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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-04-108-04-FO01

MG INVESTMENTS, INC. dba PMC MORTGAGE  
CO., GARY A. FIORETTI, President, and  
MICHELLE M. FIORETTI, Vice-President  
Respondents.

FINAL ORDER

I. DIRECTOR'S CONSIDERATION

A. Default. This matter has come before the Director of the Department of Financial Institutions of the State of Washington (Director) pursuant to RCW 34.05.440(1). On July 19, 2004, the Director through her designee Consumer Services Division Director and Enforcement Chief Chuck Cross, entered a Statement of Charges and Notice of Intention to Enter an Order to Revoke Consumer Loan License (Statement of Charges). A copy of the Statement of Charges is attached and incorporated into this order by this reference. The Statement of Charges was accompanied by a cover letter dated July 19, 2004, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for MG Investments, Inc., Gary Fioretti and Michelle Fioretti. The Department of Financial Institutions of the State of Washington (Department) served the Statement of Charges, cover letter dated July 19, 2004, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for MG Investments, Inc., Gary Fioretti and Michelle Fioretti by Federal Express on July 21, 2004. Neither of the Respondents requested an adjudicative hearing within twenty days of service as required by Department rule WAC 208-08-050.

1 B. Record Presented. The record presented to the Director for her review and for entry of a  
2 final decision included the Statement of Charges, cover letter dated July 19, 2004, Notice of Opportunity to  
3 Defend and Opportunity for Hearing, blank Applications for Adjudicative Hearing for each of the  
4 Respondents and documentation of service.

5 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(1), the Director  
6 hereby adopts the Statement of Charges, which is attached hereto.

7 **II. FINAL ORDER**

8 Based upon the foregoing, and the Director having considered the record and being  
9 otherwise fully advised, NOW, THEREFORE:

10 A. IT IS HEREBY ORDERED, That:

- 11
- 12 1. Respondent MG Investments, Inc.'s license to conduct the business of a Consumer Loan  
13 Company be revoked; and
  - 14 2. Respondents are to maintain records in compliance with the Act and provide the Director with  
15 the location of the books, records and other information relating to Respondent's consumer loan  
16 business, and the name, address and telephone number of the individual responsible for  
17 maintenance of such records in compliance with the Act

18

19 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a  
20 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition must be  
21 filed in the Office of the Director of the Department of Financial Institutions by courier at 150 Israel Road  
22 SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia, Washington 98504-1200,  
23 within ten (10) days of service of the Final Order upon Respondent. The Petition for Reconsideration shall  
24

1 not stay the effectiveness of this order nor is a Petition for Reconsideration a prerequisite for seeking judicial  
2 review in this matter.

3 A timely Petition for Reconsideration is deemed denied if, within twenty (20) days from the date the  
4 petition is filed, the agency does not (a) dispose of the petition or (b) serve the parties with a written notice  
5 specifying the date by which it will act on a petition.

6 C. Stay of Order. The Director has determined not to consider a Petition to Stay the  
7 effectiveness of this order. Any such requests should be made in connection with a Petition for Judicial  
8 Review made under chapter 34.05 RCW and RCW 34.05.550.

9 D. Judicial Review. Respondents have the right to petition the superior court for judicial  
10 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing a  
11 Petition for Judicial Review, see RCW 34.050.510 and sections following.

12 E. Service. For purposes of filing a Petition for Reconsideration or a Petition for Judicial  
13 Review, service is effective upon deposit of this order in the U.S. mail, declaration of service attached hereto.  
14

15 DATED this 22<sup>nd</sup> day of September, 2004.

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17 STATE OF WASHINGTON  
18 DEPARTMENT OF FINANCIAL INSTITUTIONS

19  
20 /s/ \_\_\_\_\_  
Helen P. Howell  
21 Director

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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-04-108-04-SC01

MG INVESTMENTS, INC. dba PMC  
MORTGAGE CO., GARY A. FIORETTI,  
President, and MICHELLLE M. FIORETTI,  
Vice-President

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE CONSUMER LOAN  
LICENSE

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). After having conducted an investigation pursuant to RCW 31.04.145, and based upon the facts available as of July 8, 2004, the Director institutes this proceeding and finds as follows:

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**I. FACTUAL ALLEGATIONS**

**1.1 Respondents:**

A. **MG Investments, Inc.** (Respondent MG ) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a Consumer Loan Company on June 5, 1997, and has continued to be licensed to date.

