

Terms Completed

ORDER SUMMARY – Case Number: C-10-402

Name(s): Payday Loans of America dba The Cash Line

Order Number: C-10-402-11-CO01

Effective Date: August 2, 2011

License Number: n/a

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)

License Effect: n/a
If applicable, you must specifically note the ending dates of terms.

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: _____

Investigation Costs	\$1,725.25	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Fine	\$54,700	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$20,034.71	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:		42		

Comments: _____

RECEIVED

JUL 29 2011

ENFORCEMENT UNIT
DIVISION OF CONSUMER SERVICES
DEPT OF FINANCIAL INSTITUTIONS

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 Check Sellers Act
of Washington by:

No. C-10-402-11-CO01

CONSENT ORDER

PAYDAY LOANS OF AMERICA
a/k/a THE CASH LINE,

Respondent.

COMES NOW the Director of the Department of Financial Institutions (Director), through his designee Deborah Bortner, Division Director, Division of Consumer Services, and Payday Loans of America a/k/a The Cash Line (Respondent), by and through its attorney, Lisa Jose Fales of Venable LLP, and finding that the issues raised in the above-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 the Revised Code of Washington (RCW), the Check Cashers and Sellers Act, based on the following:

AGREEMENT AND ORDER

The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-10-402-10-SC01 (Statement of Charges), entered January 25, 2011, (copy attached hereto). Pursuant to chapter 31.45 RCW, the (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees to the Department's entry of this Consent Order and further agrees 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.

Based upon the foregoing:

CONSENT ORDER
PAYDAY LOANS OF AMERICA A/K/A THE CASH LINE
C-10-402-11-CO01

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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

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

3 B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a
4 hearing before an administrative law judge, and hereby waives its right to a hearing and any and all
5 administrative and judicial review of the issues raised in this matter, or of the resolution reached
6 herein. Accordingly, Respondent, by the signature of its authorized representative below, withdraws
7 its appeal to the Office of Administrative Hearings.

8 C. **No Admission of Liability.** The parties intend this Consent Order to fully resolve the
9 Statement of Charges and agree that Respondent neither admits nor denies any of the allegations
10 contained in the Statement of Charges.

11 D. **Agreement to Not Conduct Business with Washington Individuals or Washington**
12 **Residents.** It is AGREED that Respondent shall not conduct the business of a Check Casher or
13 Check Seller with a Small Loan Endorsement with respect to any individual located in the state of
14 Washington or individual asserting Washington residency without first obtaining any required
15 licenses from the Department. Respondent further agrees that any loans it previously made to any
16 individual located in the state of Washington at the time the loan was made or asserting Washington
17 residency are not enforceable or collectable. Respondent further agrees that it will not collect or
18 attempt to collect outstanding loans that have been made to any individual located in the state of
19 Washington at the time the loan was made or asserting Washington residency at the time the loan was
20 made.

21 E. **Fine.** It is AGREED that Respondent shall pay a fine to the Department in the amount of
22 \$54,700 in the form of a cashier's check made payable to the "Washington State Treasurer" upon
23 entry of this Consent Order.

1 **F. Restitution.** It is AGREED that Respondent will pay restitution totaling \$20,034.71 to
2 the borrowers listed on the Schedule of Restitution. Prior to the entry of this Consent Order, the total
3 restitution amount will be deposited into the trust account of an escrow company licensed by the
4 Department, with which the Respondent has no current or previous business, personal, or financial
5 interests, for distribution to the specific borrowers. Respondent will also provide the Department
6 with the identity of the escrow company and will provide proof to the Department that the funds have
7 been deposited, both prior to the entry of this Consent Order. Such proof will include a copy of a
8 cashier's check in the amount of \$20,034.71 made payable to the escrow company's trust account and
9 a representation from the escrow company's designated escrow officer that the funds have been
10 deposited. Following the deposit of said funds into the escrow company's trust account, Respondent
11 will not be permitted to receive any portion of the \$20,034.71. Respondent will instruct the escrow
12 company to mail restitution checks to the specified borrowers at their last known address within 21
13 days of entry of this Consent Order. In the event that a borrower cannot be found or any restitution
14 checks are not cashed within 60 days of issuance, Respondent will instruct the escrow company to
15 submit such funds to the Washington State Department of Revenue (Department of Revenue) as
16 unclaimed property on behalf of the specified borrower(s), subject to the rules and regulations of the
17 Unclaimed Property Section of the Department of Revenue within 120 days of entry of the Consent
18 Order. Respondent will bear the cost of all related expenses such as escrow fees, costs of mailing,
19 and stop payment fees on outstanding checks that are not returned or cashed. Within 130 days of
20 entry of this Consent Order, Respondent will provide the Department with proof of all payments in
21 the form of copies of the front and back of cancelled restitution checks and any checks to the
22 Department of Revenue, and a copy of any unclaimed property forms submitted to the Department of
23 Revenue.

