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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-13-1319-14-SC01

LONGBOAT GROUP, LLC d/b/a CUTTER
GROUP;
ST. ARMANDS GROUP, LLC;
VANDELIER GROUP, LLC;
ANASAZI GROUP, LLC;
FRAMPTON T. ROWLAND, III a/k/a TED
ROWLAND, Managing Member and Co-
Owner;
DNA INVESTMENTS, LLC, Majority Owner;
and
DAVID HARBOUR, Managing Member and
Owner (of DNA INVESTMENTS, LLC),

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

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 31.45.100, and based upon the facts available as of February 11, 2014, the Director, through his designee, Division of Consumer Services Director Deborah Bortner, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Longboat Group, LLC d/b/a Cutter Group (Cutter) is a Delaware Limited Liability Company with its principal place of business believed to be located at 7301 Mission Road,

1 Suite 318, Prairie Village, Kansas 66208. Respondent Cutter has never obtained a license in
2 accordance with the Act to make loans.

3 **B. St. Armands Group, LLC (St. Armands)** is a Delaware Limited Liability Company
4 with its principal place of business believed to be located at 7301 Mission Road, Suite 318, Prairie
5 Village, Kansas 66208. Respondent St. Armands has never obtained a license in accordance with the
6 Act to make loans.

7 **C. Vandelier Group, LLC (Vandelier)** is a Delaware Limited Liability Company with
8 its principal place of business believed to be located at 7301 Mission Road, Suite 318, Prairie Village,
9 Kansas 66208. Respondent Vandelier has never obtained a license in accordance with the Act to
10 make loans.

11 **D. Anasazi Group, LLC (Anasazi)** is a Delaware Limited Liability Company with its
12 principal place of business believed to be located at 7301 Mission Road, Suite 318, Prairie Village,
13 Kansas 66208. Respondent Anasazi has never obtained a license in accordance with the Act to make
14 loans.

15 **E. Frampton T. Rowland, III a/k/a Ted Rowland (Rowland)** is Managing Member
16 and 33.3% Owner of Respondents Cutter, St. Armands, Vandelier, and Anasazi.

17 **F. DNA Investments, LLC (DNA)** is a Delaware Limited Liability Company which is
18 66.7% Owner of Respondents Cutter, St. Armands, Vandelier, and Anasazi.

19 **G. David Harbour (Harbour)** is the Sole Managing Member and 100% Owner of
20 Respondent DNA.

21 **1.2 Unlicensed Activity.** For at least the period from August 2011 through November 2012,
22 Respondents have conducted business by providing loans to at least six consumers physically located
23 in Washington State without being licensed by the Department as a check casher and seller with a
24 small loan endorsement. The Department received from Washington consumers at least two

1 complaints about Respondent Cutter, at least two complaints about Respondent St. Armands, at least
2 four complaints about Respondent Vandelier, and at least two complaints about Respondent Anasazi.

3 **1.3 Failure to Disclose Terms of Small Loans to Borrowers.** Respondents have failed to
4 provide borrowers with statutorily required written agreements or written disclosures during the
5 course of making small loans. At least six Washington consumers stated they never received any
6 documents disclosing the terms of the loan from Respondents before money was deposited into their
7 bank account.

8 **1.4 Charging Interest on Small Loans in Excess of Statutory Maximum.** Respondents have
9 charged interest or fees in the aggregate exceeding 15% of the first \$500 of aggregated principal of
10 small loans outstanding at any one time. Respondents Cutter and Vandelier both charged at least one
11 Washington consumer 782.14% on a \$250 loan.

12 **1.5 Charging Fees on Delinquent Small Loans in Excess of Statutory Maximum.**
13 Respondents Cutter's and Vandelier's contracts state that the fee for a return by the consumer's
14 financial institution is \$30, plus all finance charges. This amount is in excess of a one-time fee of up
15 to \$25 as allowed by the Act.

16 **1.6 On-going Investigation.** The Department's investigation into the alleged violations of the
17 Act by Respondents continues to date.

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

19 **2.1 Definition of Check Casher.** Pursuant to RCW 31.45.010(5), a "Check Casher" is defined as
20 an individual, partnership, unincorporated association, or corporation that, for compensation,
21 engages, in whole or in part, in the business of cashing checks, drafts, money orders, or other
22 commercial paper serving the same purpose.

1 **2.2 Definition of Small Loan.** Pursuant to RCW 31.45.010(21), a “Small Loan” is defined as a
2 loan of up to the maximum amount and for a period of time up to the maximum term specified in
3 RCW 31.45.073.

4 **2.3 Definition of Licensee.** Pursuant to RCW 31.45.010(13), a “Licensee” means a check casher
5 or seller licensed by the director to engage in business in accordance with this chapter. “Licensee”
6 also means a check casher or seller, whether located within or outside of this state, who fails to obtain
7 the license or small loan endorsement required by this chapter.

8 **2.4 Requirement to Obtain a Check Casher and Seller License.** Based on the Factual
9 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.45.030(1)
10 for engaging in the business of a check casher and seller without first obtaining a license from the
11 Director.

