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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:

NO. C-04-107-06-CO02

CYBERLOANOFFICER.COM, INC. and
MOHAMMED KARKUKLY, CEO and Owner,
NAHED KARKUKLY, President and Owner,
AHMAD KARKUKLY, Vice President and Owner,

CONSENT ORDER
BETWEEN THE DEPARTMENT
AND AHMAD KARKUKLY

Respondents.

9 COMES NOW the Director of the Department of Financial Institutions (Director), through his designee
10 Chuck Cross, Division Director, Division of Consumer Services, and Ahmad Karkukly, and finding that the issues
11 raised in the captioned matter may be economically and efficiently settled, agree to the entry of this Consent
12 Order. This Consent Order is entered pursuant to chapter 31.04 of the Revised Code of Washington (RCW) and
13 RCW 34.05.060 of the Administrative Procedure Act based on the following:

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AGREEMENT AND ORDER

16 The Department of Financial Institutions, Division of Consumer Services (Department), and Respondent
17 have agreed upon a basis for resolution of the matters alleged in Statement of Charges No. C-04-107-04-SC01
18 (Statement of Charges), entered June 17, 2004 (copy attached hereto). Pursuant to chapter 31.04 RCW, the
19 Consumer Loan Act (Act), and RCW 34.05.060 of the Administrative Procedure Act, Respondent hereby agrees
20 to the Department's entry of this Consent Order and further agrees that the issues raised in the above captioned
21 matter may be economically and efficiently settled by entry of this Consent Order. The parties intend this Consent
22 Order to fully resolve the Statement of Charges.

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CONSENT ORDER
BETWEEN THE DEPARTMENT
AND AHMAD KARKUKLY
C-04-107-06-CO02

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8795

1 Based upon the foregoing:

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

4 B. **Waiver of Hearing.** It is AGREED that Respondent has been informed of the right to a hearing
5 before an administrative law judge, and that he has waived his right to a hearing and any and all administrative and
6 judicial review of the issues raised in this matter, or of the resolution reached herein.

7 C. **Good Faith.** It is AGREED that Respondent represents that upon learning of these administrative
8 charges, Respondent acted in good faith by immediately contacting the Department to fully cooperate towards
9 prompt resolution. Respondent further represents that he has not had any ownership interest in Respondent
10 Cyberloanofficer.com, Inc. since 2001.

11 D. **Declaration.** It is AGREED that Respondent provided the Department with a signed declaration
12 stating that has not been an owner or officer of Respondent Cyberloanofficer.com, Inc. since 2001. It is further
13 AGREED that a true and correct copy of the same declaration is attached hereto and incorporated by this reference
14 as though fully set forth herein.

15 E. **Application.** It is AGREED and ORDERED that Respondent will refrain from submitting or causing
16 to be submitted to the Department an application for licensing under the Act for a period of five (5) years from the
17 date of the entry of this Consent Order, whether in his name or on his behalf either directly or indirectly, as owner,
18 manager, or otherwise. It is further AGREED that, should Respondent apply to the Department for any license
19 issued pursuant to chapter 31.04 RCW at any time after five (5) years from the date of the entry of this Consent
20 Order, he shall be required to meet any and all application requirements in effect at that time.

21 F. **Ban from Industry.** It is AGREED and ORDERED that Respondent is prohibited from participation
22 in the conduct of the affairs of a licensed consumer loan company operating in Washington, or a consumer loan
23 company subject to licensing that holds itself out as able to conduct business with Washington consumers for a
24 period of five (5) years from the entry of this consent order in any capacity, including but not limited to: (1) any

1 financial capacity whether active or passive or (2) as an officer, director, principal, employee, or loan originator.
2 The prohibition is based on Respondents' failure to surrender its license in compliance with Departmental
3 procedures.

4 **G. Consent to Be Bound By Order.** It is AGREED that the parties shall be bound by the terms and
5 conditions of this Consent Order as set forth herein.