B. **Gary Fioretti** (Respondent G. Fioretti) is President of Respondent MG .

C. **Michelle M. Fioretti** (Respondent M. Fioretti) is Vice President of Respondent MG .

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**1.2 Licensed Location:** Respondent MG is licensed to conduct the business of a Consumer Loan Company at:

4502 East Morgan Avenue  
Evansville, Indiana

1 **1.3 Records Location:** Respondent MG has received approval from the Department to maintain the  
2 records relating to its Consumer Loan license at the following location outside the State of Washington:

3 4502 East Morgan Avenue  
4 Evansville, Indiana.

4 **1.4 Registered Agent:** The Registered Agent for Respondent MG is listed in the application as:

5 Corporation Service  
6 520 Pike Street, Suite 1450  
7 Seattle, Washington 98101

7 **1.5 Annual Report:** An annual report is due to the Department on or before the first day of March of each  
8 year, concerning the business and operations of each licensed place of business conducted during the preceding  
9 calendar year. The annual report must be made under oath and must be in the form prescribed by the Director.

10 To date, Respondents have not provided the annual reports relating to the following calendar years: 2000 due  
11 March 1, 2001; 2001 due March 1, 2002; 2002 due March 1, 2003; and 2003 due March 1, 2004.

12 **1.6 Annual Assessment:** A calculation worksheet and an annual assessment fee are due to the Department  
13 on or before the first day of March of each year, relating to the previous calendar year. To date, Respondents  
14 have not provided the calculation worksheets or paid the annual assessment fees for the following calendar  
15 years: 2000 due March 1, 2001; 2001 due March 1, 2002; 2002 due March 1, 2003; and 2003 due March 1,  
16 2004.

16 **1.7 Surety Bond:** Capitol Indemnity Corporation cancelled Respondent MG's surety bond March 8, 2001.  
17 To date, Respondents have not provided a reinstatement of the cancelled surety bond, or a replacement surety  
18 bond or approved alternative.

19 **1.8 Issuance of Demand :** On January 24, 2001, the Department successfully faxed a directive to  
20 Respondents official business address notifying them that their surety bond was going to be cancelled and to  
21 reinstate the bond within ten days. On February 6, 2001, when there had been no response, the Department sent  
22 a certified letter again notifying the Respondents of the requirement to replace the soon to be cancelled surety  
23 bond. The certified mailing was returned unclaimed. On September 26, 2001, the Department sent a notice to  
24 Respondent G. Fioretti's home address notifying the company that the Department had not received the

1 replacement bond as required not had it received the Consolidated Annual Report and Annual Assessment  
2 Worksheet as required on March 1. On July 8, 2002, the Department sent a certified letter to Respondents  
3 notified them of their failure to file their Consolidated Annual Report and Annual Assessment Worksheets for  
4 2000 and 2001. Finally, on March 16, 2004, the Department sent a certified letter to Respondents home address  
5 in West Palm Beach, Florida. The Respondents failed to respond to any of these directives or demands.

## 6 **II. GROUNDS FOR ENTRY OF ORDER**

7 **2.1 Requirement to File Annual Report:** Based on the Factual Allegations set forth in Section I above,  
8 Respondents are in apparent violation of RCW 31.04.155 and WAC 208-620-220(1) for failing to provide  
9 annual reports to the Director, under oath and in the form prescribed by the Director, on or before the first day  
10 of March, concerning the business and operations of each licensed place of business conducted during the  
11 preceding calendar year.

12 **2.2 Requirement to Calculate and Pay Annual Assessment:** Based on the Factual Allegations set forth  
13 in Section I above, Respondents are in apparent violation of RCW 31.04.085, WAC 208-620-190(3) and WAC  
14 208-620-220(1) for failing to provide to the Director a completed annual assessment calculation worksheet and  
15 failing to pay to the Director annual assessment fees on or before the first day of March, relating to the previous  
16 calendar year.

