

Terms Completed

ORDER SUMMARY – Case Number: C-04-086

Name(s): Jonathan Black Goldberg

Order Number: C-04-086-05-CO05

Effective Date: August 3, 2005

License Number: DFI: 16552 (PFH Fast Cash)
Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
 If applicable, you must specifically note the ending dates of terms.

License Effect: n/a

Not Apply Until: 8.3.07 (8.3.06 with payment of 10k fine)

Not Eligible Until: _____

Prohibition/Ban Until: Industry (WA operations) -8.3.07 (8.3.06 with payment of 10k fine.)
 Collection activities in industry -8.3.08

| | | | | |
|--|----------|---|--|----------------|
| Investigation Costs | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Fine | \$30,000 | Due | Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N | Date 8.3.05 |
| Assessment(s) | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Restitution | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Judgment | \$ | Due | Paid <input type="checkbox"/> Y <input type="checkbox"/> N | Date |
| Satisfaction of Judgment Filed? | | <input type="checkbox"/> Y <input type="checkbox"/> N | | |
| No. of Victims: | | | | |

Comments: Paragraph F5: May reduce term of ban on industry participation (but not ban on collection activity) and license application by 12 mos if CO has been complied with and if additional fine of \$10,000 is paid.

Paragraph G: Must file sworn activity reports quarterly if associated with any entity subject to licensure under Check Cashers and Sellers Act through entire term of consent order

Ensure monitored closely so all terms satisfied.

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Check Cashers and Sellers Act of Washington by:

NO. C-04-086-05-CO05

PFH, Inc., dba FAST CASH LOANS and
LOAN EX, and JONATHAN BLAKE
GOLDBERG, President and Chief Executive
Officer, and STEVE H. SELVAR, Collections
Manager, and MICHAEL D. FRYE, Collections
Employee, and MARGARET COOK, Collections
Employee,

CONSENT ORDER

JONATHAN BLAKE GOLDBERG

Respondents.

10 COMES NOW the Director of the Department of Financial Institutions (Director), through his designee
11 Chuck Cross, Division Director, Division of Consumer Services, and Jonathan Blake Goldberg (Respondent
12 Goldberg) by and through his attorney Laurence B. Finegold, and finding that the issues raised in the captioned
13 matter may be economically and efficiently settled, agree to the entry of this Consent Order. This Consent Order
14 is entered pursuant to chapter 31.45 of Revised Code of Washington (RCW), and RCW 34.05.060 of the
15 Administrative Procedure Act, based on the following:

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AGREEMENT AND ORDER

18 The Department of Financial Institutions, Division of Consumer Services (Department) and Respondent
19 Goldberg have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-04-086-04-
20 SC01 (Statement of Charges) entered September 24, 2004, (copy attached hereto). Pursuant to chapter 31.45
21 RCW, the Check Cashers and Sellers Act (Act) and RCW 34.05.060 of the Administrative Procedure Act,
22 Respondent Goldberg hereby agrees to the Department's entry of this Consent Order and further agrees that the
23 issues raised in the above captioned matter may be economically and efficiently settled by entry of this Consent
24 Order. The parties intend this Consent Order to fully resolve all allegations raised in the Statement of Charges.

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Based upon the foregoing:

CONSENT ORDER
JONATHAN BLAKE GOLDBERG

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200

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

3 B. **Waiver of Hearing.** It is AGREED that Respondent Goldberg has been informed of the right to a
4 hearing before an administrative law judge, and that Respondent Goldberg has waived the right to a hearing and
5 any and all administrative and judicial review of the issues raised in this matter, or of the resolution reached
6 herein. Accordingly, Respondent Goldberg agrees to withdraw his application for hearing and to inform the
7 Office of Administrative Hearings in writing of his withdrawal.

8 C. **No Admission of Liability.** The parties intend this order to fully resolve the Statement of Charges
9 and agree that Respondent Goldberg does not admit to any wrongdoing by its entry. Respondent Goldberg does
10 not admit that he has violated any laws as alleged in the Statement of Charges (No. C-04-086-04-SC01).

11 D. **Fine.** It is AGREED that Respondent Goldberg shall pay to the Department a fine of \$30,000.00, in
12 the form of a cashier's check made payable to the "Washington State Treasurer," upon entry of this order.

13 E. **Ban from Collection Activities.** Respondent Goldberg shall be banned from participation in the
14 conduct of any "collection activities" of Respondent PFH, Inc. and any check casher or seller or payday loan
15 company subject to licensure by the Director, beginning immediately upon entry of this order and continuing for a
16 period of three (3) years (36 months) from the date of entry of this order. For the purposes of this order,
17 "collection activities" shall mean any and all involvement in or control of any and all efforts to collect money
18 or its equivalent from former or current or future customers for amounts due on past due or delinquent
19 accounts.

