

Terms Complete

CONSOLIDATED ORDER SUMMARY – Case Numbers: C-13-1355 and C-13-1379

Names: Cloud 9 Marketing, LLC
Galaxy Marketing, Inc
Christopher Hodes

Order Numbers: C-13-1355-15-CO01 and C-13-1379-15-CO01

Effective Date: March 16, 2015

License Number: N/A
Or NMLS Identifier
License Effect:

Not Apply Until: March 16, 2020

Not Eligible Until: March 16, 2020

Prohibition/Ban Until: March 16, 2020

Investigation Costs	\$7,913.40	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 3/12/15
Fine	\$18,000	Due: monthly, per terms of Order	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 2/23/2016
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$2,114.29	Due: per terms of Order	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 4/28/2015
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input checked="" type="checkbox"/> N		
No. of Victims:		Four		

**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-13-1355-15-CO01
C-13-1379-15-CO01

CONSOLIDATED CONSENT ORDER

CLOUD 9 MARKETING, LLC, and
CHRISTOPHER HODES, Sole Member;

and

GALAXY MARKETING, INC., and
CHRISTOPHER HODES, Director,

Respondents.

COMES NOW the Director of the Department of Financial Institutions ("Director"), through his designee Charles E. Clark, Division Director, Division of Consumer Services, and Cloud 9 Marketing, LLC; Galaxy Marketing, Inc.; and Christopher Hodes, Sole Member of Cloud 9 Marketing, LLC and Director of Galaxy Marketing, Inc. (collectively "Respondents"), 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"), 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-13-1355-14-SC01 and Statement of Charges No. C-13-1379-14-SC01, entered February 28, 2014 (collectively "Statements of Charges," copies attached hereto). Pursuant to chapter 31.45 RCW, the Check Cashers and Check Sellers ("Act") and RCW 34.05.060 of the Administrative

1 Procedure Act, Respondents hereby agree to the Department's entry of this Consent Order and further
2 agree that the issues raised in the above-captioned matters may be economically and efficiently
3 settled by entry of this Consent Order.

4 Based upon the foregoing:

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

7 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a
8 hearing before an administrative law judge, and hereby waive their right to a hearing and any and all
9 administrative and judicial review of the issues raised in these matters, or of the resolution reached
10 herein. Accordingly, Respondents, by their signatures and the signatures of their representatives
11 below, withdraw their appeals to the Office of Administrative Hearings.

12 **C. No Admission of Wrongdoing.** It is AGREED that this Consent Order fully resolves the
13 Statements of Charges and that Christopher Hodes does not admit or deny any of the matters alleged
14 in the Statements of Charges, but agrees to joint and several liability for the fine and restitution set
15 forth in paragraphs F and G.

16 **D. Prohibition from Industry.** It is AGREED that, for a period of five years from the date
17 of entry of this Consent Order, Respondents are prohibited from participating, in any capacity, in the
18 conduct of the affairs of any check casher, check casher with a small loan endorsement, or check
19 seller licensed by the Department or subject to licensure or regulation by the Department.

20 **E. Application for License.** It is AGREED that, for a period of five years from the date of
21 entry of this Consent Order, Respondents shall not apply to the Department for any license under any
22 name. It is further AGREED that, should Respondents apply to the Department for any license under
23

any name at any time later than five years from the date of entry of this Consent Order, such applying
Respondents shall be required to meet any and all application requirements in effect at that time.

F. **Fine.** It is AGREED that Respondents shall jointly and severally pay a fine to the
Department in the amount of \$18,000.

G. **Restitution.** It is AGREED that Respondents shall jointly and severally pay restitution to
Washington consumer L.M. in the amount of \$1,964.29 and to Washington consumer W.K. in the
amount of \$150.

H. **Payment of Fine and Restitution.** It is AGREED that Respondents shall pay the fine
and restitution, which totals \$20,114.29, within twelve months of entry of this Consent Order by
paying at least \$1,676.19 by the first of every month, with the first payment due no later than April 1,
2015, in the form of cashier's checks made payable to "Washington State Treasurer" mailed to the
Department at P.O. Box 41200, Olympia, Washington 98504. It is further AGREED that once the
Department receives \$2,114.29 in monthly payments, the Department shall forward the appropriate
amount of restitution to consumers L.M. and W.K. If Respondents' payments are not made as
agreed, the Department may immediately refer amounts owed to a collection agency without further
notice to Respondents.

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

1 **J. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an
2 investigation fee of \$7,913.40, in the form of a cashier's check made payable to the "Washington
3 State Treasurer," upon entry of this Consent Order.