17 **2.3 Requirement to Maintain Surety Bond:** Based on the Factual Allegations set forth in Section I  
18 above, Respondents are in apparent violation of RCW 31.04.045(3), RCW 31.04.085, and WAC 208-620-  
19 030(1) for failing to file and maintain a surety bond or approved alternative with the Director.

20 **2.4 Authority to Charge Examination and Investigation Fees:** Pursuant to RCW 31.04.145(3), WAC  
21 208-620-180(1), WAC 208-620-190(2) and WAC 208-620-191, every licensee examined or investigated by the  
22 Director or the Director's designee shall pay for the cost of the examination or investigation, calculated at the  
23 rate of sixty-six dollars and eighty-one cents (\$66.81) per staff hour for time incurred from July 1, 2001 through  
24 June 30, 2002, and sixty-nine dollars and one cent (\$69.01) per staff hour for time incurred after June 30, 2002..

1 **2.5 Authority to Revoke License:** Pursuant to RCW 31.04.093(3)(a) and (b), the Director may revoke a  
2 license if a licensee fails to pay any fee due the state of Washington, fails to maintain in effect the required bond  
3 or permitted substitute, fails to comply with any specific order or demand of the Director, or violates any  
4 provision of the Act or any rule adopted under the Act.

5 **2.6 Authority to Issue Orders Directing Action:** Pursuant to RCW 31.04.093(5)(b), the Director may issue  
6 an order directing a licensee to take such affirmative action as is necessary to comply with the Act.

7 **2.7 Accounting Requirements:** Based on the Factual Allegations set forth in Section I above,  
8 Respondents are in apparent violation of RCW 31.04.155 for failing to make accurate and current books and  
9 records readily available to the Department until at least twenty-five months have elapsed following the  
10 effective period to which the books and records relate.

### 11 **III. NOTICE OF INTENTION TO ENTER ORDER**

12 Respondent's 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 MG Investments, Inc.'s license to conduct the business of a Consumer Loan Company  
16 be revoked; and
- 17 3.2 Respondents maintain records in compliance with the Act and provide the Director with the location of  
18 the books, records and other information relating to Respondent Nations' consumer loan business, and  
19 the name, address and telephone number of the individual responsible for maintenance of such records  
20 in compliance with the Act.

### 21 **IV. AUTHORITY AND PROCEDURE**

22 This Statement of Charges and Notice of Intention to Enter an Order to Revoke Consumer Loan License is  
23 entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202 and RCW 31.04.205,  
24 and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may  
25 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
26 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

1 Dated this 19th day of July, 2004.

2 :

/s \_\_\_\_\_  
CHUCK CROSS  
Director and Enforcement Chief  
Division of Consumer Services  
Department of Financial Institutions

5 Presented by:  
6 Deborah Bortner  
6 Financial Legal Examiner

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Appendix – Applicable Consumer Loan Statutes and Rules

**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:

- (a) The name and the business addresses of the applicant;
- (b) If the applicant is a partnership or association, the name of every member;
- (c) If the applicant is a corporation, the name, residence address, and telephone number of each officer and director;
- (d) The street address, county, and municipality from which business is to be conducted; and
- (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.

[2001 c 81 § 4; 1994 c 92 § 162; 1991 c 208 § 5.]

**RCW 31.04.075 Licensee -- Place of business.**

The licensee may not maintain more than one place of business under the same license, but the director may issue more than one license to the same licensee upon application by the licensee in a form and manner established by the director.

Whenever a licensee wishes to change the place of business to a street address other than that designated in the license, the licensee shall give written notice to the director as required by rule, pay the license fee, and obtain the director's approval.

[2001 c 81 § 6; 1994 c 92 § 164; 1991 c 208 § 8.]

## Appendix – Applicable Consumer Loan Statutes and Rules

### 1 **RCW 31.04.085 Licensee -- Assessment -- Bond -- Time of payment.**

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

8 [2001 c 81 § 7; 1994 c 92 § 165; 1991 c 208 § 9.]