20 F. **Ban from Industry.**

21 (1) Immediately upon entry of this order, Respondent Goldberg shall be banned from
22 participation in the conduct of the affairs of Respondent PFH, Inc. and any check casher or
23 seller or payday loan company subject to licensure by the Director for a period of twenty-four
24 (24) months, in any manner or capacity, including but not limited to: (a) any financial capacity
25 whether active or passive or (b) as an officer, director, principal, independent contractor
[excluding consultant as described in paragraph F(3)], or employee.

1 (2) This provision does not affect Respondent Goldberg's ability to be employed by or in
2 association with a check casher or seller or payday loan company subject to licensure by the
3 Director and operating in multiple states including Washington, SO LONG AS Respondent
4 Goldberg complies with the terms of this provision relating to any operations in the state of
Washington and SO LONG AS Respondent Goldberg files a sworn report as specified in
Paragraph G, which includes notifying the companies and employers of the existence and terms
of this order.

5 (3) If Respondent Goldberg wishes to act as a consultant or in any consultative role,
6 Respondent Goldberg must file a sworn report specifying the items required under Paragraph
7 G. In these circumstances, it is understood that Respondent Goldberg shall not engage in any
activities of the business or day-to-day operations and shall not exercise any management,
operational or supervisory authority.

8 (4) AS LONG AS Respondent Goldberg has fully complied with this order, Respondent
9 Goldberg may reduce the twenty-four (24) month term by twelve (12) months upon the
10 payment to the Department of an additional fine in the amount of \$10,000 in the form of a
cashier's check made payable to the "Washington State Treasurer."

11 (5) The additional fine of \$10,000, if Respondent Goldberg chooses to reduce the term of ban
12 pursuant to Paragraph F (4), is payable twelve (12) months from the date of entry of this order
and must be paid before the reduction in term becomes effective.

13 (6) In order to request a reduction in the term of the ban pursuant to paragraph F(4), the
following must occur:

- 14 a. Respondent Goldberg must make such request to the Department in writing no
15 later than thirty (30) days prior to twelve (12) months from the date of entry of this
order and no sooner than sixty (60) days prior to twelve (12) months from the date
16 of entry of this order;
- 17 b. The request must be addressed to the Department, Attention Enforcement Chief.
18 The Department, if satisfied that Respondent Goldberg has complied with all terms
of this order, will so notify Respondent Goldberg within twenty (20) days of
19 receipt of the request, and will indicate that upon timely payment of the additional
fine in the amount of \$10,000 the term shall be reduced by twelve (12) months;
- 20 c. The request must specify Respondent Goldberg's current mailing address.
- 21 d. The request must be accompanied by a sworn report including the items specified
in paragraph G.

22 (8) During the term of the ban, Respondent Goldberg shall refrain from applying to the
23 Department for any Check Casher or Check Seller license or Small Loan endorsement under
24 any name.
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1 (9) The provisions of Paragraph F do not affect the terms of the ban from collection activities
2 described in Paragraph E.

3 **G. Regular Sworn Reports.** Immediately upon entry of this order Respondent Goldberg shall file a
4 sworn notarized report with the Department containing at a minimum the items specified below. During the
5 entire term of this order, if associated in any form with a company or organization subject to the Check Cashers
6 and Sellers Act or which has a Small Loan endorsement, Respondent Goldberg shall file a sworn notarized
7 report with the Department every three (3) months; in addition to these sworn notarized reports, Respondent
8 Goldberg shall file a sworn notarized report with the Department within 5 days of any change in business
9 relationship and employment circumstances which leads to his association with any company or organization
10 subject to the Check Cashers and Sellers Act or which has a Small Loan endorsement. The sworn notarized
11 reports at a minimum must include:

12 (1) Respondent Goldberg's current business arrangements, relationships, independent
13 contractor agreements, associations and employment;

14 (2) Respondent Goldberg's responsibilities and duties with each position, business
15 arrangement, relationship, independent contractor agreement, and association;

16 (3) Respondent Goldberg's statement that he is not and has not engaged in any collection
17 activities and is not and has not engaged in any banned activities;

18 (4) Respondent Goldberg's statement that he has informed the hiring and controlling
19 authorities of his current business arrangement, relationship, independent contractor
20 agreement, association or employer of the existence and terms of this order; and

21 (5) Respondent Goldberg's statement that he is in full compliance with the terms and
22 conditions of this order.