6 **H. Authority of the Department.** It is AGREED that nothing in this Consent Order shall be construed
7 as preventing the Department from fully exercising its authority and enforcing any provision of Title 31 Revised
8 Code of Washington and Title 208 of the Washington Administrative Code.

9 **I. Authority to Execute Order.** It is AGREED that the undersigned have represented and warranted
10 that they have the full power and right to execute this Consent Order on behalf of the Respondents.

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

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

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

5 **RESPONDENT:**

6 **AHMAD KARKUKLY**

7 By:


8 
9 _____
Ahmad Karkukly

10 DO NOT WRITE BELOW THIS LINE

11 THIS ORDER ENTERED THIS 13th DAY OF ^{September} ~~AUGUST~~, 2006.



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CHUCK CROSS
Director
Division of Consumer Services
Department of Financial Institutions

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF CONSUMER SERVICES

IN THE MATTER OF:

CYBERLOANOFFICER.COM, INC. and
MOHAMMED KARKUKLY, CEO and
Owner, NAHED KARKUKLY, President and
Owner, AHMAD KARKUKLY, Vice
President and Owner,

NO. C-04-107-06-CO02

DECLARATION OF
AHMAD KARKUKLY

Respondents.

I, Ahmad Karkukly, declare:

- I am above the age of eighteen and based upon my personal knowledge am competent to testify to the facts as stated in this declaration.
- I am no longer and officer or owner of Cyberloanofficer.com, Inc., and have not acted in such capacity since 2001.

I certify under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct and that I have read and understand all of the above.

DATED this 30th day of August, 2006, in Chicago, Illinois.
City State


Signature of Ahmad Karkukly

Ahmad Karkukly
Print Name

847-340-2710
Phone Number

DECLARATION OF
AHMAD KARKUKLY

DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
PO Box 41200
Olympia WA 98504-1200
(360) 902-8703

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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
Consumer Loan Act of Washington by:

NO. C-04-107-04-SC01

CYBERLOANOFFICER.COM, INC. and
MOHAMMED KARKUKLY, CEO and Owner,
NAHED KARKUKLY, President and Owner
AHMAD KARKUKLY, Vice President and
Owner

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE LICENSE, IMPOSE
FINES AND LATE FEES, AND COLLECT
INVESTIGATION FEE

Respondents.

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INTRODUCTION

Pursuant to RCW 31.04.093 and RCW 31.04.165, the Director of the Department of Financial Institutions of the State of Washington (Director) is responsible for the administration of chapter 31.04 RCW, the Consumer Loan Act (Act). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation pursuant to RCW 31.04.145, and based upon the facts available as of June 16, 2004, the Director institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents:

A. **CYBERLOANOFFICER, Inc. dba MORTGAGEBANKINGCENTER.COM** (Respondent Cyberloanofficer.com) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a Consumer Lender on October 2, 2001, and has continued to be licensed to date.

B. **MOHAMMED KARKUKLY** (Respondent Mohammed) is CEO and Owner of Respondent **CYBERLOANOFFICER.COM**.

STATEMENT OF CHARGES
C-04-107-04-SC01
CYBERLOANOFFICER.COM, INC. and
MOHAMMED KARKUKLY, CEO and Owner,
NAHED KARKUKLY, President and Owner
AHMAD KARKUKLY, Vice President and Owner

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Division of Consumer Services
150 Israel Rd SW
PO Box 41200
Olympia, WA 98504-1200
(360) 902-8795

1 C. **NAHED KARKUKLY** (Respondent Nahed) is President and Owner of Respondent
2 CYBERLOANOFFICER.COM.

3 D. **AHMAD KARKUKLY** (Respondent Ahmad) is Vice President and Owner of Respondent
4 CYBERLOANOFFICER.COM.

5 **1.2 Licensed Location:** Respondent CYBERLOANOFFICER.COM is licensed to conduct the business of
6 a Consumer Lender at:

7 1051 Perimeter Dr Ste 300
8 Schaumburg, IL 60173

9 **1.3 Records Location:** Respondent CYBERLOANOFFICER.COM has received approval from the
10 Department to maintain the records relating to its Consumer Loan license at the following location outside the
11 State of Washington:

12 1051 Perimeter Dr Ste 300
13 Schaumburg, IL 60173

14 **1.4 Registered Agent:** The registered Agent for the Respondent CYBERLOANOFFICER.COM is
15 National Registered Agents, Inc., 1780 Barnes Blvd. SW Building G, Tumwater, WA 98512-1553.

