

TERMS COMPLETED

CONSENT ORDER SUMMARY - Case Number: C-07-186

Name(s) Northshore Grocery Enterprises, Inc. d/b/a Northshore Grocery
Sae Youp Lee

Order Number C-07-186-08-CO01

Effective Date August 27, 2008

License Number 520-CC-25810

License Effect Revoked

Not Apply until August 28, 2013

Prohibition/Ban until August 27, 2013

Investigation Costs	\$1,380.20	Due: August	Paid Y	Date: 8/27/08
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Assessment(s)	\$	Due	Paid Y N	Date
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Monetary Penalty	\$7,500.00	Due: August	Paid Y	Date: 8/27/08
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Other

Special Instructions

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

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IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Check Cashers and Sellers Act of Washington by:

NO. C-07-186-08-CO01

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NORTHSHORE GROCERY ENTERPRISES,
INC., DBA NORTHSHORE GROCERY, and
SAE YOUP LEE, President,
Respondents.

CONSENT ORDER

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Northshore Grocery Enterprises, Inc. (hereinafter Respondent Northshore), Sae Youp Lee, President (hereinafter Respondent Lee) by and through his attorney, Erik M. Kupka and finding that the issues raised in the captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order is entered pursuant to chapter 31.45 of Revised Code of Washington (RCW), and RCW 34.05.060 of the Administrative Procedure Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-07-186-07-SC01 (Statement of Charges), entered August 16, 2007, (copy attached hereto). Pursuant to chapter 31.45 RCW, the Check Cashers and Sellers Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondents hereby agree to the Department's entry of this Consent Order and further agree that the issues raised in the above captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent Order to fully resolve the Statement of Charges and Respondents are agreeing not to contest the Statement of Charges in consideration of the terms of this Consent Order.

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CONSENT ORDER
C-07-186-08-CO01
NORTHSHORE GROCERY, INC. AND
SAE YOUP LEE, PRESIDENT

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8703

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3 Based upon the foregoing:

4 A. **Jurisdiction.** It is AGREED that the Department has jurisdiction over the subject matter of the
5 activities discussed herein.

6 B. **Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing
7 before an administrative law judge, and that they have waived their right to a hearing and any and all
8 administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.

9 Accordingly, Respondents agree to withdraw their appeal and to inform the Office of Administrative Hearings in
10 writing of their withdrawal.

11 C. **Revocation.** It is AGREED that Respondent Northshore Grocery Inc's license to conduct the
12 business of a check casher with a small loan endorsement and a check seller is revoked.

13 D. **Fine.** It is AGREED that Respondents shall pay to the Department a fine of \$7,500, in the form of a
14 cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

15 E. **Application for License.** It is AGREED that Respondents shall not apply to the Department for any
16 license under any name for a period of five (5) years from the entry of this Consent Order.

17 F. **Future Applications.** It is AGREED that after five (5) years from the entry of this Consent Order,
18 the conduct giving rise to the issuance of the above-referenced Statement of Charges will not be considered by the
19 Department in the assessment of any future applications for check casher licenses or small loan endorsements in
20 the state of Washington in the event Respondents wish to pursue such applications.

21 G. **Investigation Fee.** It is AGREED that Respondents shall pay to the Department an investigation fee
22 of \$1380.20, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of
23 this Consent Order.

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1 H. **Authority to Execute Order.** It is AGREED that the undersigned Respondents have represented and
2 warranted that they have the full power and right to execute this Consent Order on behalf of the parties
3 represented.

4 I. **Non-Compliance with Order.** It is AGREED that Respondents understand that failure to abide
5 by the terms and conditions of this Consent Order may result in further legal action by the Director. In the
6 event of such legal action, Respondents may be responsible to reimburse the Director for the cost incurred in
7 pursuing such action, including but not limited to, attorney fees.

8 J. **Voluntarily Entered.** It is AGREED that the undersigned Respondents have voluntarily entered into
9 this Consent Order, which is effective when signed by the Director's designee.

10 K. **Completely Read, Understood, and Agreed.** It is AGREED that Respondents have read this
11 Consent Order in its entirety and fully understand and agree to all of the same.

