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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:

FIRST NLC FINANCIAL SERVICES LLC,  
dba THE LENDING CENTER,

Respondent.

NO. C-07-516-08-FO01

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), through his designee, Consumer Services Division Director Deborah Bortner, pursuant to RCW 34.05.440(1). On January 16, 2008, the Director, through Consumer Services Division Director Deborah Bortner, entered a Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from Industry, Collect Restitution, Impose Fines, Collect Costs Of Examination, and Collect Costs Of Investigation (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 January 17, 2008, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for First NLC Financial Services LLC. The Department served the Statement of Charges, cover letter dated January 17, 2008, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Application for Adjudicative Hearing for First NLC Financial Services LLC on Respondents on January 17, 2008, by first class mail and by Federal Express overnight delivery. On January 18, 2008, the documents sent via

1 Federal Express overnight delivery were delivered to Respondent. The documents sent via first class  
2 mail were not returned to the Department by the United States Post Office as undeliverable.

3 Respondent First NLC Financial Services LLC did not request an adjudicative hearing within  
4 twenty calendar days after the Department served them with the Notice of Opportunity to Defend and  
5 Opportunity for Hearing, as provided for in WAC 208-08-050(2).

6 B. Record Presented. The record presented to the Director's designee for her review and  
7 for entry of a final decision included the Statement of Charges, cover letter dated January 17, 2008,  
8 Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative  
9 Hearing for First NLC Financial Services, Inc., with documentation of service;  
10

11 C. Factual Findings and Grounds For Order. Pursuant to RCW 34.05.440(1), the  
12 Director's designee hereby adopts the Statement of Charges, which is attached hereto.

## 13 II. FINAL ORDER

14 Based upon the foregoing, and the Director's designee having considered the record and  
15 being otherwise fully advised, NOW, THEREFORE:

16 A. IT IS HEREBY ORDERED, That:

- 17 1. Respondent First NLC Financial Services LLC's license to conduct the business of a  
18 Consumer Loan Company is revoked; and
- 19 2. Respondent First NLC Financial Services LLC is prohibited from participation in the  
20 conduct of the affairs of any consumer loan company licensed or required to be  
21 licensed, in any manner, for a period of five (5) years; and
- 22 3. Respondent First NLC Financial Services LLC shall pay restitution to injured  
23 borrowers in the amount of \$8,766.88 as set forth in appendix A; and
- 24 4. Respondent First NLC Financial Services LLC shall pay a fine of \$9,000; and
- 25 5. Respondent First NLC Financial Services LLC shall pay an examination fee in the  
amount of \$20,409.66, consisting of \$14,179.50 calculated at \$69 per hour for two

1 hundred five (205) staff hours devoted to the examination and \$6,230.16 for related  
2 expenses; and

3 6. Respondent First NLC Financial Services LLC shall pay an investigation fee in the  
4 amount of \$345 calculated at \$69 per hour for five (5) staff hours devoted to the  
5 investigation; and

6 7. Respondent First NLC Financial Services LLC shall maintain records in compliance  
7 with the Act and provide the Director with the location of the books, records and other  
8 information relating to Respondent's consumer loan company business, and the name,  
9 address and telephone number of the individual responsible for maintenance of such  
10 records in compliance with the Act.

11 B. Reconsideration. Pursuant to RCW 34.05.470, Respondent has the right to file a  
12 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition  
13 must be filed in the Office of the Director of the Department of Financial Institutions by courier at 150  
14 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,  
15 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The  
16 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for  
17 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

24 D. Judicial Review. Respondent has the right to petition the superior court for judicial  
25 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for filing  
a Petition for Judicial Review, see RCW 34.05.510 and sections following.

1 E. Non-compliance with Order. If you do not comply with the terms of this order, the  
2 Department may seek its enforcement by the Office of Attorney General to include the collection of the  
3 fines, fees, and restitution imposed herein.

4 F. Service. For purposes of filing a Petition for Reconsideration or a Petition for  
5 Judicial Review, service is effective upon deposit of this order in the U.S. mail, declaration of service  
6 attached hereto.

7  
8 DATED this 4<sup>th</sup> day of March, 2008.



STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS

DEBORAH BORTNER  
DIRECTOR  
DIVISION OF CONSUMER SERVICES

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

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IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Consumer Loan Act of Washington by:

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FIRST NLC FINANCIAL SERVICES LLC,  
dba THE LENDING CENTER,

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Respondent.