### 9 **RCW 31.04.093 Licensing -- Applications -- Regulation of licensees--Director's duties -- Fines -- 10 Orders.**

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

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

14 (a) Failure of the applicant to demonstrate within its application for a license that it meets the  
15 requirements for licensing in RCW [31.04.045](#) and [31.04.055](#);

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

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

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

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

(a) The licensee has failed to pay any fee due the state of Washington, has failed to maintain in effect  
the bond or 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;

(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

(c) A fact or condition exists that, if it had existed at the time of the original application for the license,  
clearly would 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 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.

(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:

## Appendix – Applicable Consumer Loan Statutes and Rules

- 1 (a) Any violation of this chapter; or
- 2 (b) Failure to comply with any order or subpoena issued by the director under this chapter.
- 3 (5) The director may issue an order directing the licensee, its employee or loan originator, or other person  
subject to this chapter to:
- 4 (a) Cease and desist from conducting business in a manner that is injurious to the public or violates any  
provision of this chapter;
- 5 (b) Take such affirmative action as is necessary to comply with this chapter; or
- 6 (c) Make restitution to a borrower or other person who is damaged as a result of a violation of this  
chapter.
- 7
- 8 (6) The director may issue an order removing from office or prohibiting from participation in the affairs of  
any licensee, or both, any officer, principal, employee or loan originator, or any person subject to this  
chapter for:
- 9 (a) False statements or omission of material information from an application for a license that, if known,  
would have allowed the director to deny the original application for a license;
- 10 (b) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony;
- 11 (c) Suspension or revocation of a license to engage in lending, or perform a settlement service related to  
lending, in this state or another state;
- 12 (d) Failure to comply with any order or subpoena issued under this chapter; or
- 13 (e) A violation of RCW [31.04.027](#).
- 14
- 15 (7) Whenever the director determines that the public is likely to be substantially injured by delay in issuing  
a cease and desist order, the director may immediately issue a temporary cease and desist order. The order  
may direct the licensee to discontinue any violation of this chapter, to take such affirmative action as is  
16 necessary to comply with this chapter, and may include a summary suspension of the licensee's license and  
may order the licensee to immediately cease the conduct of business under this chapter. The order shall  
17 become effective at the time specified in the order. Every temporary cease and desist order shall include a  
provision that a hearing will be held upon request to determine whether the order will become permanent.  
18 Such hearing shall be held within fourteen days of receipt of a request for a hearing unless otherwise  
specified in chapter 34.05 RCW.
- 19 (8) A licensee may surrender a license by delivering to the director written notice of surrender, but the  
surrender does not affect the licensee's civil or criminal liability, if any, for acts committed before the  
20 surrender, including any administrative action initiated by the director to suspend or revoke a license,  
impose fines, compel the payment of restitution to borrowers or other persons, or exercise any other  
21 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 contract between the licensee and a borrower.

## Appendix – Applicable Consumer Loan Statutes and Rules

1 (10) Every license issued under this chapter remains in force and effect until it has been surrendered,  
2 revoked, or 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  
3 been revoked if the director finds that the licensee meets all the requirements of this chapter.

[2001 c 81 § 8; 1994 c 92 § 166; 1991 c 208 § 10.]

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

5 (1) For the purpose of discovering violations of this chapter or securing information lawfully required  
6 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  
7 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  
8 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  
9 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  
10 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,  
11 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  
12 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  
13 director or designated persons may issue a subpoena or subpoena duces tecum requiring attendance or  
compelling production of the books, accounts, papers, records, files, or other information.

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

15 (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  
16 rule by the director.

[2001 c 81 § 11; 1995 c 9 § 2; 1994 c 92 § 169; 1991 c 208 § 15.]

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

19 The licensee shall keep and use in the business such books, accounts, records, papers, documents, files, and  
20 other information as will enable the director to determine whether the licensee is complying with this  
chapter and with the rules 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  
21 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  
22 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.

Appendix – Applicable Consumer Loan Statutes and Rules

1 Each licensee shall, on or before the first day of March of each year, file a report with the director giving  
2 such relevant information as the director may reasonably require concerning the business and operations of  
3 each licensed place of business conducted during the preceding calendar year. The report must be made  
4 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.

5 [2001 c 81 § 12; 1994 c 92 § 170; 1991 c 208 § 16.]

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

7 (1) The director has the power, and broad administrative discretion, to administer and interpret this chapter  
8 to facilitate the 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.