23 **H. Complete Cooperation with the Department.** During the entire term of this order Respondent
24 Goldberg shall cooperate fully, truthfully and completely with the Department. This shall include but not be
25 limited to Respondent Goldberg notifying the Department in writing of any change of his address within five (5)
days of such change. A failure to cooperate fully, truthfully and completely is a breach of this order.

1 I. **Compliance with the Law.** It is AGREED that Respondent Goldberg shall comply with the Check
2 Cashers and Sellers Act and the rules adopted thereunder when engaged in any activities subject to that statute.

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

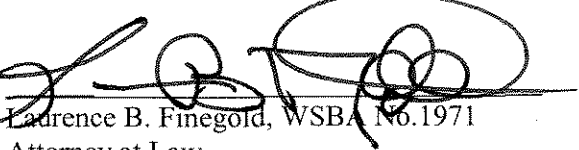
7 K. **Voluntarily Entered.** It is AGREED that the undersigned Respondent Goldberg has voluntarily
8 entered into this Consent Order, which is effective when signed by the Director's designee.

9 L. **Completely Read, Understood, and Agreed.** It is AGREED that Respondent Goldberg has read this
10 Consent Order in its entirety and fully understands and agrees to all of the same.

11 **RESPONDENT JONATHAN BLAKE GOLDBERG:**

12 
13 _____
14 JONATHAN BLAKE GOLDBERG

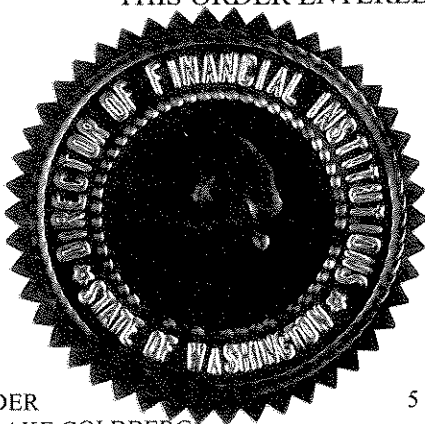
7-28-05
Date

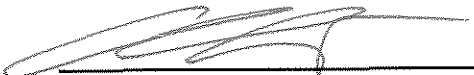
15 
16 Laurence B. Finegold, WSBA No. 1971
17 Attorney at Law
18 Attorney for Respondent Jonathan Blake Goldberg

8/2/05
Date

19 **DO NOT WRITE BELOW THIS LINE**

20 THIS ORDER ENTERED THIS 3rd DAY OF ^{August} ~~JULY~~ 2005.





26 CHUCK CROSS
27 Director
28 Division of Consumer Services
29 Department of Financial Institutions

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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Check Cashers and Sellers Act of Washington by:

NO. C-04-086-04-SC01

PFH, Inc., dba FAST CASH LOANS and
LOAN EX, and J. BLAKE GOLDBERG,
President and Chief Executive Officer, and
STEVE H. SELVAR, Collections Manager, and
MICHAEL D. FRYE, Collections Employee, and
MARGARET COOK, Collections Employee,

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE,
IMPOSE FINE, ORDER RESTITUTION,
REMOVE AND BAN FROM INDUSTRY,
AND COLLECT EXAMINATION FEE

Respondents.

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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). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation pursuant to RCW 31.45.100, and based upon the facts available as of September 24, 2004 the Director institutes this proceeding and finds as follows:

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I. FACTUAL ALLEGATIONS

1.1 Respondents:

A. **PFH, Inc. dba Fast Cash Loans and Loan Ex (Respondent PFH)** was licensed by the Department of Financial Institutions of the State of Washington (Department) as a check casher, with a small loan endorsement, on August 23, 1996, and has continued to be licensed to date. Respondent PFH also currently holds nineteen (19) branch check casher licenses and nineteen (19) branch small loan endorsements.

B. **J. Blake Goldberg (Respondent Goldberg)** is President and Chief Executive Officer of Respondent PFH.

C. **Steve H. Selvar (Respondent Selvar)** is employed by Respondent PFH as manager of the collections department.

1 D. **Michael D. Frye (Respondent Frye)** is employed by Respondent PFH as a collector.

2 E. **Margaret Cook (Respondent Cook)** is employed by Respondent PFH as a collector.

3 **1.2 Consumer Complaints:** To date, the Department and the Office of the Attorney General of
4 Washington (Attorney General) have collectively received over fifty (50) consumer complaints regarding
5 Respondent PFH's business operations, including its activities related to the collection of delinquent small
6 loans, during the period beginning in or around July of 2000 and continuing through July of 2004.