4 **K. Change of Address.** It is AGREED that for the duration of the period this Consent Order
5 is in effect, unless otherwise agreed to in writing by the Department, Respondents shall provide the
6 Department with a mailing address and telephone number at which Respondents can be contacted and
7 Respondents shall notify the Department in writing of any changes to their mailing address or
8 telephone number within fifteen days of any such change.

9 **L. Records Retention.** It is AGREED that Respondents, their officers, employees, and
10 agents shall maintain records in compliance with the Act and provide the Director with the location
11 of the books, records and other information relating to Respondents' check casher or seller business,
12 and the name, address and telephone number of the individual responsible for maintenance of such
13 records in compliance with the Act.

14 **M. Authority to Execute Order.** It is AGREED that the undersigned have represented and
15 warranted that they have the full power and right to execute this Consent Order on behalf of the
16 parties represented.

17 **N. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to
18 abide by the terms and conditions of this Consent Order may result in further legal action by the
19 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director
20 for the cost incurred in pursuing such action, including but not limited to, attorney fees. If
21 Respondents do not comply with the terms of this Consent Order, the Department may seek its
22 enforcement by the Office of the Attorney General to include the collection of the fine and restitution
23

imposed herein. The Department also may assign the amounts owed to a collection agency for collection without further notice to Respondents.

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

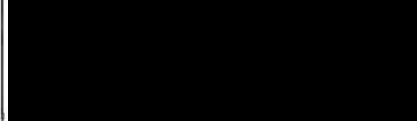
P. Completely Read, Understood, and Agreed. It is AGREED that Respondents have read this Consent Order in its entirety and fully understand and agree to all of the same.

Q. Counterparts. It is AGREED that this Consent Order may be executed by the Respondents in any number of counterparts, including by facsimile or e-mail of a .pdf or similar file, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same Consent Order.

RESPONDENTS:

Cloud 9 Marketing, LLC

By:



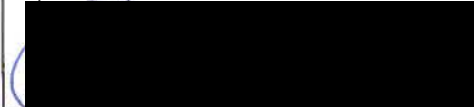
Christopher Hodes
Sole Member

Date

3.10.15

Galaxy Marketing, Inc.

By:



Christopher Hodes
Director

Date

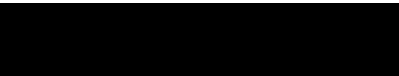
3.10.15

Christopher Hodes
Individually

Date

3.10.15

1 Approved for Entry:



3 Nick Hillyard
4 Franke Schultz & Mullen, P.C.
5 Attorney for Respondents

3/10/15
Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 16th DAY OF March, 2015.




CHARLES E. CLARK
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:



AMANDA J. HERNDON
Financial Legal Examiner

Presented by:



BARBARA J. PENTTILA
Financial Legal Examiner

Approved by:



STEVEN C. SHERMAN
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

**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:

CLOUD 9 MARKETING, LLC, and
CHRISTOPHER HODES, Sole Member,

Respondents.

NO. C-13-1355-14-SC01

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

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 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 Respondents.

A. Cloud 9 Marketing, LLC is a Delaware Limited Liability Company with its
principle place of business believed to be at 1000 North West Street, Suite 1224, Wilmington,
Delaware 19801. Cloud 9 Marketing, LLC has never had a license and small loan endorsement
under the Act. Cloud 9 Marketing, LLC is not registered with the Washington State Secretary of
State or the Washington State Department of Revenue.

B. Christopher Hodes is, or was at all relevant times, the sole member of Cloud 9
Marketing, LLC.

1 **1.2 Unlicensed Activity.** For at least the period from February 2012 through September
2 2013, Respondents provided small loans to Washington residents physically located in
3 Washington State. Throughout this period, Respondents did not have a license and small loan
4 endorsement under the Act.

5 **1.3 Unlicensed Location.** Respondents have operated websites at www.cloud9mktg.com
6 and www.cashoncloud9.com from a location or locations that are not licensed by the
7 Department.

8 **1.4 Unauthorized Advertisements.** Respondents have advertised at www.cloud9mktg.com
9 and www.cashoncloud9.com that they were able to make small loans to Washington consumers
10 when they did not have a license and small loan endorsement under the Act.

11 **1.5 Unauthorized Interest or Fees in Excess of the Statutory Maximum.** Respondents
12 charged interest and fees in the aggregate exceeding 15 percent of the first \$500 and 10 percent
13 of the next \$200 dollars of aggregated principal of small loans outstanding at any one time.

