

**ORDER SUMMARY – Case Number: C-14-1448**

**Name(s):** Pension Income, LLC

**Order Number:** C-14-1448-14-CO01

**Effective Date:** December 12, 2014

**License Number:** Unlicensed

**Or NMLS Identifier [U/L]**

**License Effect:** N/A

**Not Apply Until:** N/A

**Not Eligible Until:** N/A

**Prohibition/Ban Until:** N/A

<b>Investigation Costs</b>	\$5,000	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date 12/8/2014
<b>Fine</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Restitution</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>	<input type="checkbox"/> Y <input type="checkbox"/> N			
	No. of Victims:			

Comments: Respondent Pension Income has agreed to cease and desist doing business in Washington.

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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  
Consumer Loan Act of Washington by:  
  
PENSION FUNDING, LLC, and PENSION  
INCOME, LLC,  
  
Respondents.

No.: C-14-1448-14-CO01  
  
CONSENT ORDER AS TO PENSION  
INCOME, LLC

COMES NOW the Director of the Department of Financial Institutions (Director), through his  
designee Deborah Bortner, Division Director, Division of Consumer Services, and Pension Income,  
LLC (Respondent Pension Income), and finding that the issues raised in the above-captioned matter  
may be economically and efficiently settled solely as to Respondent Pension Income, agree to the  
entry of this Consent Order. This Consent Order is entered pursuant to chapter 31.04 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  
Respondent Pension Income have agreed upon a basis for resolution of the matters alleged in  
Statement of Charges No. C-14-1448-14-SC01 (Statement of Charges), entered May 7, 2014, (copy  
attached hereto) solely as to Respondent Pension Income. Pursuant to chapter 31.04 RCW, the  
Consumer Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent  
Pension Income 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 solely as  
to Respondent Pension Income by entry of this Consent Order. The parties intend this Consent Order  
to fully resolve the Statement of Charges and agree that Respondent Pension Income does not admit

1 any wrongdoing by its entry. Respondent Pension Income is agreeing not to contest the Statement of  
2 Charges in consideration of the terms of this Consent Order.

3 Based upon the foregoing:

4 **A. Jurisdiction.** Respondent Pension Income consents to the jurisdiction of the Department to  
5 enter this Consent Order, as well as the jurisdiction of the Department and Washington State courts to  
6 the extent required for the Department to enforce all terms contained in this Consent Order, including  
7 but not limited to this provision. The limited consent provided herein may not be construed as a  
8 waiver or consent to jurisdiction for any other purpose as to Respondent Pension Income.

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

14 **C. No Admission of Liability.** It is AGREED that Respondent Pension Income does not  
15 admit to any wrongdoing by entry of this Consent Order.

16 **D. Actions by Other Divisions.** It is AGREED that this Consent Order does not address and  
17 does not purport to settle any possible violations<sup>1</sup> of laws regulated by other Divisions within the  
18 Department.

19 **E. License Required.** It is AGREED that Respondent Pension Income has represented that  
20 it has ceased doing business in Washington since at least September 4, 2014. It is further AGREED  
21 that Respondent Pension Income understands that in order to make consumer loans, perform escrow  
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24 <sup>1</sup> By use of the term "violations" the Department does not mean to imply that it has presently made any determination as to whether Respondent Pension Income has violated the law.

1 functions, or transmit money for Washington residents, Respondent Pension Income must first obtain  
2 the appropriate license from the Department pursuant to the applicable laws and rules.

3 **F. Investigation Fee.** It is AGREED that Respondent Pension Income shall pay to the  
4 Department an investigation fee of \$5,000 in the form of a cashier's check made payable to the  
5 "Washington State Treasurer" upon entry of this Consent Order.

6 **G. Non-Compliance with Order.** It is AGREED that Respondent Pension Income  
7 understands that failure to abide by the terms and conditions of this Consent Order may result in  
8 further legal action by the Director. In the event of such legal action, Respondent Pension Income  
9 may be responsible to reimburse the Director for the cost incurred in pursuing such action, including  
10 but not limited to, attorney fees.