7 **1.3 Using Improper Methods of Collecting Delinquent Small Loans:**

8 A. At least thirty-five (35) of the consumer complaints referenced in paragraph 1.2 allege that,
9 during contacts with borrowers related to their delinquent small loans, Respondent PFH's employees told
10 borrowers that they were being investigated for criminal felony check fraud and threatened borrowers with
11 criminal prosecution for felony check fraud, and while attempting to contact borrowers related to their
12 delinquent small loans, Respondent PFH's employees told non-borrowers that borrowers were being
13 investigated for criminal felony check fraud. Of these thirty-five (35) consumer complaints, at least sixteen
14 (16) allege that such activity occurred on or after July 27, 2003. Of these sixteen (16) consumer complaints, at
15 least ten (10) allege that such contacts were made by a person identifying himself as Dave Holt, and at least two
16 (2) allege that such contacts were made by a person identifying herself as Olivia Cruz. During the period from
17 July 27, 2003 through July 2004, Respondents Frye and Cook regularly used the aliases Dave Holt and Olivia
18 Cruz, respectively, while making collection telephone calls to borrowers and non-borrowers for Respondent
19 PFH.

20 B. From November of 2001, when Respondent Cook was hired by Respondent PFH, until the end
21 of 2003, she was employed as a "soft" collector, with responsibility for accounts delinquent thirty days or less
22 at particular branches. In January of 2004, she began working with Respondent Frye as a "hard" collector,
23 collecting on accounts delinquent for over thirty days. From January of 2004 until mid-May of 2004, according
24 to Respondent Cook, her standard introduction to borrowers was as follows:

1 "My name is Olivia Cruz [an alias used by Respondent Cook], I'm a fraud
2 investigator, I'm conducting an investigation into the felony check fraud that you
3 were involved in when you wrote your check to Fast Cash Loans. Check fraud is
4 a felony under RCW 9A.56.060. Do you want to go ahead and resolve that or do
5 you want me to take further action?"

6 For the period from January of 2004 until mid-May of 2004, Respondent Cook, while attempting
7 to contact delinquent borrowers, would regularly tell non-borrowers that she was a fraud
8 investigator investigating the felony check fraud that the delinquent borrower had committed and
9 would regularly ask borrowers and non-borrowers if the delinquent borrower had ever been
10 arrested.

11 C. From November of 2001, when Respondent Frye was hired by Respondent PFH, until the end
12 of July of 2004, he was a "hard" collector, meaning he had collection responsibility over accounts that the
13 "soft" collectors were unable to collect, usually borrowers delinquent over forty-five days. From November of
14 2001 until July of 2003, according to Respondent Frye, his standard introduction to borrowers was as follows:

15 "My name is [generally an alias used by Respondent Frye], I'm a fraud
16 investigator hired by Fast Cash Loans conducting a felony fraud investigation on
17 you under the RCW 9A.56.060. If you would like to resolve this without me
18 having to turn this over to [law enforcement agency in County where loan was
19 originated, such as "King County Sheriff's Office"], you have until [specific
20 date] to pay it. Do you want to resolve it?"

21 After July of 2003, Respondent Frye used the same introduction except that he would tell borrowers they would
22 be turned over to a County, rather than a specific law enforcement agency within that County (i.e. "King
23 County" rather than "King County Sheriff's Office"). Respondent Frye claimed he always indicated that he had
24 been hired by Fast Cash Loans. However, in or around September 2003 Respondent Frye left the following
25 voicemail for a customer:

1 "You need to give Dave Holt [an alias used by Respondent Frye] a call, you are
2 currently under investigation by my office for the felony fraud that you
3 committed against Fast Cash Loans back on July 27. It is under the Revised
4 Code of Washington 9A.56.060. If this is something that you would like to go
5 ahead and resolve without me having to proceed against you under this statute, I
6 can be reached at 253-954-1207."

7 For the period from November of 2001 through July of 2004, Respondent Frye, while attempting to contact
8 delinquent borrowers, would regularly tell non-borrowers that he was a fraud investigator investigating the
9 felony check fraud that the delinquent borrower had committed and would regularly ask borrowers and non-
10 borrowers if the delinquent borrower had ever been arrested.