16 **1.5 Annual Report:** An annual report is due to the Department on or before the first day of March of each
17 year, concerning the business and operations of each licensed place of business conducted during the preceding
18 calendar year. The annual report must be made under oath and must be in the form prescribed by the Director.
19 To date, Respondents have not provided the annual reports relating to the following calendar years: 2001, due
20 by March 1, 2002; and 2002, due by March 1, 2003.

21 **1.6 Annual Assessment:** A calculation worksheet and an annual assessment fee are due to the Department
22 on or before the first day of March of each year, relating to the previous calendar year. To date, Respondents
23 have not provided the calculation worksheets or paid the annual assessment fees for the following calendar
24 years: 2001, due by March 1, 2002; and 2002, due by March 1, 2003.

1 date, Respondents have not provided a reinstatement of the cancelled surety bond, or a replacement surety bond
2 or approved alternative.

3 **1.8 Issuance of Directive:** On March 3, 2004, the Department served directives on Respondents by
4 certified mail requiring Respondents to file their Consolidated Annual Reports for 2001 and 2002, to pay their
5 annual assessments due for 2001 and 2002, and to provide the Department with a replacement surety bond since
6 the original bond had been cancelled in 2002. There has been no response to these directives.

7 **1.9 On-Going Investigation:** The Department's investigation into the alleged violations of the Act by
8 Respondents continues to date.

9 II. GROUNDS FOR ENTRY OF ORDER

10 **2.1 Requirement to File Annual Report:** Based on the Factual Allegations set forth in Section I above,
11 Respondents are in apparent violation of RCW 31.04.155 and WAC 208-620-220(1) for failing to provide an
12 annual report to the Director, under oath and in the form prescribed by the Director, on or before the first day of
13 March, concerning the business and operations of each licensed place of business conducted during the
14 preceding calendar year.

15 **2.2 Requirement to Calculate and Pay Annual Assessment:** Based on the Factual Allegations set forth
16 in Section I above, Respondents are in apparent violation of RCW 31.04.085, WAC 208-620-190(3) and WAC
17 208-620-220(1) for failing to provide to the Director a completed annual assessment calculation worksheet and
18 failing to pay to the Director an annual assessment fee on or before the first day of March, relating to the
19 previous calendar year.

20 **2.3 Requirement to Maintain Surety Bond:** Based on the Factual Allegations set forth in Section I
21 above, Respondents are in apparent violation of RCW 31.04.045(3) and WAC 208-620-030(1) for failing to file
22 and maintain a surety bond or approved alternative with the Director.

23 **2.4 Authority to Revoke License:** Pursuant to RCW 31.04.093(3)(a) and (b), the Director may revoke a
24 license if a licensee fails to pay any fee due the state of Washington, fails to maintain in effect the required bond

1 or permitted substitute, or fails to comply with any specific order or demand of the Director, or violates any
2 provision of the Act or any rule adopted under the Act.

3 **2.5 Authority to Impose Late Penalties:** Pursuant to RCW 31.04.155 and WAC 208-620-220(2), a
4 licensee that fails to file a report required to be filed by the Act within the time required is subject to a penalty
5 of fifty dollars per day for each day's delay.

6 **2.6 Authority to Impose Fine:** Pursuant to RCW 31.04.093(4), the Director may impose fines of up to one
7 hundred dollars per day upon the licensee for any violation of the Act.

