

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.

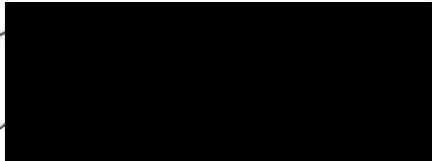
16 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 31.04.093(6), the Director may
17 issue an order prohibiting from participation in the conduct of the affairs of any licensee, any person
18 subject to this chapter for a violation of RCW 31.04.027 or failure to obtain a license for activity 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 **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 7th 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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15
16 **RACHELLE VILLALOBOS**
17 Financial Legal Examiner

17 Approved by:



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20 **CHARLES E. CLARK**
21 Enforcement Chief