11 **H. Voluntarily Entered.** It is AGREED that Respondent Pension Income has voluntarily  
12 entered into this Consent Order, which is effective when signed by the Director's designee.

13 **I. Completely Read, Understood, and Agreed.** It is AGREED that Respondent Pension  
14 Income's representative has read this Consent Order in its entirety and fully understands and agrees  
15 to all of the same.

16 **J. Authority to Execute Order.** It is AGREED that the undersigned has represented and  
17 warranted that he has the full power and right to execute this Consent Order on behalf of the party  
18 represented.

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1 **RESPONDENT:**  
2 **Pension Income, LLC**

3 By: 

4 Edwin Lichtig III  
5 Managing Partner

12/2/2014  
Date

6 DO NOT WRITE BELOW THIS LINE

7 THIS ORDER ENTERED THIS 12<sup>th</sup> DAY OF December, 2014.



8   
9 DEBORAH BORTNER  
10 Director  
11 Division of Consumer Services  
12 Department of Financial Institutions

13 Presented by:

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15 RACHELLE VILLALOBOS  
16 Financial Legal Examiner

17 Approved by:

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19 CHARLES E. CLARK  
20 Enforcement Chief

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 Consumer Loan Act of Washington by:

7 PENSION FUNDING, LLC, and PENSION  
8 INCOME, LLC,

9 Respondents.

No.: C-14-1448-14-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER AN  
ORDER TO CEASE AND DESIST,  
PROHIBIT FROM INDUSTRY, IMPOSE  
FINE, AND REFUND FEES AND  
INTEREST

10 INTRODUCTION

11 Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial  
12 Institutions of the State of Washington (the Director) is responsible for the administration of chapter  
13 31.04 RCW, the Consumer Loan Act (the Act). After having conducted an investigation pursuant to  
14 RCW 31.04.145, and based upon the facts available as of the date of this Statement of Charges, the  
15 Director, through his designee Division of Consumer Services Director Deborah Bortner, institutes this  
16 proceeding and finds as follows:

17 I. FACTUAL ALLEGATIONS

18 1.1 Respondents.

19 A. Pension Funding, LLC (Respondent Pension Funding) is known to have conducted  
20 business from 7777 Center Avenue, Suite 375, Huntington Beach, California 92647. Respondent  
21 Pension Funding has never been licensed by the Washington State Department of Financial  
22 Institutions (the Department) to conduct business as a consumer loan company in the State of  
23 Washington.

24 B. Pension Income, LLC (Respondent Pension Income) is known to have conducted  
business from 7777 Center Avenue, Suite 375, Huntington Beach, California 92647. Respondent

1 Pension Income has never been licensed by the Department to conduct business as a consumer loan  
2 company in the State of Washington.

3 **1.2 Unlicensed Activity.** Between at least November 1, 2012, and the date of this Statement of  
4 Charges, Respondents conducted the business of a consumer loan company in at least one loan  
5 transaction when Respondents were not exempt from licensing and did not possess a valid license.  
6 Respondents offered consumer loans to at least one Washington resident and collected a fee for these  
7 services.

8 On or about November 1, 2012, Washington consumer G.G. obtained proposals from  
9 Respondent Pension Funding to obtain a pension loan. G.G. entered into a Buyer and Pensioner  
10 Purchase Agreement for Purchase of Future Income Stream on or about November 27, 2012, for a  
11 lump sum payment of \$36,596.09. The repayment terms included eight years of G.G.'s monthly  
12 pension income of \$875.46, totaling about \$84,044.16. On or about that same day, G.G. also signed a  
13 Pensioner Bank Account Authorization Form authorizing Respondent Pension Income to open a bank  
14 account in G.G.'s name, and initiate debit or credit entries to the account. Thereafter, G.G.'s monthly  
15 pension was deposited into that account and withdrawn by or on behalf of Respondent Pension  
16 Income.

17 **1.3 On-Going Investigation.** The Department's investigation into the alleged violations of the  
18 Act by Respondents continues to date.