8 **2.7 Accounting Requirements:** Pursuant to RCW 31.04.155, a licensee shall maintain accurate
9 and current books and records and shall make such books and records readily available to the Director
10 until at least twenty-five months have elapsed following the effective period to which the books and
11 records relate.

11 III. NOTICE OF INTENTION TO ENTER ORDER

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

- 15 3.1 Respondent CYBERLOANOFFICER.COM's license to conduct the business of a Consumer
16 Lender be revoked;
- 17 3.2 Respondents provide to the Director completed Consolidated Annual Reports and Annual Assessment
18 Worksheets (blank forms and instructions for 2001 and 2002 attached hereto), including all required
19 supporting documentation, for each of the years ended December 31, 2001 and 2002, respectively;
- 20 3.3 Respondents jointly and severally pay a late penalty of \$3000 for failure to file Consolidated Annual
21 Reports and Annual Assessment Worksheets by March 1, 2001 and 2002, respectively, relating to
22 Respondent CYBERLOANOFFICER.COM's consumer lending activity during the years ended
23 December 31, 2001 AND 2002, respectively, calculated at \$50 per day for each report, for thirty (30)
24 days;
- 25 3.4 Respondents jointly and severally pay a fine of \$3000 for: failing to maintain the required bond
calculated at \$100 per statutory violation per day, for 30 days;
- 3.5 Respondents jointly and severally pay an investigation fee in the amount of \$ 414.06 calculated at
\$69.01 per hour for 6 staff hours devoted to the investigation; and

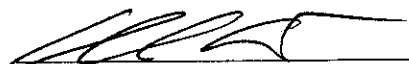
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3.6 Respondents maintain records in compliance with the Act and provide the Director with the location of the books, records and other information relating to Respondent CYBERLOANOFFICER.COM's consumer lending business, and the name, address and telephone number of the individual responsible for maintenance of such records in compliance with the Act.

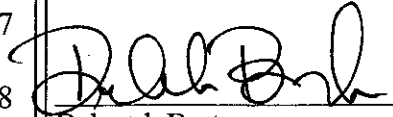
IV. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Impose Fines and Late Fees and Collect Investigative Fee is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202 and RCW 31.04.205, 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 Fines and Late Fees and Collect Investigative Fee.

Dated this 17th day of June, 2004.


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

Presented by:


Deborah Bortner
Financial Legal Examiner



1 **APPLICABLE STATUTORY PROVISIONS**

2 **RCW 31.04.025 Application of chapter.**

Each loan made to a resident of this state by a licensee is subject to the authority and restrictions of this chapter, unless such loan is made under the authority of another license issued pursuant to a law of this state or under other authority of a law of this state. This chapter shall not apply to any person doing business under and as permitted by any law of this state or of the United States relating to banks, savings banks, trust companies, savings and loan or building and loan associations, or credit unions, nor to any pawnbroking business lawfully transacted under and as permitted by any law of this state regulating pawnbrokers, nor to any loan of credit made pursuant to a credit card plan.

5 **RCW 31.04.045 License -- Application -- Fee -- Surety bond.**

(1) Application for a license under this chapter must be in writing and in the form prescribed by the director. The application must contain at least the following information:

- 7 (a) The name and the business addresses of the applicant;
- 8 (b) If the applicant is a partnership or association, the name of every member;
- 9 (c) If the applicant is a corporation, the name, residence address, and telephone number of each officer and director;
- 10 (d) The street address, county, and municipality from which business is to be conducted; and
- 11 (e) Such other information as the director may require by rule.

(2) At the time of filing an application for a license under this chapter, each applicant shall pay to the director an investigation fee and the license fee in an amount determined by rule of the director to be sufficient to cover the director's costs in administering this chapter.

