

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:

NO. C-07-123-08-CO01

7 GOLDEN NUGGET, INC., and  
8 AE SUG CHOI, Owner,  
9 Respondents.

CONSENT ORDER

10 COMES NOW the Director of the Department of Financial Institutions (Director), through his designee  
11 Deborah Bortner, Division Director, Division of Consumer Services, and Golden Nugget, Inc. (hereinafter  
12 Respondent Golden), and Ae Sug Choi, Owner (hereinafter Respondent Choi) and finding that the issues raised in  
13 the captioned matter may be economically and efficiently settled, agree to the entry of this Consent Order. This  
14 Consent Order is entered pursuant to chapter 31.45 of Revised Code of Washington (RCW), and RCW 34.05.060  
15 of the Administrative Procedure Act, based on the following:

16 **AGREEMENT AND ORDER**

17 The Department of Financial Institutions, Division of Consumer Services (Department) and Respondents  
18 have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-07-123-07-SC01  
19 (Statement of Charges), entered August 26, 2008, (copy attached hereto). Pursuant to chapter 31.45 RCW, the  
20 Check Cashers and Sellers Act (Act) and RCW 34.05.060 of the Administrative Procedure Act, Respondents  
21 hereby agree to the Department's entry of this Consent Order and further agree that the issues raised in the above  
22 captioned matter may be economically and efficiently settled by entry of this Consent Order. The parties intend  
23 this Consent Order to fully resolve the Statement of Charges.

24 Based upon the foregoing:

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

1           **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a hearing  
2 before an administrative law judge, and that they have waived their right to a hearing and any and all  
3 administrative and judicial review of the issues raised in this matter, or of the resolution reached herein.

4           **C. License Surrender.** It is AGREED that Respondent Golden Nugget, Inc.'s Check Cashier License is  
5 hereby surrendered.

6           **D. Application for License.** It is AGREED that Respondents shall not apply to the Department for any  
7 license under the Check Cashers and Sellers Act, under any name for a period of three (3) years from the entry of  
8 this Consent Order.

9           **E. Fine.** It is AGREED that Respondents shall pay to the Department a fine of \$2,000, in the form of a  
10 cashier's check made payable to the "Washington State Treasurer," upon entry of this Consent Order.

11           **F. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an investigation fee  
12 of \$1,483.50, in the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of  
13 this Consent Order.

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

17           **H. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to abide  
18 by the terms and conditions of this Consent Order may result in further legal action by the Director. In the  
19 event of such legal action, Respondents may be responsible to reimburse the Director for the cost incurred in  
20 pursuing such action, including but not limited to, attorney fees.

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

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

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**RESPONDENTS:**

**Golden Nugget, Inc.**

By:

*Ae Sug Choi*  
Ae Sug Choi  
Owner

10/24/08  
Date

*Rachel Kim*  
Rachel Kim  
Compliance Officer

10/24/08  
Date

*Ae Sug Choi*  
Ae Sug Choi  
Individually

10/24/08  
Date

DO NOT WRITE BELOW THIS LINE

THIS ORDER ENTERED THIS 14<sup>th</sup> DAY OF December, 2008.

*Deborah Bortner*

DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

*Fatima Batie*

FATIMA BATIE  
Financial Legal Examiner Supervisor



Approved by:

*James R. Brusselback*

JAMES R. BRUSSELBACK  
Enforcement Chief

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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:

GOLDEN NUGGET, INC., and  
AE SUG CHOI, Owner

Respondents.

NO. C-07-123-07-SC01

STATEMENT OF CHARGES AND  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE OR SUSPEND LICENSE,  
IMPOSE FINE, 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 31.45.040 and RCW 31.45.100, and based upon the facts available as of the date of the Statement of Charges, the Director, through his designee, Deborah Bortner, Director of Consumer Services, institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

A. **Golden Nugget, Inc. (Respondent GNI)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a check casher with a small loan endorsement and a check seller on November 21, 2003, and continues to be licensed to date. Respondent Golden Nugget is licensed to conduct the business of a check casher with a small loan endorsement and a check seller at one (1) location: 1041 Buena Rd, Zilla, Washington 98953.