12 **2.5 Requirement to Obtain a Small Loan Endorsement.** Based on the Factual Allegations set
13 forth in Section I above, Respondents are in apparent violation of RCW 31.45.070(1), RCW
14 31.45.073(1), and RCW 31.45.105(1)(a)-(d) for engaging in the business of making small loans
15 without first obtaining a small loan endorsement from the Director.

16 **2.6 Requirement to Provide Small Loan Disclosures.** Based on the Factual Allegations set
17 forth in Section I above, Respondents are in apparent violation of RCW 31.45.088(3), WAC 208-
18 630-490, and WAC 208-630-500 for failing to provide disclosures to small loan borrowers including
19 the terms of the small loan, the principal amount of the small loan, and the annual percentage rate
20 resulting from the fee or interest rate.

21 **2.7 Statutory Maximum Interest for Small Loans.** Based on the Factual Allegations set forth
22 in Section I above, Respondents are in apparent violation of RCW 31.45.073(5) and WAC 208-630-
23 466(1) for charging interest for small loans that exceeds in the aggregate 15% of the first \$500 of
24 principal.

1 **2.8 Statutory Maximum Fees on Delinquent Small Loans.** Based on the Factual Allegations
2 set forth in Section I above, Respondents are in apparent violation of RCW 31.45.082(1) for charging
3 fees on delinquent small loans in excess of a one-time fee as determined in rule by the director where
4 a borrower's check has been returned unpaid by the financial institution upon which it is drawn.
5 Pursuant to WAC 208-630-542, the allowable one-time fee where a borrower's check has been
6 returned unpaid by the financial institution upon which it is drawn is currently up to \$25.

7 **III. AUTHORITY TO IMPOSE SANCTIONS**

8 **3.1 Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.110(2)(b), the Director
9 may order a licensee to cease and desist from practices in violation of the Act or practices that
10 constitute unsafe and unsound financial practices.

11 **3.2 Authority to Ban from the Industry.** Pursuant to RCW 31.45.110(2)(e), the Director may
12 ban from participation in the conduct of the affairs of any licensee any director, officer, sole
13 proprietor, partner, controlling person, or employee of a licensee that is violating or has violated the
14 Act including rules.

15 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a
16 fine, not to exceed one hundred dollars per day for each day's violation of the Act, on any licensee or
17 applicant, or any director, officer, sole proprietor, partner, controlling person, or employee of a
18 licensee or applicant, that is violating or has violated the Act including rules.

19 **3.4 Authority to Order Restitution.** Pursuant to RCW 31.45.110(2)(d), the Director may order
20 restitution to borrowers damaged by the licensee's violation of this chapter.

21 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW 31.45.100,
22 WAC 208-630-360, WAC 208-630-370, and WAC 208-630-380, the Director shall collect from the
23 licensee the actual cost of an investigation of the business, books, accounts, records, files, or other
24 information of a licensee or person who the Director has reason to believe is engaging in the business

1 governed by the Act. The investigation charge will be calculated at the rate of \$69 per hour that each
2 staff person devoted to the investigation, plus actual expenses.

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

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

- 8 **4.1** Respondents Longboat Group, LLC d/b/a Cutter Group, St. Armands Group, LLC,
9 Vandelier Group, LLC, Anasazi Group, LLC, Frampton T. Rowland, III a/k/a Ted
10 Rowland, DNA Investments, LLC, and David Harbour cease and desist from offering
11 or making small loans to Washington State residents;
- 12 **4.2** Respondents Longboat Group, LLC d/b/a Cutter Group, St. Armands Group, LLC,
13 Vandelier Group, LLC, Anasazi Group, LLC, Frampton T. Rowland, III a/k/a Ted
14 Rowland, DNA Investments, LLC, and David Harbour be banned from participation
15 in the conduct of the affairs of any check casher or check casher with a small loan
16 endorsement or check seller subject to licensure by the Director, in any manner, for a
17 period of five (5) years;
- 18 **4.3** Respondents Longboat Group, LLC d/b/a Cutter Group, St. Armands Group, LLC,
19 Vandelier Group, LLC, Anasazi Group, LLC, Frampton T. Rowland, III a/k/a Ted
20 Rowland, DNA Investments, LLC, and David Harbour jointly and severally pay a
21 fine, which as of the date of this Statement of Charges is \$50,000;
- 22 **4.4** Respondents Longboat Group, LLC d/b/a Cutter Group, St. Armands Group, LLC,
23 Vandelier Group, LLC, Anasazi Group, LLC, Frampton T. Rowland, III a/k/a Ted
24 Rowland, DNA Investments, LLC, and David Harbour jointly and severally pay
restitution to all affected Washington State borrowers for any interest or fees collected
on small loans originated without a license; and
- 4.5** Respondents Longboat Group, LLC d/b/a Cutter Group, St. Armands Group, LLC,
Vandelier Group, LLC, Anasazi Group, LLC, Frampton T. Rowland, III a/k/a Ted
Rowland, DNA Investments, LLC, and David Harbour jointly and severally pay an
investigation fee of \$4,623.

1 **V. AUTHORITY AND PROCEDURE**

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

8
9 Dated this 4th day of March, 2014.



10 [Redacted signature]

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

14 Presented by:

15 [Redacted signature]

16 DEVON P. PHELPS
17 Financial Legal Examiner

18 Approved by:

19 [Redacted signature]

20 CHARLES E. CLARK
21 Enforcement Chief