

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

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

IN THE MATTER OF DETERMINING:
Whether there has been a violation of the
Consumer Loan Act of Washington by:

No.: C-10-173-11-FO02

JOURNEY FINANCIAL, INC.,

FINAL ORDER

Respondent.

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director), through his designee, Consumer Services Division Director Deborah Bortner (Director's designee), pursuant to RCW 34.05.440(1). On March 30, 2011, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, Impose Fine, Order Restitution, Collect 2009 Annual Assessment Fee, Collect 2010 Examination Fee, and Collect Investigation Fee (Statement of Charges) against Journey Financial, Inc. (Respondent). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated March 31, 2011, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for Respondent (collectively, accompanying documents).

On April 20, 2011, the Department served Respondent with the Statement of Charges and accompanying documents, sent by First-Class mail and Federal Express overnight delivery. On April 21, 2011, the documents sent via Federal Express overnight delivery were delivered. The documents sent via First-Class mail were not returned to the Department by the United States Postal Service as undeliverable.

1 Respondent did not request an adjudicative hearing within 20 calendar days after the Department
2 served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for in WAC 208-
3 08-050(2).

4 B. Record Presented. The record presented to the Director's designee for her review and
5 for entry of a final decision included the Statement of Charges, cover letter dated March 31, 2011,
6 Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative
7 Hearing for Respondent, with documentation for service.

8 C. Factual Findings and Grounds for Order. Pursuant to RCW 34.05.440(1), the
9 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

10 II. FINAL ORDER

11 Based upon the foregoing, and the Director's designee having considered the record and being
12 otherwise fully advised, NOW, THEREFORE:

13 A. IT IS HEREBY ORDERED, That:

- 14 1. Respondent Journey Financial, Inc.'s license to conduct business of a Consumer
15 Lender is revoked.
- 16 2. Respondent Journey Financial, Inc. is prohibited from participation in the conduct
17 of the affairs of any licensed consumer lender, in any manner, for a period of five
18 years.
- 19 3. Respondent Journey Financial, Inc. shall pay a fine of \$20,000.
- 20 4. Respondent Journey Financial, Inc. shall pay \$5,194.65 in restitution to the
21 borrowers identified in Appendix A of this Final Order.
- 22 5. Respondent Journey Financial, Inc. shall pay an annual assessment of \$2,760.13
23 for 2009.
- 24 6. Respondent Journey Financial, Inc. shall pay a \$2,800 penalty for filing its 2009
Consolidated Annual Report and 2009 Annual Assessment Report late.
7. Respondent Journey Financial, Inc. shall pay an examination fee totaling
\$11,149.21, which includes the examination fee of \$9,729.00 and accrued interest

1 of \$1,420.21 through May 31, 2011. Interest shall continue to accrue at the rate of
2 12% per annum.

3 8. Respondent Journey Financial, Inc. shall pay an investigation fee of \$1,380.

4 9. Respondent Journey Financial, Inc., its officers, employees, and agents shall
5 maintain records in compliance with chapter 31.04 RCW, the Consumer Loan Act
6 (Act) and provide the Director with the location of the books, records, and other
7 information relating to Respondent's Consumer Loan business, and the name,
8 address, and telephone number of the individual responsible for maintenance of
9 such records in compliance with the Act.

10 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a
11 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
12 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
13 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
14 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
15 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
16 Reconsideration a prerequisite for seeking judicial review in this matter.

17 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the
18 date the petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a
19 written notice specifying the date by which it will act on a petition.

20 C. Stay of Order. The Director's designee has determined not to consider a Petition to
21 Stay the effectiveness of this order. Any such requests should be made in connection with a Petition
22 for Judicial Review made under chapter 34.05 RCW and RCW 34.05.550.

23 D. Judicial Review. Respondent has the right to petition the superior court for judicial
24 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for
filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

1 E. Non-compliance with Order. If you do not comply with the terms of this order, the
2 Department may seek its enforcement by the Office of the Attorney General to include the collection
3 of the fine, assessment, late penalty, fees, and restitution imposed herein. The Department also may
4 assign the amounts owed to a collection agency for collection.

5 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial
6 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service
7 attached hereto.

8 DATED this 14th day of June, 2011



11 STATE OF WASHINGTON
12 DEPARTMENT OF FINANCIAL INSTITUTIONS

13 

14 DEBORAH BORTNER
15 Director
16 Division of Consumer Services

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

RESTITUTION SCHEDULE

Borrower	Reference Number	Amount Due
P.G.	JFC0909599	\$1,949.65
M.H.	JFT0906125	\$ 596.00
R.W.	JFT0907196	\$2,650.00
TOTAL		\$5,194.65

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Consumer Loan Act of Washington by:

JOURNEY FINANCIAL, INC.,

Respondent.

