposit (which funds may or may not be administered or held by PT or VP), and make cash withdrawals via the international banking system.
21. PT and VP solicit the sale of debit cards. PT controls VP and PT owns the VP website which is used to market debit card sales. Mendelson is the controlling mind of PT and VP.
22. PT is a registered Canadian company with a business address located in British Columbia. It banks in British Columbia. PT and VP share the same telephone number which is a British Columbia telephone number. They conduct their business from the same location and through the same person, Mendelson.
23. Mendelson has represented to the Insurance Corporation of British Columbia that he is a British Columbia resident.
24. I find that PT and VP do deposit business in British Columbia by soliciting the sale of debit cards. Mendelson states that while they have not sold any debit cards yet, they are fully prepared to do so.



25. Section 81 of the *Act* prohibits unauthorized deposit taking:

*81(1) A person must not carry on deposit business in British Columbia unless the person is,*

- (a) a trust company or extra-provincial trust corporation that has a business authorization to carry on a deposit business,*
- (b) a credit union that has a business authorization to carry on deposit business,*
- (c) a bank, or*
- (d) a corporation that is a subsidiary of a bank and is a loan company to which the Trust and Loan Companies Act (Canada) applies.*

*(2) Subsection (1) does not prohibit an insurance company or an extra-provincial insurance company from carrying on life insurance business in accordance with a business authorization issued to it.*

26. Neither PT, VP or Mendelson are authorized to conduct deposit business in British Columbia, therefore they are conducting deposit business in violation of the *Act*.

27. I agree with staff that a hearing would require approximately four witnesses and take approximately one week, and could not be held for at least three months due to scheduling and preparation requirements.

28. I further agree that the length of time that would be required to hold a hearing would be detrimental to the due administration of the *Act*. If this conduct continues for another three months or more, then the soliciting for deposit business would continue which is contrary to the public interest. The parties are fully prepared to sell debit cards (if they have not already). The selling of debit cards outside of the regulated financial services industry allows for unidentified persons to access the Canadian or foreign financial system. As I have said before, that conduct puts the reputation and safety of the British Columbian, Canadian, and international financial industries at risk.

**WHEREAS** the Financial Institutions Commission has delegated to the Superintendent the powers and duties under section 244 of the *Act* in the Instrument of Delegation executed June 2, 2005.

**NOW THEREFORE** the Superintendent orders pursuant to Sections 244(2)(a) and (f)(i) and 238 of the *Act* that PAYZILLA TECHNOLOGIES INC., VIRTU-PAY.COM S.A., and VIRTU-PAY.COM S.A. doing business as VIRTU-PAY, and RON ZVI MENDELSON also known as RONI MENDELSON, director and controlling mind, cease from directly or indirectly carrying on unauthorized deposit business in British Columbia.

**TAKE NOTICE THAT** PAYZILLA TECHNOLOGIES INC., VIRTU-PAY.COM S.A., and RON ZVI MENDELSON each may request a hearing before the Superintendent under section 238(2)(a) of the *Act* or appeal to the Financial Services Tribunal under section 238(2)(b) of the *Act*.

Dated at the  
City of Surrey,  
Province of British Columbia  
this 9<sup>th</sup> day of October, 2007.


  
W. Alan Clark  
Superintendent of Financial Institutions  
Province of British Columbia

TO: payZilla Technologies, Inc.  
1100 - 1200 West 73 Avenue,  
Vancouver, British Columbia

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