B. **Ae Sug Choi (Respondent Choi)** is the owner of Respondent GNI.

1 **1.2 Failure to Comply with Recordkeeping Requirements:** The Department conducted an onsite  
2 examination of Respondents' business location at 1041 Buena Rd, Zilla, Washington 98953 on April 24, 2005,  
3 and January 24, 2007.

4 The April 24, 2005, onsite examination revealed that Respondents did not keep a daily record of check  
5 cashing transactions, fees charged for cashing checks, and the amount of cash deducted from the transaction for  
6 sale of other services. On or about July 22, 2005, the Department issued a Report of Examination to  
7 Respondents listing the following apparent violations:

- 8 A. RCW 31.45.060<sup>1</sup> - Licensee – Schedule of fee and charges – Recording
- 9 B. RCW 31.45.040<sup>2</sup> – Displaying licenses
- 10 C. WAC 208-630-095<sup>3</sup> – Knowledge of the law and regulations
- 11 D. WAC 208-630-070<sup>4</sup> – Accounting and financial records.

12 On November 1, 2005, Respondents responded to the Department's examination findings stating they were  
13 undertaking to:

- 14 A. Conspicuously display business licenses in the business place;
- 15 B. Provide a receipt of every transaction for customers including name of the licensee, the type  
16 and amount of the transaction, and the fee charged;
- 17 C. Post the schedule of fees and charges conspicuously in the place of business; and
- 18 D. Keep the records for the check cashing transactions daily business.

19 The January 24, 2007, onsite examination revealed the following violations:

- 20 A. Respondents did not have an adequate audit trail between individual transactions, the check  
21 deposited transactions, the reconciliation, and the bank statement;
- 22 B. Respondents did not provide a daily cash-balance information sheet, clearly identifying  
23 beginning cash, daily transactions, and ending cash; and

24 <sup>1</sup> Act as amended through December 31, 2006.

25 <sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id.

1 C. Respondents did not have a policy (written or otherwise) in place incorporating the policies,  
2 procedures, and internal controls reasonably designed to assure compliance with the Anti-Money Laundering  
3 regulations.

4 **1.3 Failure to Provide Receipts.** The January 24, 2007, onsite examination revealed that Respondents did  
5 not provide check cashing customers with statutorily required receipts.

6 **1.4 Providing False Information to the Director:** In completing the 2007 Compliance Examination  
7 Questionnaire, Respondents answered "Yes upon request" to the following questions on the questionnaire:

- 8 5 (a) Do you maintain, on a daily basis, a record of items cashed? Provide an example. [WAC 208-  
9 630-610(1)]<sup>5</sup>
- 10 5(b) Does this record provide the following for sufficient audit trail linking (If yes, please provide  
11 verification of each):  
12 Transaction Date  
13 Date of check, draft or money order  
14 Amount of the check  
15 Amount of the Fee charged for cashing check  
16 Amount of cash deducted from the transaction for sale of other service or products

17 On January 24, 2007, the Department, as part of the examination, requested to review three months of  
18 cash reconciliation statements and bank statements for the examination period. The Department was informed  
19 that no cash reconciliements were done as only family works in the store.

20 Respondents were obligated by statute to answer questions on the Check Cashers Compliance  
21 Examination Questionnaire truthfully and to provide the Department with complete details of all events or  
22 proceedings.

23 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by  
24 Respondents continues to date.

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

**2.1 Requirement to Provide Receipts.** Based on the Factual Allegations set forth in Section I above,  
Respondents are in apparent violation of RCW 31.45.060(1) for failing to provide customers with receipts for  
check cashing and selling transactions.

<sup>5</sup> WAC 208-630-070(1) was the citation for the old rule. The regulation has since been amended to WAC 208-630-610(1).