NO. C-10-173-11-SC02

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE,
PROHIBIT FROM INDUSTRY, IMPOSE
FINE, ORDER RESTITUTION, COLLECT
2009 ANNUAL ASSESSMENT FEE,
COLLECT 2010 EXAMINATION FEE, AND
COLLECT INVESTIGATION FEE

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act). After having conducted an investigation pursuant to RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the Director, through his designee Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent. Journey Financial, Inc. (Respondent) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a Consumer Loan Company on May 4, 2010, and continues to be licensed to date. Respondent is licensed to conduct business from one location at 1102 Broadway, Suite 201, Tacoma, Washington.

1 **1.2 Examination.** Between about January 11, 2010, and January 22, 2010, the Department
2 examined Respondent's loan portfolio and business practices under the Act for the time period of May
3 4, 2010, through December 31, 2009. The Department reviewed 24 loan files.

4 **1.3 Failure to Pay Examination Fee.** On or about February 11, 2010, the Department sent
5 Respondent an invoice for the above-referenced examination in the amount of \$9,729. Respondent
6 was notified that full payment was due on or before March 13, 2010. To date, Respondent has not
7 paid the invoice, which continues to accrue interest at 12% per annum.

8 **1.4 Failure to Disclose Yield Spread Premium.** In one loan, Respondent did not disclose on the
9 Good Faith Estimate or before closing that it was receiving a Yield Spread Premium of \$1,949.65.

10 **1.5 Failure to Complete Documents for Borrower Signature.** In five loans, Respondent
11 prepared and presented to a borrower for signature one or more documents which had blanks and were
12 not completely filled out.

13 **1.6 Charging Discount Points Without Lowering the Interest Rate.** In two loans, Respondent
14 charged discount points which did not lower the borrower's interest rate.

15 **1.7 Failure to Maintain Surety Bond.** Respondent's surety bond was cancelled effective April 1,
16 2010. Respondent did not obtain a replacement bond until June 9, 2010. During this period of time,
17 Respondent processed at least six residential mortgage loans.

18 **1.8 Failure to Timely File 2009 Annual Reports.** Respondent's 2009 Annual Reports were due
19 no later than March 1, 2010. Respondent did not file its 2009 Annual Reports until March 29, 2010.

20 **1.9 Failure to Pay 2009 Annual Assessment.** Respondent's 2009 Annual Assessment Fee of
21 \$2,760.13 was due on or before March 1, 2010. To date, Respondent has not paid the Annual
22 Assessment Fee.

1 **1.8 On-Going Investigation.** The Department's investigation into the alleged violations of the
2 Act by Respondent continues to date.

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

4 **2.1 Requirement to Pay Examination Fee.** Based on the Factual Allegations set forth in Section
5 I above, Respondent is in apparent violation of RCW 31.04.145(3) and WAC 208-620-590(3) for
6 failure to pay the examination fee within 30 days of invoice.

7 **2.2 Requirement to Disclose Yield Spread Premium.** Based on the Factual Allegations set
8 forth in Section I above, Respondent is in apparent violation of RCW 31.04.027(2), (3), and (7) and
9 WAC 208-620-565(2) for failing to disclose the Yield Spread Premium in the Good Faith Estimate.

10 **2.3 Requirement to Complete Documents for Borrower Signature.** Based on the Factual
11 Allegations set forth in Section I above, Respondent is in apparent violation of RCW 31.04.027(2) and
12 WAC208-620-550(7) by leaving blanks on a document that is signed by a borrower or providing the
13 borrower with documents with blanks.

14 **2.4 Prohibition Against Charging Discount Points Without Lowering the Interest Rate.**
15 Based on the Factual Allegations set forth in Section I above, Respondent is in apparent violation of
16 RCW 31.04.027(2) and (3) and WAC 208-620-560(5)(a) for charging loan discount fees without the
17 fees lowering the interest rate.

18 **2.5 Requirement to Maintain Adequate Surety Bond.** Based on the Factual Allegations set
19 forth in Section I above, Respondent is in apparent violation of RCW 31.04.045(6) for failure to
20 maintain a surety bond.

21 **2.7 Requirement to Timely File 2009 Annual Reports.** Based on the Factual Allegations set
22 forth in Section I above, Respondent is in apparent violation of WAC 208-620-430 for failing to
23 timely file its 2009 Annual Reports.

1 **2.8 Requirement to Pay 2009 Annual Assessment Fee.** Based on the Factual Allegations set
2 forth in Section I above, Respondent is in apparent violation of RCW 31.04.085, WAC 208-620-430,
3 and WAC 208-620-440 for failing to pay its 2009 Annual Assessment Fee.