## 19 II. GROUNDS FOR ENTRY OF ORDER

20 **2.1 Definition of Loan.** Pursuant to RCW 31.04.015(11) and WAC 208-620-010, a "Loan"  
21 means a sum of money lent at interest or for a fee or other charge and includes both open-end and  
22 closed-end loan transactions.

1 **2.2 Definition of Making a Loan.** Pursuant to RCW 31.04.015(13) and WAC 208-620-010,  
2 "Making a Loan" means advancing, offering to advance, or making a commitment to advance funds  
3 to a borrower for a loan.

4 **2.3 Requirement to Obtain and Maintain a License in Accordance with the Act.** Based on  
5 the Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
6 31.04.035 and WAC 208-620-230 for engaging in the business of making secured or unsecured loans  
7 to Washington residents without first obtaining and maintaining a license in accordance with the Act  
8 or meeting an exemption from the Act under RCW 31.04.025.

9 **2.4 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above,  
10 Respondents are in apparent violation of RCW 31.04.027(2) and (3) for engaging in an unfair or  
11 deceptive practice toward any person and for obtaining property by misrepresentation.

### 12 **III. AUTHORITY TO IMPOSE SANCTIONS**

13 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 31.04.093(5)(a), the  
14 Director may issue an order directing any person subject to the Act to cease and desist from  
15 conducting business in a manner that is injurious to the public or violates any provision of the Act.

16 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 31.04.093(6), the Director may  
17 issue an order prohibiting from participation in the conduct of the affairs of any licensee, any person  
18 subject to this chapter for a violation of RCW 31.04.027 or failure to obtain a license for activity that  
19 requires a license.

20 **3.3 Authority to Impose a Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of  
21 up to one hundred dollars per day, per violation, upon any person subject to the Act for any violation  
22 of the Act.

1 **3.4 Authority to Order Refund of Fees and Interest.** Pursuant to RCW 31.04.035(2) and RCW  
2 31.04.093(5)(b), the Director may issue an order directing the refund of all fees and interest charged in  
3 any transaction violating RCW 31.04.035(1).

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

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

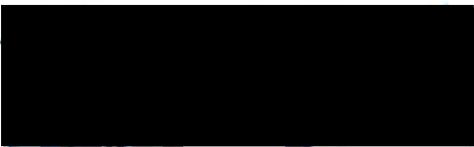
- 9 **4.1** Respondents Pension Funding, LLC and Pension Income, LLC shall immediately  
10 cease and desist from making consumer loans to Washington state residents until such  
11 time as Respondents obtain a license in accordance with the Act from the Department or  
12 qualify for an exemption from licensing as delineated in the Act;
- 13 **4.2** Respondents Pension Funding, LLC and Pension Income, LLC shall be prohibited  
14 from participation, in any manner, in the conduct of the affairs of any consumer loan  
15 business subject to licensure by the Director under chapter 31.04 RCW for a period of  
16 five (5) years;
- 17 **4.3** Respondents Pension Funding, LLC and Pension Income, LLC shall pay a fine which  
18 as of the date of this Statement of Charges totals \$9,000; and
- 19 **4.4** Respondents Pension Funding, LLC and Pension Income, LLC shall refund all fees  
20 and interest paid by Washington consumer G.G. and by all Washington borrowers who  
21 paid fees or interest in any additional amount(s) determined at hearing.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges is entered pursuant to the provisions of RCW 31.04.093, RCW  
3 31.04.165, RCW 31.04.202, and RCW 31.04.205, and is subject to the provisions of chapter 34.05  
4 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as  
5 set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
6 accompanying this Statement of Charges.

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8 Dated this 7<sup>th</sup> day of May, 2014.



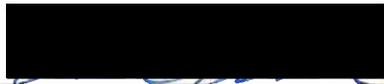
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11 DEBORAH BORTNER  
12 Director  
13 Division of Consumer Services  
14 Department of Financial Institutions

13 Presented by:



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16 RACHELLE VILLALOBOS  
17 Financial Legal Examiner

17 Approved by:



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20 CHARLES E. CLARK  
21 Enforcement Chief