(3) Each applicant shall file and maintain a surety bond, approved by the director, executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety, whose liability as such surety shall not exceed in the aggregate the penal sum of the bond. The penal sum of the bond shall be one hundred thousand dollars for each licensed location up to and including five licensed locations, and an additional ten thousand dollars for each licensed location in excess of five licensed locations, except that a licensee who makes a loan secured by real property shall maintain at a minimum a surety bond with a penal sum of not less than four hundred thousand dollars. The bond shall run to the state of Washington as obligee for the use and benefit of the state and of any person or persons who may have a cause of action against the obligor under this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and abide by this chapter and all the rules adopted under this chapter. The bond will pay to the state and any person or persons having a cause of action against the obligor all moneys that may become due and owing to the state and those persons under and by virtue of this chapter. In lieu of a surety bond, if the applicant is a Washington business corporation, the applicant may maintain unimpaired capital, surplus, and long-term subordinated debt in an amount that at any time its outstanding promissory notes or other evidences of debt (other than long-term subordinated debt) in an aggregate sum do not exceed three times the aggregate amount of its unimpaired capital, surplus, and long-term subordinated debt. The director may define qualifying "long-term subordinated debt" for purposes of this section.

20 **RCW 31.04.085 Licensee -- Assessment -- Bond -- Time of payment.**

A licensee shall, for each license held by any person, on or before the first day of each March, pay to the director an annual assessment as determined by rule by the director. The licensee shall be responsible for payment of the annual assessment for the previous calendar year if the licensee had a license for any time during the preceding calendar year, regardless of whether they surrendered their license during the calendar year or whether their license was suspended or revoked. At the same time the licensee shall file with the director the required bond or otherwise demonstrate compliance with RCW 31.04.045.

23 **RCW 31.04.093 Licensing -- Applications -- Regulation of licensees--Director's duties -- Fines -- Orders.**

1 (1) The director shall enforce all laws and rules relating to the licensing and regulation of licensees and persons subject to
this chapter.

2 (2) The director may deny applications for licenses for:

3 (a) Failure of the applicant to demonstrate within its application for a license that it meets the requirements for licensing
4 in RCW 31.04.045 and 31.04.055;

5 (b) Violation of an order issued by the director under this chapter or another chapter administered by the director,
including but not limited to cease and desist orders and temporary cease and desist orders;

6 (c) Revocation or suspension of a license to conduct lending, or to provide settlement services associated with lending,
7 by this state, another state, or by the federal government within five years of the date of submittal of a complete application
for a license; or

8 (d) Filing an incomplete application when that incomplete application has been filed with the department for sixty or
more days, provided that the director has given notice to the licensee that the application is incomplete, informed the
applicant why the application is incomplete, and allowed at least twenty days for the applicant to complete the application.

9 (3) The director may suspend or revoke a license issued under this chapter if the director finds that:

10 (a) The licensee has failed to pay any fee due the state of Washington, has failed to maintain in effect the bond or
11 permitted substitute required under this chapter, or has failed to comply with any specific order or demand of the director
lawfully made and directed to the licensee in accordance with this chapter;

12 (b) The licensee, either knowingly or without the exercise of due care, has violated any provision of this chapter or any
rule adopted under this chapter; or

13 (c) A fact or condition exists that, if it had existed at the time of the original application for the license, clearly would
14 have allowed the director to deny the application for the original license. The director may revoke or suspend only the
particular license with respect to which grounds for revocation or suspension may occur or exist unless the director finds
15 that the grounds for revocation or suspension are of general application to all offices or to more than one office operated by
the licensee, in which case, the director may revoke or suspend all of the licenses issued to the licensee.

16 (4) The director may impose fines of up to one hundred dollars per day upon the licensee, its employee or loan originator,
or other person subject to this chapter for:

17 (a) Any violation of this chapter; or

18 (b) Failure to comply with any order or subpoena issued by the director under this chapter.

19 (5) The director may issue an order directing the licensee, its employee or loan originator, or other person subject to this
chapter to:

20 (a) Cease and desist from conducting business in a manner that is injurious to the public or violates any provision of this
chapter;

21 (b) Take such affirmative action as is necessary to comply with this chapter; or

22 (c) Make restitution to a borrower or other person who is damaged as a result of a violation of this chapter.