1 **G. Rights of Non-Parties.** It is AGREED that the Department does not represent or have the
2 consent of any person or entity not a party to this Consent Order to take any action concerning their
3 personal legal rights. It is further AGREED that for any person or entity not a party to this Consent
4 Order, this Consent Order does not limit or create any private rights or remedies against Respondent,
5 limit or create liability of Respondent, or limit or create defenses of Respondent to any claims.

6 **H. Investigation Fee.** It is AGREED that Respondent shall pay to the Department an
7 investigation fee of \$1,725.25 in the form of a cashier's check made payable to the "Washington
8 State Treasurer," upon entry of this Consent Order. Respondent may pay both the fine and fee
9 together in one cashier's check in the amount of \$56,425.25.

10 **I. Future Application.** It is AGREED that before Respondent operates as a Check Casher
11 or Check Seller with a Small Loan Endorsement in the state of Washington, it shall apply for and
12 receive a license as required under chapter 31.45 RCW. It is further AGREED that the conduct
13 giving rise to the Statement of Charges will not be used by the Department in assessing a future
14 license application by the Respondent.

15 **J. Records Retention.** It is AGREED that Respondent, its officers, employees, and agents
16 shall maintain records in compliance with the Act and prior to the entry of this Consent Order provide
17 the Director with the location of the books, records, and other information relating to Respondent's
18 check casher or seller business, and the name, address and telephone number of the individual
19 responsible for maintenance of such records in compliance with the Act.

20 **K. Authority to Execute Order.** It is AGREED that the undersigned have represented and
21 warranted that they have the full power and right to execute this Consent Order on behalf of the
22 parties represented.

1 **L. Non-Compliance with Order.** It is AGREED that Respondent understands that failure to
2 abide by the terms and conditions of this Consent Order may result in further legal action by the
3 Director. In the event of such legal action, Respondent may be responsible to reimburse the Director
4 for the cost incurred in pursuing such action, including but not limited to, attorney fees.

5 **M. Voluntarily Entered.** It is AGREED that the undersigned Respondent has voluntarily
6 entered into this Consent Order, which is effective when signed by the Director's designee.

7 **N. Completely Read, Understood, and Agreed.** It is AGREED that Respondent has read
8 this Consent Order in its entirety and fully understands and agrees to all of the same.

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1 **RESPONDENT:**

2 **Payday Loans of America a/k/a The Cash Line**

3 By:

[Redacted signature]

4 Brad Welch
CEO

7/26/11
Date

5 [Redacted signature]

6 Lisa Jose Fales
Attorney for Respondent
7 Venable LLP

7/28/11
Date

8 DO NOT WRITE BELOW THIS LINE

9 THIS ORDER ENTERED THIS 2nd DAY OF August, 2011



[Redacted signature]

11 DEBORAH BORTNER
12 Director
13 Division of Consumer Services
14 Department of Financial Institutions

15 Presented by:

16 [Redacted signature]

17 WILMA M. COLWELL
18 Financial Examiner

19 Approved by:

20 [Redacted signature]