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

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

13 (4) The director or designated persons, with or without prior administrative action, may bring an action in  
14 superior court to 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.

15 [2001 c 81 § 13; 1994 c 92 § 171; 1991 c 208 § 17.]

16 **RCW 31.04.202 Application of administrative procedure act.**

17 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.

18 [2001 c 81 § 15.]

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

20 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  
21 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.

22 [2001 c 81 § 16.]

Appendix – Applicable Consumer Loan Statutes and Rules

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

(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.

(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

(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.

[Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105,[31.04].145 , [31.04].155 and [31.04].165. 96-04-013, § 208-620-030, filed 1/26/96, effective 2/26/96.]

**WAC 208-620-180 Examinations.**

(1) For the purpose of discovering violations of the act or this chapter or securing information lawfully required, the director or designee may investigate the loans and business of every licensee and of every person engaged in the business described in RCW 31.04.035. The director or designee may examine, wherever located, the records used in the business of every licensee and of every person who is engaged in the business described in RCW 31.04.035, whether the person acts or claims to act as principal or agent, or under or without the authority of this chapter. For that purpose the director or designee shall have access, at reasonable times during business hours, to the offices and places of business, records, safes, and vaults of all such persons. A licensee so examined shall pay to the director the cost of examining and supervising each licensed place of business at the rate specified in WAC [208-620-190](#)(2).

(2) The director or designee shall examine the affairs, business, office, and records of each licensee at least once each twenty-four months.

[Statutory Authority: RCW 43.320.040 and 31.04.165. 99-22-047, § 208-620-180, filed 10/29/99, effective 11/29/99. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145,[31.04].155 and [31.04].165. 96-04-013, § 208-620-180, filed 1/26/96, effective 2/26/96.]

Appendix – Applicable Consumer Loan Statutes and Rules

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

The director shall collect fees for services as specified below:

**(1) Applications and certificates.**

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

- (i) New consumer loan company certificate of authority or licensed location certificate;
- (ii) Branch licensed locations certificate;
- (iii) Relocation of main office or branch;
- (iv) Notice of change of control;
- (v) Opinions rendered regarding interpretations of statutes and rules.

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

- (i) Certificate of authority;
- (ii) Licensed location certificate;
- (iii) Certificate of good standing.

(2) **Examinations.** A charge of \$66.81 per hour for regular and special examinations of the licensee's records. The 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) Annual assessment fee.**

(a) An annual assessment fee based on adjusted total loan value as defined in (b) of this subsection. The amount of 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.

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

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

[Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200. 01-12-029, § 208-620-190, filed 5/29/01, effective 7/1/01. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165 . 96-04-013, recodified as § 208-620-190, filed 1/26/96, effective 2/26/96. Statutory Authority: 1991 c 208 § 17. 91-22-035, § 50-20-190, filed 10/30/91, effective 1/1/92.]

## Appendix – Applicable Consumer Loan Statutes and Rules

### 1 **WAC 208-620-191 Fee increase.**

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

5 (1) On July 1, 2002, the fee and assessment rates under WAC [208-620-190](#), as increased in the prior  
6 fiscal year, will increase by a percentage rate equal to the fiscal growth factor for the then current fiscal  
7 year. As used in this section, "fiscal growth factor" has the same meaning as the term is defined in RCW  
8 43.135.025.

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

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

13 [Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200. 01-12-  
14 029, § 208-620-191, filed 5/29/01, effective 7/1/01.]

15 **WAC 208-620-200 Change of place of business.** A licensee may do business under the act only from  
16 the location named on the license. This is not intended to prohibit loans by mail or the closing of real  
17 estate-secured loans in an escrow company, a title insurance company or an attorney's office.

18 A licensee shall not change its place of business to another location until the director has approved the  
19 change.

20 [Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.  
21 96-04-013, § 208-620-200, filed 1/26/96, effective 2/26/96.]

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

23 (1) **Due date.** The director will mail a notice to each licensee showing the way to calculate the annual fee  
24 due along with a worksheet for such purposes and the consolidated annual report form. The licensee will  
25 calculate the annual fee on the 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.

(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.

[Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.  
96-04-013, § 208-620-220, filed 1/26/96, effective 2/26/96.]