1 (6) The director may issue an order removing from office or prohibiting from participation in the affairs of any licensee, or
2 both, any officer, principal, employee or loan originator, or any person subject to this chapter for:

3 (a) False statements or omission of material information from an application for a license that, if known, would have
4 allowed the director to deny the original application for a license;

5 (b) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony;

6 (c) Suspension or revocation of a license to engage in lending, or perform a settlement service related to lending, in this
7 state or another state;

8 (d) Failure to comply with any order or subpoena issued under this chapter; or

9 (e) A violation of RCW 31.04.027.

10 (7) Whenever the director determines that the public is likely to be substantially injured by delay in issuing a cease and
11 desist order, the director may immediately issue a temporary cease and desist order. The order may direct the licensee to
12 discontinue any violation of this chapter, to take such affirmative action as is necessary to comply with this chapter, and
13 may include a summary suspension of the licensee's license and may order the licensee to immediately cease the conduct
14 of business under this chapter. The order shall become effective at the time specified in the order. Every temporary cease
15 and desist order shall include a provision that a hearing will be held upon request to determine whether the order will
16 become permanent. Such hearing shall be held within fourteen days of receipt of a request for a hearing unless otherwise
17 specified in chapter 34.05 RCW.

18 (8) A licensee may surrender a license by delivering to the director written notice of surrender, but the surrender does not
19 affect the licensee's civil or criminal liability, if any, for acts committed before the surrender, including any administrative
20 action initiated by the director to suspend or revoke a license, impose fines, compel the payment of restitution to borrowers
21 or other persons, or exercise any other authority under this chapter.

22 (9) The revocation, suspension, or surrender of a license does not impair or affect the obligation of a preexisting lawful
23 contract between the licensee and a borrower.

24 (10) Every license issued under this chapter remains in force and effect until it has been surrendered, revoked, or
25 suspended in accordance with this chapter. However, the director may on his or her own initiative reinstate suspended
licenses or issue new licenses to a licensee whose license or licenses have been revoked if the director finds that the
licensee meets all the requirements of this chapter.

RCW 31.04.145 Investigations and examinations -- Director's duties -- Production of information -- Costs.

(1) For the purpose of discovering violations of this chapter or securing information lawfully required under this chapter,
the director may at any time, either personally or by designees, investigate or examine the loans and business and,
wherever located, the books, accounts, records, papers, documents, files, and other information used in the business of
every licensee and of every person who is engaged in the business making or assisting in the making of loans at interest
rates authorized by this chapter, whether the person acts or claims to act as principal or agent, or under or without the
authority of this chapter. For these purposes, the director or designated representatives shall have free access to the offices
and places of business, books, accounts, papers, documents, other information, records, files, safes, and vaults of all such
persons. The director or persons designated by the director may require the attendance of and examine under oath all
persons whose testimony may be required about the loans or the business or the subject matter of any investigation,
examination, or hearing and may require such person to produce books, accounts, papers, records, files, and any other
information the director or designated persons deem relevant to the inquiry. The director may require the production of
original books, accounts, papers, records, files, and other information; may require that such original books, accounts,
papers, records, files, and other information be copied; or may make copies himself or herself or by designee of such
original books, accounts, papers, records, files, or other information. If a licensee or person does not attend and testify, or
does not produce the requested books, accounts, papers, records, files, or other information, then the director or designated

1 persons may issue a subpoena or subpoena duces tecum requiring attendance or compelling production of the books,
accounts, papers, records, files, or other information.

2 (2) The director shall make such periodic examinations of the affairs, business, office, and records of each licensee as
3 determined by rule.

4 (3) Every licensee examined or investigated by the director or the director's designee shall pay to the director the cost of
the examination or investigation of each licensed place of business as determined by rule by the director.