21 JAMES R. BRUSSELBACK
Enforcement Chief

RESTITUTION SCHEDULE

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1.	T.B.	\$ 1,207.50
2.	N.B.	\$ 90.00
3.	S.B.	\$ 532.50
4.	B.B.	\$ 1,072.50
5.	J.B.	\$ 345.00
6.	T.B.	\$ 442.50
7.	R.D.	\$ 180.00
8.	A.D.	\$ 90.00
9.	T.H.	\$ 270.00
10.	L.H.	\$ 1,290.00
11.	R.H.	\$ 350.00
12.	D.H.	\$ 697.50
13.	W.H.	\$ 780.00
14.	E.H.	\$ 180.00
15.	C.L.	\$ 180.00
16.	W.L.	\$ 969.71
17.	K.L.	\$ 270.00
18.	S.M.	\$ 82.50
19.	B.M.	\$ 450.00
20.	R.Mc.	\$ 740.00
21.	R.M.	\$ 1,102.50
22.	H.N.	\$ 615.00
23.	R.N.	\$ 725.00
24.	W.P.	\$ 480.00
25.	D.P.	\$ 727.50
26.	S.R.	\$ 50.00
27.	A.R.	\$ 105.00
28.	A. Ro.	\$ 450.00
29.	J.R.	\$ 90.00
30.	A.S.	\$ 420.00
31.	T.S.	\$ 690.00
32.	R.S.	\$ 90.00
33.	S.T.	\$ 493.75
34.	L.T.	\$ 862.50
35.	C.T.	\$ 360.00
36.	H.V.	\$ 120.00
37.	C.V.	\$ 180.00
38.	E.W.	\$ 592.50
39.	G.W.	\$ 45.00
40.	S.W.	\$ 393.75
41.	B.Wi.	\$ 450.00
42.	B.Wr.	<u>\$ 772.50</u>
		\$20,034.71

1 STATE OF WASHINGTON
2 DEPARTMENT OF FINANCIAL INSTITUTIONS
3 DIVISION OF CONSUMER SERVICES

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

7 PAYDAY LOANS OF AMERICA a/k/a THE
8 CASH LINE,

9 Respondent.

NO. C-10-402-10-SC01

STATEMENT OF CHARGES and NOTICE OF
INTENTION TO ENTER AN ORDER TO CEASE
AND DESIST, BAN FROM INDUSTRY, IMPOSE
FINE, ORDER RESTITUTION, AND COLLECT
INVESTIGATION FEE

10 INTRODUCTION

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

15 I. FACTUAL ALLEGATIONS

16 1.1 **Respondent Payday Loans of America a/ka/ The Cash Line** (Respondent) has never applied for a
17 license with the Department. Respondent is not registered with the Washington State Secretary of State or the
18 Washington State Department of Revenue.

19 1.2 **Unlicensed Activity.** Respondent has engaged in the business of making at least 51 small loans to
20 persons in Washington from at least October 1, 2008, through April 1, 2010. To date, the Department has not
21 issued a license to the Respondent to conduct the business of a check casher with a small loan endorsement and
22 a check seller.

23 1.3 **Failure to Obtain and Maintain Bond.** For at least the period beginning October 1, 2008, through
24 April 1, 2010, Respondent has not had the statutorily required surety bond to engage in the business of selling
25 checks and making small loans. To date, Respondent has not obtained and maintained a bond as required by the
Act.

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

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

2 **2.1 Definition of Check Casher.** Pursuant to RCW 31.45.010(5), a “Check Casher” is defined as an
3 individual, partnership, unincorporated association, or corporation that, for compensation, engages, in whole or
4 in part, in the business of cashing checks, drafts, money orders, or other commercial paper serving the same
5 purpose:

6 **2.2 Definition of Licensee.** Pursuant to RCW 31.45.010(12), a “Licensee” is defined as a check casher or
7 seller licensed by the director to engage in business in accordance with the Act. For the purpose of the
8 enforcement powers of the Act, including the power to issue cease and desist orders under RCW 31.45.110,
9 “licensee” also means a check casher or seller who fails to obtain the license required by the Act.

10 **2.3 Definition of Small Loan.** Pursuant to RCW 31.45.010(19), a “Small Loan” is defined as a loan up to
11 the maximum amount and for a period of time up to the maximum term specified in RCW 31.45.073.

12 **2.4 Requirement to Obtain a Check Casher and Seller License.** Based on the Factual Allegations set
13 forth in Section I above, Respondent is in apparent violation of RCW 31.45.030(1) for engaging in the business
14 of a check casher and seller without first obtaining a license from the Director.

15 **2.5 Requirement to Obtain a Small Loan Endorsement.** Based on the Factual Allegations set forth in
16 Section I above, Respondent is in apparent violation of RCW 31.45.070 and RCW 31.45.073 for engaging in
17 the business of making small loans without first obtaining a small loan endorsement from the Director.

