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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:

ACTION PDL SERVICES, LLC d/b/a ACTION
PAYDAY;

JEREMY D. SHAFFER, Co-Manager; and
JOSHUA L. MITCHEM, Co-Manager,

Respondents.

No.: C-13-1356-14-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. **Action PDL Services, LLC d/b/a Action Payday (Respondent Action PDL)** appears to be a Limited Liability Company organized under the laws of Nevis. Respondent Action PDL has never obtained a license in accordance with the Act to make small loans.

B. **Jeremy D. Shaffer (Respondent Shaffer)** is Co-Manager of Respondent Action PDL.

C. **Joshua L. Mitchem (Respondent Mitchem)** is Co-Manager of Respondent Action PDL.

1 **1.2 Unlicensed Activity.** For at least the period from January 2013 through December 2013,
2 Respondents have conducted business by providing small loans to at least seven consumers
3 physically located in Washington State without being licensed by the Department as a check casher
4 and seller with a small loan endorsement.

5 **1.3 On-going Investigation.** The Department's investigation into the alleged violations of the
6 Act by Respondents continues to date.

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

8 **2.1 Definition of Check Casher.** Pursuant to RCW 31.45.010(5), "Check Casher" means an
9 individual, partnership, unincorporated association, or corporation that, for compensation, engages, in
10 whole or in part, in the business of cashing checks, drafts, money orders, or other commercial paper
11 serving the same purpose.

12 **2.2 Definition of Small Loan.** Pursuant to RCW 31.45.010(21), "Small Loan" means a loan of
13 up to the maximum amount and for a period of time up to the maximum term specified in RCW
14 31.45.073.

15 **2.3 Definition of Licensee.** Pursuant to RCW 31.45.010(13), a "Licensee" means a check casher
16 or seller licensed by the director to engage in business in accordance with this chapter. "Licensee"
17 also means a check casher or seller, whether located within or outside of this state, who fails to obtain
18 the license or small loan endorsement required by this chapter.

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

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

5 **III. AUTHORITY TO IMPOSE SANCTIONS**

6 **3.1 Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.110(2)(b), the Director
7 may order a licensee to cease and desist from practices in violation of the Act or practices that
8 constitute unsafe and unsound financial practices in the sale of checks.

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

13 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a
14 fine, not to exceed one hundred dollars per day for each day's violation of the Act, on any licensee or
15 applicant, or any director, officer, sole proprietor, partner, controlling person, or employee of a
16 licensee or applicant, that is violating or has violated the Act including rules.

17 **3.4 Authority to Order Restitution.** Pursuant to RCW 31.45.110(2)(d), the Director may order
18 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 208-630-360, WAC 208-630-370, and WAC 208-630-380, the Director shall collect from the
21 licensee the actual cost of an investigation of the business, books, accounts, records, files, or other
22 information of a licensee or person who the Director has reason to believe is engaging in the business
23

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

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

4 Respondents' 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 Action PDL Services, LLC d/b/a Action Payday, Jeremy D. Shaffer, and
9 Joshua L. Mitchem cease and desist from offering or making small loans to
Washington State residents;
- 10 **4.2** Respondents Action PDL Services, LLC d/b/a Action Payday, Jeremy D. Shaffer, and
11 Joshua L. Mitchem be banned from participation in the conduct of the affairs of any
12 check casher or 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;
- 13 **4.3** Respondents Action PDL Services, LLC d/b/a Action Payday, Jeremy D. Shaffer, and
14 Joshua L. Mitchem jointly and severally pay a fine, which as of the date of this
Statement of Charges is \$21,000;
- 15 **4.4** Respondents Action PDL Services, LLC d/b/a Action Payday, Jeremy D. Shaffer, and
16 Joshua L. Mitchem 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
- 17 **4.5** Respondents Action PDL Services, LLC d/b/a Action Payday, Jeremy D. Shaffer, and
18 Joshua L. Mitchem jointly and severally pay an investigation fee of \$345.

19 **V. AUTHORITY AND PROCEDURE**

20 This Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Ban
21 from Industry, Impose Fine, Order Restitution, and Collect Investigation Fee (Statement of Charges)
22 is entered pursuant to the provisions of RCW 31.45.110 and RCW 31.45.200, and is subject to the
23 provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a
24

1 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
2 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

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4 Dated this 5th day of February, 2014.

[Redacted signature]

DEBORAH BORTNER
Director, Division of Consumer Services
Department of Financial Institutions

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9 Presented by: [Redacted signature]

10 DEBORAH TALLIOUS
11 Financial Legal Examiner



12 Approved by: [Redacted signature]

13 CHARLES E. CLARK
14 Enforcement Chief