5 **RCW 31.04.155 Licensee -- Recordkeeping -- Director's access -- Report requirement -- Failure to report.**

6 The licensee shall keep and use in the business such books, accounts, records, papers, documents, files, and other
7 information as will enable the director to determine whether the licensee is complying with this chapter and with the rules
8 adopted by the director under this chapter. The director shall have free access to such books, accounts, records, papers,
documents, files, and other information wherever located. Every licensee shall preserve the books, accounts, records,
papers, documents, files, and other information relevant to a loan for at least twenty-five months after making the final
entry on any loan. No licensee or person subject to examination or investigation under this chapter shall withhold, abstract,
remove, mutilate, destroy, or secrete any books, accounts, records, papers, documents, files, or other information.

9 Each licensee shall, on or before the first day of March of each year, file a report with the director giving such relevant
10 information as the director may reasonably require concerning the business and operations of each licensed place of
11 business conducted during the preceding calendar year. The report must be made under oath and must be in the form
prescribed by the director, who shall make and publish annually an analysis and recapitulation of the reports. Every
licensee that fails to file a report that is required to be filed by this chapter within the time required under this chapter is
subject to a penalty of fifty dollars per day for each day's delay. The attorney general may bring a civil action in the name
of the state for recovery of any such penalty.

12 **RCW 31.04.165 Director -- Broad administrative discretion -- Rule making--Actions in superior court.**

13 (1) The director has the power, and broad administrative discretion, to administer and interpret this chapter to facilitate the
14 delivery of financial services to the citizens of this state by loan companies subject to this chapter. The director shall adopt
all rules necessary to administer this chapter and to ensure complete and full disclosure by licensees of lending transactions
governed by this chapter.

15 (2) If it appears to the director that a licensee is conducting business in an injurious manner or is violating any provision of
this chapter, the director may order or direct the discontinuance of any such injurious or illegal practice.

16 (3) For purposes of this section, "conducting business in an injurious manner" means conducting business in a manner that
17 violates any provision of this chapter, or that creates the reasonable likelihood of a violation of any provision of this
chapter.

18 (4) The director or designated persons, with or without prior administrative action, may bring an action in superior court to
19 enjoin the acts or practices that constitute violations of this chapter and to enforce compliance with this chapter or any rule
or order made under this chapter. Upon proper showing, injunctive relief or a temporary restraining order shall be granted.
The director shall not be required to post a bond in any court proceedings.

20 **RCW 31.04.175 Violations -- No penalty prescribed -- Gross misdemeanor -- Good faith exception.**

21 (1) A person who violates, or knowingly aids or abets in the violation of any provision of this chapter, for which no penalty
has been prescribed, and a person who fails to perform any act that it is his or her duty to perform under this chapter and
for which failure no penalty has been prescribed, is guilty of a gross misdemeanor.

22 (2) No provision imposing civil penalties or criminal liability under this chapter or rule adopted under this chapter applies
23 to an act taken or omission made in good faith in conformity with a written notice, interpretation, or examination report of
the director or his or her agent.

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RCW 31.04.185 Repealed sections of law -- Rules adopted under.

All rules adopted under or to implement the provisions of law repealed by sections 23 and 24, chapter 208, Laws of 1991 remain in effect until amended or repealed by the director.

RCW 31.04.202 Application of administrative procedure act.

The proceedings for denying license applications, issuing cease and desist orders, suspending or revoking licenses, and imposing civil penalties or other remedies under this chapter, and any review or appeal of such action, shall be governed by the provisions of the administrative procedure act, chapter 34.05 RCW.

RCW 31.04.205 Enforcement of chapter -- Director's discretion -- Hearing -- Sanctions.

The director or designated persons may, at his or her discretion, take such action as provided for in this chapter to enforce this chapter. If the person subject to such action does not appear in person or by counsel at the time and place designated for any administrative hearing that may be held on the action, then the person shall be deemed to consent to the action. If the person subject to the action consents, or if after hearing the director finds by a preponderance of the evidence that any grounds for sanctions under this chapter exist, then the director may impose any sanction authorized by this chapter.