14 **1.6 Failure to Comply with the Department's Investigative Authority.** The Department
15 issued a subpoena to Respondents, which was served on or about September 19, 2013. The
16 subpoena required production of certain documents. To date, Respondents have not produced
17 those documents.

18 **1.7 Making Small Loans in Excess of the Eight Loan Limit.** Respondents made a small
19 loan to a borrower when making that loan resulted in the borrower receiving more than eight
20 small loans from all licensees in a twelve-month period.

21 **1.8 Failure to Set Timely Termination Date.** Respondents set the termination date of a
22 small loan more than forty-five days after the loan's origination date.
23
24
25

1 **1.9 On-Going Investigation.** The Department's investigation into the alleged violations of
2 the Act by Respondents continues to date.

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

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

8 **2.2 Definition of Licensee.** Pursuant to RCW 31.45.010(13), a "Licensee" is defined as a
9 check casher or seller licensed by the director to engage in business in accordance with the Act.
10 For the purpose of the enforcement powers of the Act, including the power to issue cease and
11 desist orders under RCW 31.45.110, "licensee" also means a check casher or seller who fails to
12 obtain the license required by the Act.

13 **2.3 Definition of Small Loan.** Pursuant to RCW 31.45.010(21), a "Small Loan" is defined
14 as a loan up to the maximum amount and for a period of time up to the maximum term specified
15 in RCW 31.45.073.

16 **2.4 Requirement to Obtain a Check Casher or Check Seller License.** Based on the
17 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
18 31.45.030(1) for engaging in the business of a check casher and seller without first obtaining a
19 license from the Director.

20 **2.5 Requirement to Obtain a Small Loan Endorsement.** Based on the Factual Allegations
21 set forth in Section I above, Respondents are in apparent violation of RCW 31.45.070(1), RCW
22 31.45.073(1), and RCW 31.45.105(1)(d) for making a small loan to a person physically located
23
24
25

1 in Washington through use of the internet, telephone, or other means without first obtaining a
2 small loan endorsement.

3 **2.6 Advertising Requirements.** Based on the Factual Allegations set forth in Section I
4 above, Respondents are in apparent violation of RCW 31.45.105(2)(a) for advertising in a
5 manner that is false, misleading, deceptive, or omits material information.

6 **2.7 Statutory Maximum Interest or Fees on Small Loans.** Based on the Factual
7 Allegations set forth in Section I above, Respondents are in apparent violation of RCW
8 31.45.073(5) for charging interest or fees in the aggregate exceeding 15 percent of the first \$500
9 of principal and 10 percent of the next \$200 of principal of the small loans.

10 **2.8 Requirement to Comply with the Department's Investigative Authority.** Based on
11 the Factual Allegations set forth in Section I above, Respondents are in apparent violation of
12 RCW 31.45.100 for not responding to a subpoena duces tecum requiring the production of the
13 books, accounts, records, files, or other information required by the director or the director's
14 designee. In the alternative, Respondents are in apparent violation of RCW 31.45.060(2) for
15 failing to keep and maintain such business books, accounts, and records to fulfill the purposes of
16 the Act or failing to preserve such books, accounts, and records for at least two years from the
17 completion of the transaction.

18 **2.9 Requirement to Not Exceed Eight Loan Limit.** Based on the Factual Allegations set
19 forth in Section I above, Respondents are in apparent violation of RCW 31.45.073(4) for making
20 a small loan to a borrower when making that small loan resulted in the borrower receiving more
21 than eight small loans from all licensees in any twelve-month period.
22
23
24
25

1 **2.10 Requirement to Set Timely Termination Date.** Based on the Factual Allegations set
2 forth in Section I above, Respondent are in apparent violation of RCW 31.45.073(2) for setting
3 the termination date on a small loan more than forty-five days after the loan's origination date.

4 **III. AUTHORITY TO IMPOSE SANCTIONS**

5 **3.1 Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.110(2)(b), the
6 Director may order a licensee to cease and desist from practices in violation of the Act.

7 **3.2 Authority to Ban from the Industry.** Pursuant to RCW 31.45.110(2)(e), the Director
8 may ban from participation in the conduct of the affairs of any licensee any sole proprietor,
9 partner, or controlling person of a licensee that is violating or has violated the Act including rules
10 and orders.

11 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a
12 fine, not to exceed one hundred dollars per day for each day's violation of the Act, on any
13 licensee or applicant, or any director, officer, sole proprietor, partner, controlling person, or
14 employee of a licensee or applicant, that is violating or has violated the Act including rules and
15 orders, or commits any act or engages in conduct that demonstrates incompetence or
16 untrustworthiness, or is a source of injury or loss to the public.