18 **2.6 Requirement to Maintain Surety Bond.** Based on the Factual Allegations set forth in Section I
19 above, Respondent is in apparent violation of RCW 31.45.030(5) and WAC 208-630-030 for failing to file and
20 maintain a surety bond or approved alternative with the Department.

21 **III. AUTHORITY TO IMPOSE SANCTIONS**

22 **3.1 Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.110(2)(b), the Director may
23 order a licensee to cease and desist from practices in violation of the Act or practices that constitute unsafe and
24 unsound financial practices in the sale of checks.

25 **3.2 Authority to Remove or Ban from the Industry.** Pursuant to RCW 31.45.110(2)(e), the Director may
remove from office or ban from participation in the conduct of the affairs of any licensee any director, officer,

1 sole proprietor, partner, controlling person, or employee of a licensee that is violating or has violated the Act
2 including rules and orders, or commits any act or engages in conduct that demonstrates incompetence or
3 untrustworthiness, or is a source of injury or loss to the public.

4 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a fine, not to
5 exceed one hundred dollars per day for each day's violation of the Act, on any licensee or applicant, or any
6 director, officer, sole proprietor, partner, controlling person, or employee of a licensee or applicant, that is
7 violating or has violated the Act including rules and orders, or commits any act or engages in conduct that
8 demonstrates incompetence or untrustworthiness, or is a source of injury or loss to the public.

9 **3.4 Authority to Order Restitution.** Pursuant to RCW 31.45.110(2)(d), the Director may order restitution
10 to borrowers damaged by the licensee's violation of this chapter.

11 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW 31.45.100, WAC 208-
12 630-015, WAC 208-630-020, WAC 208-630-023 and WAC 208-630-02303, the Director shall collect from the
13 licensee the actual cost of an examination or investigation of the business, books, accounts, records, files, or other
14 information of a licensee or person who the Director has reason to believe is engaging in the business governed by
15 the Act. The investigation charge will be calculated at the rate of sixty-nine dollars and one cent (\$69.01) per hour
16 that each staff person devoted to the investigation, plus actual expenses.

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

18 Respondent's violations of the provisions of chapter 31.45 RCW and chapter 208-630 WAC, as set forth in
19 the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under
20 RCW 31.45.110 and RCW 31.45.200. Therefore, it is the Director's intention to ORDER that:

- 21 **4.1** Respondent Payday Loans of America a/k/a The Cash Line immediately cease and desist conducting the
22 business of a Check Casher or Check Seller with a Small Loan Endorsement;
- 23 **4.2** Respondent Payday Loans of America a/k/a The Cash Line be banned from participation in the conduct of
24 the affairs of any check casher or check casher with a small loan endorsement or check seller subject to
25 licensure by the Director, in any manner, for a period of 5 years;
- 4.3** Respondent Payday Loans of America a/k/a The Cash Line pay a fine which as of the date of these charges
totals \$153,000;
- 4.4** Respondent Payday Loans of America a/k/a The Cash Line pay restitution to all Washington borrowers;

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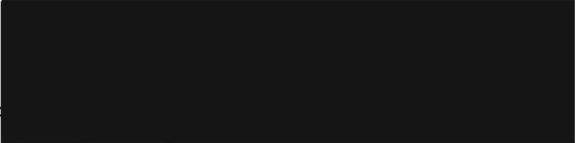
4.5 Respondent Payday Loans of America a/k/a The Cash Line pay an investigation fee which as of the date of these charges totals \$1,725.25, calculated at \$69.01 per hour for the 25 staff hours devoted to the investigation; and

4.6 Respondent Payday Loans of America a/k/a The Cash Line maintain records in compliance with the Act and provide the Department with the location of the books, records and other information relating to Respondent Payday Loans of America a/k/a The Cash Line's check casher and seller business, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Ban from Industry, Impose Fine, Order Restitution, 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). Respondent 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 25th day of January, 2011.



DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

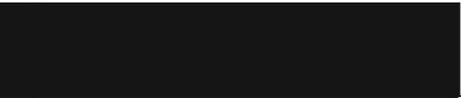
Presented by:



WILLIAM HALSTEAD
Financial Legal Examiner



Approved by:



JAMES R. BRUSSELBACK
Enforcement Chief