11 **1.4 Using a Fictitious Name Indicating a Third Person is Attempting to Collect Loans:** At least thirty-
12 two (32) of the consumer complaints referenced in paragraph 1.2 allege that, during contacts with borrowers
13 related to their delinquent small loans and while attempting to contact borrowers related to their delinquent
14 small loans, Respondent PFH's collection employees represented that they were fraud investigators or
15 investigators, or that they were employed by Western Washington Fraud Unit or the Fraud Unit. Of these
16 thirty-two (32) consumer complaints, at least seventeen (17) allege that such activity occurred on or after July
17 27, 2003. Of these seventeen (17) consumer complaints, at least twelve (12) allege that such contacts were
18 made by a person identifying himself as Dave Holt, and at least two (2) allege that such contacts were made by
19 a person identifying herself as Olivia Cruz. During the period from July 27, 2003 through July 2004,
20 Respondents Frye and Cook regularly used the aliases Dave Holt and Olivia Cruz, respectively, while making
21 collection telephone calls to borrowers and non-borrowers for Respondent PFH. Respondents Frye and Cook
22 regularly identified themselves as fraud investigators between November of 2001 and May of 2004, and for an
23 indeterminate period of time, the main telephone number (253-927-4200) associated with Respondents Frye and
24 Cook, while they were employed as "hard" collectors as discussed in paragraphs 1.3B and 1.3C, had an
25 outgoing voice mail message for callers stating they had reached Western Washington Fraud Unit. As late as

1 June 8, 2004, when calling the same telephone number (253-927-4200), the outgoing voice mail message
2 referred to Western Washington Fraud Unit.

3 **1.5 Using Abusive Debt Collection Practices:** All of the consumer complaints referenced in paragraph
4 1.4 allege abusive debt collection practices by employees in Respondent PFH's collection department,
5 including:

- 6 (a) Contacting non-borrowers in an attempt to locate borrowers, and telling such non-borrowers
7 that borrowers either owed Respondent PFH for a delinquent small loan or were under
8 investigation for felony check fraud. (In this and following descriptions of alleged collection
9 activities, non-borrowers include adult and juvenile members of the borrowers' households,
10 family members, friends, coworkers, supervisors, Human Resource employees at borrowers'
11 places of employment, landlords, neighbors, grocery store employees, and non-borrowers listed
12 as references on small loan applications);
- 13 (b) Contacting non-borrowers multiple times in an attempt to locate borrowers, even after being
14 told by such non-borrowers multiple times that they did not know the location of the borrowers;
- 15 (c) Contacting borrowers early in the morning, late in the evening, or at inconvenient locations
16 such as while shopping at local supermarkets;
- 17 (d) Contacting borrowers at their place of employment, even after being asked to stop by
18 borrowers, supervisors or employers;
- 19 (e) Contacting non-borrowers and telling such non-borrowers that borrowers either owed
20 Respondent PFH for a delinquent small loan or were under investigation for felony check fraud,
21 even after the location of the borrowers was known;
- 22 (f) Using profanity while communicating with borrowers;
- 23 (g) Contacting or attempting to contact borrowers and non-borrowers more than five times in a
24 given day, or more than twenty times in a given week;

- 1 (h) Telling borrowers that they were "a nobody", because if they were somebody they wouldn't
- 2 need to use a payday lender;
- 3 (i) Telling borrowers that they would lose custody of their children, and telling children of
- 4 borrowers that their parents would be going to jail;
- 5 (j) Representing themselves as fraud investigators or investigator, as discussed in paragraph 1.4;
- 6 and
- 7 (k) Representing or implying that non-payment of the delinquent small loan would lead to the
- 8 borrowers' arrest or imprisonment, as discussed in paragraph 1.3.

9 **1.6 Charging Excess Interest or Fees on Small Loans:** During an examination of two hundred eighty-

10 eight (288) loan files conducted by Department personnel in August of 2004, twenty (20) loans were identified

11 as having been charged excess interest or fees. The interest or fee overpayments on these loans totaled one

12 hundred dollars (\$100.00). The overcharges occurred when individual borrowers took out more than one loan

13 from Respondent PFH, and the aggregated principal of all loans made to such individual borrowers exceeded

14 five hundred dollars (\$500.00) at any one time. In such instances, Respondent PFH charged interest or fees

15 equal to fifteen percent (15%) of the entire principal balance. As stated in Section II below, RCW 31.45.073

16 limits interest or fees on the portion of principal balances that exceed five hundred dollars (\$500.00) to ten

percent (10%) of such balances.