17 **3.4 Authority to Order Restitution.** Pursuant to RCW 31.45.110(2)(d), the Director may
18 order restitution to borrowers damaged by the licensee's violation of this chapter.

19 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW 31.45.100,
20 WAC 208-630-380, and WAC 209-630-390, the Director shall collect from the licensee the actual
21 cost of an investigation at the hourly rate of \$69 per person per hour expended, plus actual expenses.
22
23
24
25

IV. NOTICE OF INTENT TO ENTER ORDER

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

- 4.1 Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC cease and desist from offering or making small loans to Washington State consumers;
- 4.2 Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC be banned from participating, in any manner, in the conduct of the affairs of any person requiring licensure under the Act for a period of five years;
- 4.3 Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC jointly and severally pay a fine of \$18,500;
- 4.4 Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC jointly and severally pay restitution to those borrowers who paid interest or fees in an amount to be determined at hearing;
- 4.5 Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC jointly and severally pay an investigation fee, which totals \$2,866.95 as of the date of these charges.

//

//

//

//

//

//

//

//

//

1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist,
3 Impose Fine, Order Restitution, Ban from Industry, and Collect Investigation Fee entered
4 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
6 a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND
7 AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges.
8

9 Dated this 28th day of February, 2014.



11 [Redacted Signature]
12
13 DEBORAH BORTNER
14 Director
15 Division of Consumer Services
16 Department of Financial Institutions

17 Presented by:

18 [Redacted Signature]
19
20 AMANDA J. HERNDON
21 Financial Legal Examiner

22 Approved by:

23 [Redacted Signature]
24
25 CHARLES E. CLARK
Enforcement Chief

**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:

GALAXY MARKETING, INC., and
CHRISTOPHER HODES, Director,

Respondents.

No.: C-13-1379-14-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

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 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 Respondents.

A. Galaxy Marketing, Inc. (Respondent Galaxy) is a Delaware corporation with its principle place of business believed to be located at 1000 North West Street, Suite 1224, Wilmington, Delaware, 19801. Respondent Galaxy has never obtained a license and small loan endorsement under the Act to make loans. Respondent Galaxy is not registered with the Washington State Secretary of State or the Washington State Department of Revenue.

B. Christopher Hodes (Respondent Hodes) is identified as the director of Respondent Galaxy. Respondent Hodes has never obtained a license and small loan endorsement under the Act to make loans.

1 **1.2 Unlicensed Activity.** For the period from at least May 2013 through August 2013,
2 Respondents have conducted business by providing a loan to at least one consumer in Washington
3 State from the internet website www.galaxymktginc.com without being licensed with the Department
4 as a check casher or check seller with a small loan endorsement. The Washington State resident was
5 physically located in Washington State at the time of the loan.

6 **1.3 Unlicensed Locations.** Respondents have operated a website at www.galaxymktginc.com
7 from locations that are not licensed by the Department.

8 **1.4 Unauthorized Advertisements.** Respondents have advertised at www.galaxymktginc.com
9 that they were able to make small loans to Washington consumers when they were not licensed to
10 make such loans.

11 **1.5 Unauthorized Interest or Fees in Excess of Statutory Maximum.** Respondents have
12 charged interest and fees in the aggregate exceeding 15 percent of the first \$500 and 10 percent of the
13 next \$200 of aggregated principal of small loans outstanding at any one time on at least one loan.

14 **1.6 Failure to Comply with the Department's Investigative Authority.** The Department
15 issued a Subpoena Compelling Production of Records and Explanation (Subpoena) to Respondents
16 on or about September 16, 2013. The Subpoena was served on or about September 17, 2013. The
17 Subpoena required, among other things, the production of a list of every loan made to Washington
18 consumers since January 1, 2012, all records related to Washington consumer W.Y., and documents
19 to substantiate any claim that Respondents are exempt from licensure. To date, Respondents have
20 failed to produce these documents.

21 **1.7 On-going Investigation.** The Department's investigation into the alleged violations of the
22 Act by Respondents continues to date.

23 //

II. GROUNDS FOR ENTRY OF ORDER

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

2.2 Definition of Licensee. Pursuant to RCW 31.45.010(13), a "Licensee" is defined as a check casher or seller licensed by the director to engage in business in accordance with the Act. "Licensee" also means a check casher or seller, whether located within or outside of this state, who fails to obtain the license or small loan endorsement required by this Act. For the purpose of the enforcement powers of the Act, including the power to issue cease and desist orders under RCW 31.45.110, "licensee" also means a check casher or seller who fails to obtain the license required by the Act.