4 **2.9 Requirement to Maintain Adequate Records.** Based on the Factual Allegations set forth in
5 Section I above, Respondent is in apparent violation of RCW 31.04.155 for failing to maintain
6 sufficient records to enable the Director to determine whether the licensee is complying with the Act.

7 **III. AUTHORITY TO IMPOSE SANCTIONS**

8 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3)(a) and (b), the Director may
9 revoke a license for failure to pay any fee due to the state of Washington, failure to maintain the
10 required surety bond, or violating any provision of the Act or the rules adopted thereunder.

11 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6)(e), the Director
12 may issue an order prohibiting from participation in the affairs of any licensee, any officer, principal,
13 employee, or any other person subject to the Act for any violation of RCW 31.04.027.

14 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4)(a), the Director may impose fines of
15 up to one hundred dollars per day upon the licensee, its employee, or any other person subject to the
16 Act for any violation of the Act.

17 **3.4 Authority to Order Restitution.** Pursuant to RCW 31.04.093(5), the Director may issue an
18 order directing a licensee, its employee, or any other person subject to the Act to make restitution to a
19 borrower or other person who is damaged as a result of a violation of the Act.

20 **3.5 Authority to Collect Annual Assessment Fees and Late Penalties.** Pursuant to RCW
21 31.04.085, WAC 208-620-430, and WAC 208-620-440, the Director may collect Annual Assessment
22 Fees and late penalties of up to one hundred dollars per day from the licensee, its employee, or any
23 other person subject to the Act.

1 **3.6 Authority to Charge Examination Fee and Investigation Fee.** Pursuant to RCW

2 31.04.145(3) and WAC 208-620-590, every licensee examined or investigated by the Director or the
3 Director's designee shall pay for the cost of the examination or investigation, calculated at the rate of
4 \$69.01 per staff hour devoted to the examination or investigation.

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

6 Respondent's violations of the provisions of chapter 31.04 RCW and chapter 208-620 WAC, as
7 set forth in the above Factual Allegations, Grounds for Entry of Order, and Authority to Impose
8 Sanctions, constitute a basis for the entry of an Order under RCW 31.04.093, RCW 31.04.165, and RCW
9 31.04.205. Therefore, it is the Director's intention to ORDER that:

- 10 **4.1** Respondent Journey Financial, Inc.'s license to conduct business as a consumer lender be
11 revoked;
- 12 **4.2** Respondent Journey Financial, Inc. be prohibited from participation in the conduct of the
13 affairs of any licensed consumer loan company, in any manner, for a period of five years;
- 14 **4.3** Respondent Journey Financial, Inc. pay a fine which as of the date of these charges totals
15 \$20,000;
- 16 **4.4** Respondent Journey Financial, Inc. pay restitution in the aggregate amount of \$5,194.65 to
17 those borrowers set forth in Appendix A;
- 18 **4.5** Respondent Journey Financial, Inc. pay the costs of the 2010 examination in the amount of
19 \$10,854.93, consisting of an examination fee of \$9,729 calculated at \$69 per hour for 141 staff
20 hours devoted to the examination and \$1,225.93 for interest accrued to date, plus any
21 additional interest accruing through the date of actual payment;
- 22 **4.6** Respondent Journey Financial pay \$5,560.13 for the past due 2009 Annual Assessment and
23 associated late penalty;
- 24 **4.7** Respondent Journey Financial, Inc. pay an investigation fee which as of the date of these
25 charges totals \$1,380 calculated at \$69 per hour for 20 staff hours devoted to the investigation
to date; and
- 4.8** Respondent Journey Financial, Inc. maintain records in compliance with the Act and provide
the Director with the location of the books, records, and other information relating to
Respondent's consumer loan company business, and the name, address, and telephone

1 number of the individual responsible for maintenance of such records in compliance with the
2 Act.

3 **V. AUTHORITY AND PROCEDURE**

4 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License,
5 Prohibit from Industry, Impose Fine, Order Restitution, Collect 2009 Annual Assessment Fee, Collect
6 Examination Fee, and Collect Investigation Fee (Statement of Charges) is entered pursuant to the
7 provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW 31.04.205, and is subject
8 to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may make
9 a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
10 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

11 Dated this 30th day of March, 2011.

12 

13 DEBORAH BORTNER
14 Director
15 Division of Consumer Services
16 Department of Financial Institutions



16 Presented by:

17 

18 STEVEN C. SHERMAN
19 Financial Legal Examiner

20 Approved by:

21 
22 JAMES R. BRUSSELBACK
23 Enforcement Chief

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

RESTITUTION SCHEDULE

Borrower	Reference Number	Amount Due
P.G.	JFC0909599	\$1,949.65
M.H.	JFT0906125	\$ 596.00
R.W.	JFT0907196	\$2,650.00
TOTAL		\$5,194.65