17 **1.7 Charging Excess Fees on Small Loan Payment Plans:** At Respondent PFH, all borrower requests for

18 small loan payment plans are referred to the collection department. During the period from September 2003

19 through at least July 2004, the collection department would not enter into a small loan payment plan until the

20 requesting borrower's check was returned by the bank it was drawn on as insufficient funds (NSF). This

21 procedure was applied to all borrower requests for small loan payment plans, including requests by borrowers

22 who qualified for mandatory conversion to a small loan payment plan under the Act (request made after four

23 successive loans and prior to default upon the last loan). Once a small loan payment plan was set up,

Respondent PFH charged borrowers a one-time fee for the payment plan equal to the fee or interest on the

1 outstanding principal of the loan as allowed by the Act. Beginning in or around October of 2003 and ending in
2 or around May of 2004, Respondent PFH also charged such borrowers an NSF fee of \$25. After May of 2004,
3 Respondent PFH no longer charged the NSF fee, but borrowers must still bear any fees charged by the
4 borrower's bank.

5 **1.8 Failure to Provide Small Loan Payment Plan:** On at least one occasion, Respondent PFH failed to
6 provide a small loan payment plan for a borrower who qualified for mandatory conversion under the Act. In
7 August of 2004, a branch manager of Respondent PFH stated to Department personnel that a borrower had
8 recently attempted to set up a small loan payment plan, and had left seventy five dollars (\$75.00) in cash with
9 the branch manager as payment for the small loan payment plan fee. A review of the borrower's loan history
10 showed she was in her fourth successive loan, and had not yet defaulted on that loan. The branch manager
11 stated that the collections department told her that the borrower could not be set up on a payment plan because
12 the borrower was unemployed and was not married.

13 **1.9 Disclosing Understated Annual Percentage Rate (APR) to Borrowers:** During an examination of
14 forty (40) loan files from Respondent PFH's Tumwater and Centralia branch offices, conducted by Department
15 personnel in August 2004, five (5) loans were identified as having handwritten disclosures with understated
16 APR's. In two of these loans, the understatement required refunds of \$15.94 and \$3.20, totaling \$19.14.

17 **1.10 Failure to Notify Department of Location Closure:** On or around July 22, 1999, the Department
18 issued a license and small loan endorsement to Respondent PFH for a location at 13303 Pacific Ave S, Tacoma,
19 Washington. On or around July 15, 2001, Respondent PFH closed this location. On or around December 13,
20 2002, the Department issued a license and small loan endorsement to Respondent PFH for a location at 706
21 Yelm Ave E, Yelm, Washington. This location was never opened. To date, the Department has not received
22 any written notification of Respondent PFH's closure of these two locations.

23 **1.11 Failure to Notify Department of Significant Developments:** Respondent PFH's license application,
24 filed with the Department in June of 1996, lists Respondent Goldberg as President and fifty percent owner of
25 Respondent PFH, and David M. Otto as Vice President and fifty percent owner of Respondent PFH. In an

1 interview conducted by Department personnel on September 1, 2004, Respondent Goldberg stated that the
2 ownership of Respondent PFH has changed between initial licensure and the present, that he currently owns
3 approximately one percent of Respondent PFH, and that no individual shareholder currently owns more than
4 fourteen percent of Respondent PFH. Respondent Goldberg further stated that between 1998 and 2000, Mike
5 Humphries was the Chief Executive Officer of Respondent PFH. To date, the Department has not received any
6 written notification of a change in control of Respondent PFH since initial licensure in 1996.

7 **1.12 On-Going Examination:** The Department's examination into the alleged violations of the Act by
8 Respondents continues to date.

9 II. GROUNDS FOR ENTRY OF ORDER

10 2.1 Collection of Delinquent Small Loans:

11 A. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation
12 of RCW 31.45.082 for threatening criminal prosecution as a method of collecting a delinquent small loan.

13 B. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation
14 of RCW 31.45.082 and WAC 208-630-080 for failing to comply with all applicable state and federal laws when
15 collecting a delinquent small loan, in particular, 15 USC 1692, the Fair Debt Collection Practices Act and RCW
16 19.16, the Collection Agency Act. Pursuant to 15 USC 1692a(6), the definition of a debt collector includes any
17 creditor who, in the process of collecting his own debts, uses any name other than his own which would indicate
18 that a third person is collecting or attempting to collect such debts. Pursuant to RCW 19.16.100(2)(c), the
19 definition of a collection agency includes any person who in attempting to collect or in collecting his or her own
20 claim uses a fictitious name or any name other than his or her own which would indicate to the debtor that a
21 third person is collecting or attempting to collect such claim. The Fair Debt Collection Practices Act and the
22 Collection Agency Act prohibit the use of abusive debt collection practices by debt collectors, including the
23 following activities in connection with the collection of any debt:

- 24 • Stating that a consumer owes any debt while communicating with any person other than the
25 consumer for the purpose of acquiring location information about the consumer.