12 **RESPONDENTS:**

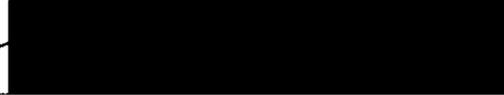
13 **Northshore Grocery Enterprises, Inc.**
14 By: Sae Youp Lee, President

15 
16 Sae Youp Lee
17 President

AUG 22, 08
Date

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19 Sae Youp Lee
20 Individually

AUG 22, 08
Date

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22 Erik M. Kupka, WSBA No. 28835
23 Attorney at Law
24 Attorney for Respondents

08.22.08
Date

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DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 27th DAY OF August, 2008.

[Redacted Signature]

DEBORAH BÖRTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

[Redacted Signature]

FATIMA BATIE
Financial Legal Examiner Supervisor



Approved by:

[Redacted Signature]

JAMES R. BRUSSELBACK
Enforcement Chief

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Check Cashers and Sellers Act of Washington by:

NO. C-07-186-07-SC01

NORTHSHORE GROCERY ENTERPRISES,
INC., DBA NORTHSHORE GROCERY and
SAE YOUP LEE, PRESIDENT

STATEMENT OF CHARGES AND
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE,
BAN FROM INDUSTRY, IMPOSE FINE,
AND COLLECT INVESTIGATION FEE

Respondents.

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INTRODUCTION

Pursuant to RCW 31.45.110 and RCW 31.45.200, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.45 RCW, the Check Cashers and Sellers Act (Act). After having conducted an investigation pursuant to RCW 31.45.040 and RCW 31.45.100, and based upon the facts available as of the date of the Statement of Charges, the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Northshore Grocery, Inc. (Northshore Grocery)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a check casher with a small loan endorsement and a check seller on January 14, 2004, and has continued to be licensed to date. Respondent Northshore Grocery is licensed to conduct the business of a check casher with a small loan endorsement and a check seller at one (1) location: 6384 US Hwy 101, Amanda Park, WA 98526.

B. **Sae Youp Lee (Lee)** is the President and principal of Respondent Northshore Grocery.

1 **1.2 Onsite Examinations.**

2 A. **2005 Onsite examination:** On April 28, 2005 the Department of Financial Institutions
3 conducted an onsite examination of Respondents' business location at 6384 US Highway 101, Amanda Park,
4 Washington 98526.

5 B. **2007 Onsite Examination:** On March 6, 2007, the Department conducted another onsite
6 examination of Respondents' business location at 6384 US Highway 101, Amanda Park, Washington 98526.

7 **1.3 Failure to Provide Receipts.** Respondents did not provide customers with statutorily required receipts
8 for check cashing and selling transactions. The April 28, 2005 onsite examination revealed that Northshore
9 Grocery did not issue receipts to its check cashing customers. The March 6, 2007 onsite investigation revealed
10 again that Northshore Grocery was not issuing receipts to its check cashing customers.

11 **1.4 Failure to Comply with Recordkeeping Requirements:** The April 28, 2005 onsite examination
12 revealed the following violations:

13 A. Northshore Grocery did not have an adequate audit trail between individual transactions, the
14 check deposited transactions, the reconciliation, and the bank statement;

15 B. Northshore Grocery did not provide a daily cash-balance information sheet, clearly identifying
16 beginning cash, daily transactions, and ending cash; and

17 C. Northshore Grocery did not have a policy (written or otherwise) in place incorporating the
18 policies, procedures, and internal controls reasonably designed to assure compliance with the Anti-Money
19 Laundering regulations.

20 The March 6, 2007 onsite investigation revealed the same onsite examination violations as the April 28,
21 2005 examination violations identified in this paragraph.

22 **1.5 Providing False Information to the Director:** On December 2, 2005, the Department received a letter
23 dated November 22, 2005 from Northshore Grocery's president, stating that Northshore Grocery had taken
24 measures to correct the violations identified during the April 28, 2005 onsite examination and were also issuing
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1 receipts for its check cashing and selling transactions. However, the March 6, 2007 onsite investigation revealed
2 that Northshore Grocery was still not issuing receipts to its check cashing customers as it had alleged.

3 **II. GROUNDS FOR ENTRY OF ORDER**

4 **2.1 Requirement to Provide Receipts.** Based on the Factual Allegations set forth in Section I above,
5 Respondents are in apparent violation of RCW 31.45.060(1) for failing to provide customers with receipts for
6 check cashing and selling transactions.