2.3 Definition of Small Loan. Pursuant to RCW 31.45.010(21), a "Small Loan" is defined as a loan up to the maximum amount and for a period of time up to the maximum term specified in RCW 31.45.073.

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

2.5 Requirement to Obtain a Small Loan Endorsement. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.45.070(1)(d), RCW 31.45.073(1), and RCW 31.45.105(10(d) for engaging in the business of making small loans without first obtaining a small loan endorsement from the Director and for making small loans to any person

1 physically located in Washington through use of the internet, facsimile, telephone, kiosk, or other
2 means without first obtaining a small loan endorsement.

3 **2.6 Advertising Requirements.** Based on the Factual Allegations set forth in Section I above,
4 Respondents are in apparent violation of RCW 31.45.105(2)(a) for advertising in a manner that is
5 false, misleading, or deceptive, or that omits material information.

6 **2.7 Requirement of Statutory Maximum Interest or Fees on Small Loans.** Based on the
7 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
8 31.45.073(5) for charging interest or fees in the aggregate exceeding 15 percent of the first \$500 of
9 principal and 10 percent of the next \$200 of principal of the small loans.

10 **2.8 Requirement to Comply with the Department's Investigative Authority.** Based on the
11 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW
12 31.45.100 and RCW 31.45.110(1)(k) for failing to comply with the Director's investigative authority
13 and for failing, upon demand by the Director or the Director's designee, to disclose any information
14 within his or her knowledge to, or to produce any document, book, or record in his or her possession
15 for inspection of, the Director or Director's designee.

16 **III. AUTHORITY TO IMPOSE SANCTIONS**

17 **3.1 Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.110(2)(b), the Director
18 may order a licensee to cease and desist from practices in violation of the Act or practices that
19 constitute unsafe and unsound financial practices.

20 **3.2 Authority to Remove and Ban From Industry.** Pursuant to RCW 31.45.110(2)(e), the
21 Director may ban from participation in the conduct of the affairs of any licensee any director, officer,
22 sole proprietor, partner, controlling person, or employee of a licensee that is violating or has violated
23

the Act including rules and orders, or commits any act or engages in conduct that demonstrates incompetence or untrustworthiness, or is a source of injury or loss to the public.

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

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

3.5 Authority to Collect an Investigation Fee. Pursuant to RCW 31.45.050(1), RCW 31.45.100, WAC 208-630-360, WAC 208-630-370, and WAC 208-630-380, the Director shall collect from the licensee the actual cost of an examination or investigation of the business, books, accounts, records, files, or other information of a licensee or person who the Director has reason to believe is engaging in the business governed by the Act. The investigation charge will be calculated at the rate of sixty-nine dollars (\$69) per hour that each staff person devoted to the investigation, plus actual expenses.

//

//

//

//

//

//

IV. NOTICE OF INTENTION TO ENTER ORDER

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

- 4.1 Respondents Galaxy Marketing, Inc. and Christopher Hodes cease and desist from offering and making small loans without a proper license from the Department;
- 4.2 Respondents Galaxy Marketing, Inc. and Christopher Hodes be banned from participation in the conduct of the affairs of any check casher and check casher with a small loan endorsement or check seller subject to licensure by the Director, in any manner, for a period of five (5) years;
- 4.3 Respondents Galaxy Marketing, Inc. and Christopher Hodes jointly and severally pay a fine of \$18,000;
- 4.4 Respondents Galaxy Marketing, Inc. and Christopher Hodes jointly and severally pay restitution to all affected Washington borrowers who paid interest or fees in an amount to be determined at hearing; and
- 4.5 Respondents Galaxy Marketing, Inc. and Christopher Hodes jointly and severally pay an investigation fee. As of the date of this Statement of Charges, the investigative fee totals \$2,766.

//

//

//

//

//

//

//

//

//

STATEMENT OF CHARGES

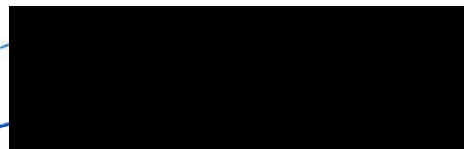
C-13-1379-14-SC01

GALAXY MARKETING, INC. AND
CHRISTOPHER HODES

1 **V. AUTHORITY AND PROCEDURE**

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

8
9 Dated this 28th day of February, 2014.



16 DEBORAH BORTNER
17 Director
18 Division of Consumer Services
19 Department of Financial Institutions

20 Presented by:



22 BARBARA PENTTILA
23 Financial Legal Examiner

24 Approved by:



CHARLES E. CLARK
Enforcement Chief