- Communicating with any person other than the consumer for the purpose of acquiring location information about the consumer more than once unless requested to do so by such person or unless the debt collector reasonably believes that the earlier response of such person is erroneous or incomplete and that such person now has correct or complete location information.
- Communicating with a consumer at any unusual time or place or a time or place known or which should be known to be inconvenient to the consumer.
- Communicating with a consumer at a consumer's place of employment if the debt collector knows or has reason to know that the consumer's employer prohibits the consumer from receiving such communication.
- Communicating with any person other than the consumer, other than to acquire location information about the consumer.
- Engaging in any conduct the natural consequence of which is to harass, oppress, or abuse any person, including the use of obscene or profane language, or causing a telephone to ring or engaging any person in telephone conversation repeatedly or continuously with intent to annoy, abuse, or harass any person at the called number.
- Using any false, deceptive, or misleading representation, including the false representation that the debt collector is affiliated with any State, the representation or implication that nonpayment of any debt will result in the arrest or imprisonment of any person unless such action is lawful and the debt collector or creditor intends to take such action, the threat to take any action that cannot legally be taken or that is not intended to be taken, the false representation or implication that the consumer committed any crime or other conduct in order to disgrace the consumer, the use of any false representation or deceptive means to collect or attempt to collect any debt or to obtain information concerning a consumer, or the

1 use of any business, company, or organization name other than the true name of the debt
2 collector's business, company, or organization.

3 The Collection Agency Act requires collection agencies to be licensed by the State of Washington.

4 C. Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation
5 of RCW 31.45.110(1)(k) and (l) for committing acts of fraudulent or dishonest dealing and engaging in conduct
6 that demonstrates incompetence or untrustworthiness, or is a source of injury and loss to the public.

7 **2.2 Maximum Interest or Fees on a Small Loan:** Based on the Factual Allegations set forth in Section I
8 above, Respondent PFH is in apparent violation of RCW 31.45.073(3) for charging interest or fees exceeding,
9 in the aggregate, fifteen percent of the first five hundred dollars of aggregated principal of all loans to a single
10 borrower at any one time, and ten percent of that portion of the aggregated principal balances of all loans to a
11 single borrower which exceed five hundred dollars at any one time.

12 **2.3 Small Loan Payment Plans:** Based on the Factual Allegations set forth in Section I above,
13 Respondent PFH is in apparent violation of RCW 31.45.084(1) for failing to provide a small loan payment plan
14 to a borrower who had at least four successive loans and who requested a small loan payment plan prior to
15 default on the last loan, and for charging fees on small loan payment plans in excess of the fee or interest on the
16 outstanding principal of the loan as allowed under RCW 31.45.073(3).

17 **2.4 Requirement to Disclose APR:** Based on the Factual Allegations set forth in Section I above,
18 Respondent PFH is in apparent violation of RCW 31.45.088(3) and WAC 208-630-080(3) for disclosing
19 understated APR's to the borrowers.

20 **2.5 Requirement to Notify Department of Location Closure:** Based on the Factual Allegations set forth
21 in Section I above, Respondent PFH is in apparent violation of RCW 31.45.050(3) for failing to notify the
22 Director in writing no less than thirty days before the licensee's proposed establishing, closing, or moving of a
23 place of business.

24 **2.6 Requirement to Notify Department of Significant Developments:** Based on the Factual Allegations
25 set forth in Section I above, Respondent PFH is in apparent violation of WAC 208-630-060(5) for failing to

1 notify the Director in writing within thirty days of a change of control of the licensee. In the case of a
2 corporation, control is defined in WAC 208-630-060(5) as a change of ownership by a person or group acting in
3 concert to acquire ten percent of the stock, or the ability of a person or group acting in concert to elect a
4 majority of the board directors or otherwise effect a change in policy of the corporation.

5 **2.7 Authority to Issue Statement of Charges:** Pursuant to RCW 31.45.110(1)(b), (k), and (l), the
6 Director may issue and serve upon a licensee a statement of charges if, in the opinion of the director, any
7 licensee is violating or has violated the Act or any rules adopted thereunder, commits any act of fraudulent or
8 dishonest dealing, or commits any act or engages in conduct that demonstrates incompetence or
untrustworthiness, or is a source of injury or loss to the public.