1 APPLICABLE RULE PROVISIONS

2
3 **WAC 208-620-030 Surety bond.**

4 (1) **Bond required.** Each licensee shall file and maintain a surety bond, approved by the director, and executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety. The surety company may not be a wholly owned subsidiary or an affiliate of the licensee.

5 (2) **Amount of bond.** The penal sum of the bond is one hundred thousand dollars for each branch office up to five branch offices. The amount of the bond is increased by ten thousand dollars for each additional branch office. For example:

Number of Branch Offices	Penal Sum of the Bond
1	\$100,000
2	\$200,000
3	\$300,000
4	\$400,000
5	\$500,000
6	\$510,000

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11 (3) **Conditions on bond.** The bond shall run to the state as obligee for the use and benefit of the state and of any person or persons who may have a cause of action against the obligor under the act. The bond shall be conditioned that the obligor as licensee will faithfully conform to and abide by the act and all the rules adopted under the act. The bond will pay to the state and any person or persons having a cause of action against the obligor all moneys that may become due and owing to the state and those persons under and by virtue of the act.

12
13 **WAC 208-620-190 Schedule of fees.**

14 The director shall collect fees for services as specified below:

15 (1) **Applications and certificates.**

16 (a) A charge of \$92.51 per hour for services plus actual expenses for review of application and attendant investigation for:

17 (i) New consumer loan company certificate of authority or licensed location certificate;

18 (ii) Branch licensed locations certificate;

19 (iii) Relocation of main office or branch;

20 (iv) Notice of change of control;

(v) Opinions rendered regarding interpretations of statutes and rules.

21 (b) A fee of \$102.79 for issuing the following certificates:

22 (i) Certificate of authority;

23 (ii) Licensed location certificate;

24 (iii) Certificate of good standing.

1 (2) **Examinations.** A charge of \$66.81 per hour for regular and special examinations of the licensee's records. The
2 director will submit a statement for the charges following the completion of any applicable examination. The charges must
be paid within thirty days after the statement is submitted to the licensee.

3 (3) **Annual assessment fee.**

4 (a) An annual assessment fee based on adjusted total loan value as defined in (b) of this subsection. The amount of
5 the annual assessment fee is 0.000174529 multiplied by the adjusted total loan value as calculated from the consolidated
annual report for the previous calendar year.

6 (b) The "adjusted total loan value" is the sum of:

7 (i) The total unpaid balance of loans originated subject to the act that were retained or purchased by the licensee;
and

8 (ii) The total unpaid balance of loans originated subject to the act that were sold by the licensee with servicing
retained (if any); and

9 (iii) The total amount of loans originated subject to the act that were sold by the licensee during the previous
calendar year with servicing released (if any).

10 **WAC 208-620-191 Fee increase.**

11 The division intends to increase its fee and assessment rates each year for several bienniums. The division intends to
initiate a rule making for this purpose each biennium. This rule provides for an automatic annual increase in the rate of fees
and assessments each fiscal year during the 2001-03 biennium.

12 (1) On July 1, 2002, the fee and assessment rates under WAC 208-620-190, as increased in the prior fiscal year, will
13 increase by a percentage rate equal to the fiscal growth factor for the then current fiscal year. As used in this section, "fiscal
growth factor" has the same meaning as the term is defined in RCW 43.135.025.

14 (2) The director may round off a rate increase under subsection (1) of this section. However, no rate increase may
exceed the applicable fiscal growth factor.

15 (3) By June 1 of each year, the director will make available a chart of the new rates that will take effect on the
immediately following July 1.

16 **WAC 208-620-220 Annual report and annual fee -- Due date -- Late penalties.**

17 (1) **Due date.** The director will mail a notice to each licensee showing the way to calculate the annual fee due along with a
worksheet for such purposes and the consolidated annual report form. The licensee will calculate the annual fee on the
18 worksheet. The licensee must submit its completed consolidated annual report, worksheet and annual fee to the office of
the director by March 1 of each year.

19 (2) **Late penalties.** A licensee that fails to submit the required annual report by the March 1 due date is subject to a penalty
of fifty dollars for each day of delay.