NO. C-07-516-08-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE LICENSE, PROHIBIT  
FROM INDUSTRY, COLLECT RESTITUTION,  
IMPOSE FINES, COLLECT COSTS OF  
EXAMINATION, AND COLLECT COSTS OF  
INVESTIGATION

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 the date of this Statement of Charges, the Director, by and through his designee Division of Consumer Services Director Deborah Bortner institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondent First NLC Financial Services LLC (Respondent) was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a Consumer Loan Company on or about March 31, 2000, and has continued to be licensed to date. Respondent is licensed to conduct the business of a Consumer Lender at:

4080 Conference Way S.  
Boca Raton, Florida 33431

1.2 Examination Fee: In August 2007, the Department conducted an examination of the Respondent's books and records. The Department's costs for the examination total \$20,409.66.

1.3 Charging and Collecting Unauthorized Fees. During the course of the examination referenced in paragraph 1.3, the Department reviewed 83 loan files. In thirteen (13) of those transactions Respondent charged

1 administrative fees and underwriting fees which are not authorized by the Act. The Department discovered this  
2 same conduct on the previous examination.

3 **1.4 Failure to Properly Maintain Books and Records.** During the course of the examination referenced  
4 in paragraph 1.3, the Department requested 110 files for review. Respondent was unable to locate thirteen (13)  
5 of the requested files and had no explanation for why the files were not available as required by the Act. The  
6 Department discovered this same conduct on the previous examination.

7 **1.5 Understatement of Finance Charges.** During the course of the examination referenced in paragraph  
8 1.3, the Department identified five (5) files in which Respondent understated finance charges by more than  
9 \$100 per file. The Department discovered this same conduct on the previous examination.

10 **1.6 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by  
11 Respondent continues to date.

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

13 **2.1 Charging and Collecting Unauthorized Fees.** Based on the Factual Allegations set forth in Section I  
14 above, Respondent is in apparent violation of RCW 31.04.027(1), (2), and (3), RCW 31.04.105(2), WAC 208-  
15 620-515, and WAC 208-620-560 for charging and collecting fees which are not authorized by the Act.

16 **2.2 Record Keeping.** Based on the Factual Allegations set forth in Section I above, Respondent is in  
17 apparent violation of RCW 31.04.155 for failing to maintain sufficient records to enable the Director to  
18 determine whether the licensee is complying with the Act.

19 **2.3 Understatement of Finance Charges.** Based on the Factual Allegations set forth in Section I above,  
20 Respondent is in apparent violation of RCW 31.04.027(10) and RCW 31.04.102(2) for understating finance  
21 charges in violation of Regulation Z, 12 CFR §226.18(d)(1)(i).

## 22 **III. AUTHORITY TO IMPOSE SANCTIONS**

23 **3.1 Authority to Revoke License.** Pursuant to RCW 31.04.093(3)(b), the Director may revoke a license if  
24 a licensee knowingly or without the use of due care violates any provision of the Act or any rule adopted under  
25 the Act.

1 **3.2 Authority to Prohibit from the Industry.** Pursuant to RCW 31.04.093(6)(e), the Director may issue  
2 an order removing from office or prohibiting from participation in the affairs of any licensee, or both, any  
3 officer, principal, employee, or loan originator, or any person subject to the Act, for any violation of RCW  
4 31.04.027.

5 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.04.093(4), the Director may impose fines of up to one  
6 hundred dollars per day upon the licensee for any violation of the Act.

7 **3.4 Authority to Charge Examination and Investigation Fees.** Pursuant to RCW 31.04.145(3), WAC  
8 208-620-180(1), WAC 208-620-190(2), and WAC 208-620-191, every licensee examined or investigated by the  
9 Director or the Director's designee shall pay for the cost of the examination or investigation, calculated at the  
10 rate of sixty-nine dollars (\$69) per staff hour for time incurred, plus expenses.

#### 10 **IV. NOTICE OF INTENTION TO ENTER ORDER**

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

15 **4.1** Respondent First NLC Financial Services LLC's license to conduct the business of a Consumer Loan  
Company be revoked; and

16 **4.2** Respondent First NLC Financial Services LLC be prohibited from participation in the conduct of the affairs  
of any consumer loan company licensed or required to be licensed, in any manner, for a period of five (5) years; and

17 **4.3** Respondent First NLC Financial Services LLC pay restitution to injured borrowers in the amount of  
18 \$8,766.88 as set forth in appendix A; and

19 **4.4** Respondent First NLC Financial Services LLC pay a fine of \$9,000; and

20 **4.5** Respondent First NLC Financial Services LLC pay an examination fee in the amount of \$20,409.66,  
21 consisting of \$14,179.50 calculated at \$69 per hour for two hundred five (205) staff hours devoted to the  
examination and \$6,230.16 for related expenses; and

22 **4.6** Respondent First NLC Financial Services LLC pay an investigation fee in the amount of \$345 calculated at  
\$69 per hour for five (5) staff hours devoted to the investigation; and

1 4.7 Respondent First NLC Financial Services LLC maintain records in compliance with the Act and provide  
2 the Director with the location of the books, records and other information relating to Respondent's consumer loan  
3 company business, and the name, address and telephone number of the individual responsible for maintenance of  
4 such records in compliance with the Act.