9 **2.8 Authority to Impose Sanctions:** Pursuant to RCW 31.45.110(2), the Director may impose the
10 following sanctions against any licensee, or any director, officer, controlling person, or employee of a licensee:
11 revoke a license, impose a fine, not to exceed one hundred dollars per day for each day's violation of the Act,
12 order restitution to borrowers damaged by the licensee's violation of this chapter, and remove from office or
13 ban from participation in the conduct of the affairs of any licensee any director, officer, controlling person, or
14 employee of a licensee.

15 **2.9 Authority to Charge Examination Fee:** Pursuant to RCW 31.45.050(1), RCW 31.45.100, WAC 208-
16 630-015, WAC 208-630-020, WAC 208-630-023 and WAC 208-630-02303, upon completion of any examination
17 of the books and records of a licensee, the Director shall collect from the licensee the actual cost of the examination.
18 The examination charge will be calculated at the rate of sixty-nine dollars and one cent (\$69.01) per hour that each
staff person devoted to the examination.

19 III. NOTICE OF INTENTION TO ENTER ORDER

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

23 3.1 Respondent PFH, Inc.'s license to conduct the business of a Check Casher with a Small Loan
24 Endorsement be revoked; and

- 1 3.2 Respondent PFH, Inc. and Respondent J. Blake Goldberg jointly and severally pay a fine totaling
2 \$67,500 for:
- 3 a. Seven (7) violations of RCW 31.45.082 and RCW 31.45.110(1)(b), (k) and (l) pertaining to
collection of delinquent small loans, calculated at \$100.00 per day for 10 days (\$7,000);
 - 4 b. Twenty (20) violations of RCW 31.45.073(3), calculated at \$100.00 per day for 30 days (\$60,000);
and
 - 5 c. Five (5) violations of RCW 31.45.088, calculated at \$100 per day for 1 day (\$500).
- 6 3.3 Respondent PFH, Inc., Respondent J. Blake Goldberg, and Respondent Michael D. Frye jointly and
severally pay a fine of \$22,000 for twenty-two (22) violations of RCW 31.45.082 and RCW
7 31.45.110(1)(b), (k) and (l) pertaining to collection of delinquent small loans, calculated at \$100.00
8 per day for 10 days; and
- 9 3.4 Respondent PFH, Inc., Respondent J. Blake Goldberg, and Respondent Margaret Cook pay a fine of
\$4,000 for four (4) violations of RCW 31.45.082 and RCW 31.45.110(1)(b), (k) and (l) pertaining to
10 collection of delinquent small loans, calculated at \$100.00 per day for 10 days; and
- 11 3.5 Respondent PFH, Inc. pay restitution to all affected borrowers for any interest or fees charged on small
loans in excess of statutory limits, including \$100 in restitution to the borrowers referenced in
12 paragraph 1.6; and
- 13 3.6 Respondent PFH, Inc. pay restitution to all affected borrowers for any fees charged related to small
loan payment plans in excess of statutory limits; and
- 14 3.7 Respondent PFH, Inc. pay restitution to all affected borrowers for any refunds due resulting from
disclosure of understated APR's, including \$19.14 in restitution to the borrowers referenced in
15 paragraph 1.9; and
- 16 3.8 Respondent J. Blake Goldberg be removed as President and Chief Executive Officer of Respondent
PFH, Inc. and banned from participation in the conduct of the affairs of any check casher or seller
subject to licensure by the Director, in any manner, for a period of five (5) years; and
- 17 3.9 Respondent Steve H. Selvar be banned from participation in the conduct of the affairs of any check
casher or seller subject to licensure by the Director, in any manner, for a period of five (5) years; and
- 18 3.10 Respondent Michael D. Frye be banned from participation in the conduct of the affairs of any check
casher or seller subject to licensure by the Director, in any manner, for a period of five (5) years; and
- 19 3.11 Respondent Margaret Cook be banned from participation in the conduct of the affairs of any check
casher or seller subject to licensure by the Director, in any manner, for a period of five (5) years; and
- 20 3.12 Respondent PFH, Inc. pay an examination fee in the amount of \$21,255.08 calculated at \$69.01 per
hour for three hundred eight (308) staff hours devoted to the examination.
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IV. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, Order Restitution, Remove and Ban from Industry, and Collect Examination Fee is entered pursuant to the provisions of RCW 31.45.110 and RCW 31.45.200, and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fine, Order Restitution, Remove and Ban from Industry, and Collect Examination Fee.


Dated this 24th day of September, 2004.





CHUCK CROSS
Director and Enforcement Chief
Division of Consumer Services
Department of Financial Institutions

Presented by:



Mark T. Olson
Financial Examiner