1 **2.2 Requirement to Maintain Business Books and Records.** Based on the Factual Allegations set forth  
2 in Section I above, Respondents are in apparent violation of RCW 31.45.060(2), WAC 208-630-610, and WAC  
3 208-630-730 for not having an adequate audit trail between individual transactions, the check deposited  
4 transactions, the reconciliation, and the bank statement; a daily cash-balance information sheet, clearly identifying  
5 beginning cash, daily transactions, and ending cash; and a policy (written or otherwise) in place incorporating the  
6 policies, procedures, and internal controls reasonably designed to assure compliance with the Anti-Money  
7 Laundering regulations.

8 **2.3 Requirement to Disclose Information to the Director.** Based on the Factual Allegations set forth in  
9 Section I above, Respondents are in apparent violation of RCW 31.45.110(1)(j) for failing to disclose  
10 information to the Director.

### 11 III. AUTHORITY TO IMPOSE SANCTIONS

12 **3.1 Authority to Revoke or Suspend License.** Pursuant to RCW 31.45.110(2)(a) and RCW  
13 31.45.110(1)(a), (j) and (k), the Director may revoke or suspend a license if a licensee is violating or has  
14 violated the Act including rules and orders; or is engaging or has engaged in an unsafe or unsound financial  
15 practice in conducting the business of a check seller; or fails upon demand by the director or director's designee,  
16 to disclose information with his or her knowledge to, or to produce an document, book, or record in his or her  
17 possession for inspection of, the director or the director's designee; or commits any act of fraudulent or  
18 dishonest dealing.

19 **3.2 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a fine, not to  
20 exceed one hundred dollars per day for each day's violation of the Act, on any licensee or applicant, or any  
21 director, officer, sole proprietor, partner, controlling person, or employee of a licensee or applicant, that is  
22 violating or has violated the Act including rules and orders; or is engaging or has engaged in an unsafe or  
23 unsound financial practice in conducting the business of a check seller; or fails upon demand by the director or  
24 director's designee, to disclose information with his or her knowledge to, or to produce an document, book, or  
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1 record in his or her possession for inspection of, the director or the director's designee; or commits any act of  
2 fraudulent or dishonest dealing.

3 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW 31.45.100, WAC 208-  
4 630-380, WAC 208-630-430 and WAC 208-630-440, the Director shall collect from the licensee the actual cost of  
5 an examination or investigation of the business, books, accounts, records, files, or other information of a licensee or  
6 person who the Director has reason to believe is engaging in the business governed by the Act. The investigation  
7 charge will be calculated at the rate of sixty-nine dollars (\$69) per hour that each staff person devoted to the  
8 investigation, plus actual expenses.

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

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

13 **4.1** Respondent Golden Nugget Inc.'s license to conduct the business of a check seller check casher with a  
14 small loan endorsement be revoked or suspended; and

15 **4.2** Respondents Golden Nugget Inc. and Ae Sug Choi jointly and severally pay a fine which as of the date of  
these charges totals \$8,000.

16 **4.3** Respondents Golden Nugget Inc. and Ae Sug Choi jointly and severally pay an investigation fee which as  
17 of the date of these charges totals \$1,483.50 calculated at \$69.00 per hour for the twenty-one and a half  
(21.5) staff hours devoted to the investigation.

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1 **V. AUTHORITY AND PROCEDURE**

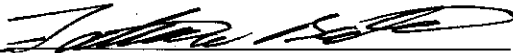
2 This Statement of Charges and Notice of Intention to Enter an Order to Revoke or Suspend License,  
3 Impose Fine, and Collect Investigation Fee (Statement of Charges) is entered pursuant to the provisions of  
4 RCW 31.45.110 and RCW 31.45.200, and is subject to the provisions of chapter 34.05 RCW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

8 Dated this 26<sup>th</sup> day of August 2008.

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

15 Presented by:

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17 FATIMA BATIE  
18 Financial Legal Examiner Supervisor



19 Approved by:

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22 JAMES R. BRUSSELBACK  
23 Enforcement Chief