7 **2.2 Requirement to Maintain Business Books and Records.** Based on the Factual Allegations set forth
8 in Section I above, Respondents are in apparent violation of RCW 31.45.060(2), WAC 208-630-610, and WAC
9 208-630-730 for not having an adequate audit trail between individual transactions, the check deposited
10 transactions, the reconciliation, and the bank statement; a daily cash-balance information sheet, clearly identifying
11 beginning cash, daily transactions, and ending cash; and a policy (written or otherwise) in place incorporating the
12 policies, procedures, and internal controls reasonably designed to assure compliance with the Anti-Money
13 Laundering regulations.

14 **2.3 Requirement to Provide Truthful Information to the Director.** Based on the Factual Allegations set
15 forth in Section I above, Respondents are in apparent violation of RCW 31.45.110(1)(h) and RCW
16 31.45.110(1)(l) for failing to provide truthful information to the Director.

17 **III. AUTHORITY TO IMPOSE SANCTIONS**

18 **3.1 Authority to Revoke License.** Pursuant to RCW 31.45.110(2)(a), the Director may revoke a license if
19 a licensee is violating or has violated the Act including rules and orders, or commits any act or engages in
20 conduct that demonstrates incompetence or untrustworthiness, or is a source of injury or loss to the public.

21 **3.2 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a fine, not to
22 exceed \$100 per day for each day's violation of the Act, on any licensee or applicant, or any director, officer,
23 sole proprietor, partner, controlling person, or employee of a licensee or applicant, that is violating or has
24 violated the Act, including rules and orders, or commits any act or engages in conduct that demonstrates
25 incompetence or untrustworthiness, or is a source of injury or loss to the public.

1 **3.3 Authority to Remove and Ban from the Industry.** Pursuant to RCW 31.45.110(2)(e), the Director
2 may remove from office or ban from participation in the conduct of the affairs of any licensee, director, officer,
3 sole proprietor, partner, controlling person, or employee of a licensee that is violating or has violated the Act,
4 including rules and orders, or commits any act or engages in conduct that demonstrates incompetence or
5 untrustworthiness, or is a source of injury or loss to the public.

6 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW 31.45.100, WAC 208-
7 630-320, WAC 208-630-020, WAC 208-630-350 and WAC 208-630-430, the Director shall collect from the
8 licensee the actual cost of an examination or investigation of the business, books, accounts, records, files, or other
9 information of a licensee or person who the Director has reason to believe is engaging in the business governed by
10 the Act. The investigation charge will be calculated at the rate of \$69.01 per hour that each staff person devoted to
11 the investigation, plus actual expenses.

12 **IV. NOTICE OF INTENTION TO ENTER ORDER**

13 Respondents' violations of the provisions of chapter 31.45 RCW and chapter 208-630 WAC, as set forth in
14 the above Factual Allegations and Grounds for Entry of Order and Authority to Impose Sanctions, constitute a basis
15 for the entry of an Order under RCW 31.45.110 and RCW 31.45.200. Therefore, it is the Director's intention to
16 **ORDER that:**

- 17 **4.1** Respondent Northshore Grocery Inc's license to conduct the business of a check seller check casher with
18 a small loan endorsement be revoked; and
- 19 **4.2** Respondent Northshore Grocery Inc. be banned from participation in the conduct of the affairs of any
20 check casher or check casher with a small loan endorsement or check seller subject to licensure by the
21 Director, in any manner, for a period of Five (5) years; and
- 22 **4.3** Respondent Sae Youp Lee be banned from participation in the conduct of the affairs of any check casher or
23 check casher with a small loan endorsement or check seller subject to licensure by the Director, in any
24 manner, for a period of Five (5) years; and
- 25 **4.4** Respondents Northshore Grocery Inc. and Sae Youp Lee jointly and severally pay a fine of \$25,000;
- 4.5** Respondents Northshore Grocery Inc. and Sae Youp Lee jointly and severally pay an investigation fee in
the amount of \$1380.20, calculated at \$69.01 per hour for the 20 staff hours devoted to the investigation.

V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Ban from Industry, Impose Fine and Collect Investigation Fee (Statement of Charges) is entered pursuant to the provisions of RCW 31.45.110 and RCW 31.45.200, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

Dated this 16th day of August, 2007.



[Redacted signature]

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

[Redacted signature]

CHARLES E. WOODE
Financial Legal Examiner

Approved by:

[Redacted signature]

JAMES R. BRUSSELBACK
Enforcement Chief