5 **V. AUTHORITY AND PROCEDURE**

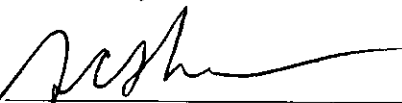
6 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Prohibit from  
7 Industry, Collect Restitution, Impose Fines, Collect Costs Of Examination, and Collect Costs Of Investigation  
8 is entered pursuant to the provisions of RCW 31.04.093, RCW 31.04.165, RCW 31.04.202, and RCW 31.04.205,  
9 and is subject to the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondent may  
10 make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
11 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

12 Dated this 16<sup>th</sup> day of January, 2008.

13 

14 DEBORAH BORTNER  
15 Director  
16 Division of Consumer Services

17 Presented by:

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19 Steven C. Sherman  
20 Financial Legal Examiner

21 Approved by:

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23 James R. Brusselback  
24 Enforcement Chief





RESTITUTION SCHEDULE

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<u>Loan Number(s)</u>	<u>Amount of Refund</u>
5240600613	\$399.00
5213600559	\$803.26
5267501356	\$595.00
5240600315	\$702.00
5240508959	\$702.00
5243503869	\$595.00
5267501231	\$595.00
5240600745 & 5240600748	\$1,034.59
5267600698 & 5267600699	\$979.98
5240504787	\$200.00
5255501831	\$595.00
5240508914	\$702.00
5267602460	\$751.61

Any violation

DFI FINABLE VIOLATIONS MATRIX							
INSTRUCTIONS: Place a mark in the appropriate box for each factor to be considered. The Finable Violations Matrix Guidelines are to be utilized by the analyst in the determination of the appropriate points class. The final rating column is completed by multiplying the weight factor by the points for each factor to be considered. Subtotal 1 is the total of all columns except the weight factor column. Subtotal 2 is completed as in Subtotal 1. The Total is completed by subtracting Subtotal 2 from Subtotal 1.							
Respondent:	First NLC	Violation:	31.04.027(10) and 31.04.102(2) (5 Counts each)				
Date:	14-Jan-08	Analyst:	Sherman Finance Charge				
Factor to be considered	0 points	1 point	2 points	3 points	4 points	weight factor	final rating
Type of violation.	None.	Tier 1.	Tier 2.	Tier 3.	Tier 4.	4	20
Intent.	None.		Should have known.		Clear intent.	5	10
Gains realized by company, owners, officers, etc.	0		2			5	10
Previous criticism or notice of similar or same violation.	None.	Indirect gains w/o knowledge	Indirect gains w/knowledge.	Attempt to gain w/o gain.	Direct gains.		
Previous enforcement action.	None.	Documented verbal.	Letter from DFI or other regulatory agency.	Identified in a regulatory report.	More than 1 of 1 through 3.	5	15
Number of prior actions of a similar nature from any regulatory agency.	None.		Similar in nature, but other agency.	Similar in nature, DFI.	Same violation w/ any regulatory agency.	5	0
Loss.	None.	1.	2.	3.	> 3.	5	0
Number of occurrences.	None.	Minimal to 3rd party.	Minimal to consumers.	Substantial to 3rd parties.	Substantial to consumers.	4	24
Duration of violation prior to notification.	None.	1.	5.	10.	> 10.	2	4
Duration of violation after notification.	None.	< 5 days.	< 30 days.	< 90 days.	> 90 days.	4	8
Concealment.	None.	1 day.	1 - 5 days.	5 - 10 days.	> 10 days.	5	0
Restitution paid.	None.	Unknown to respondent.	Unintentional disarray.	Intentional disarray.	Intentional concealment.	5	0
Good Faith. (only applicable with no intent shown above)	None.	Complete upon requirement.	Partial restitution.	Voluntary upon discovery by DFI.	Voluntary prior to discovery by DFI.	5	0
Cooperation.	None.	No intent.	Corrected upon discovery by DFI.	Adequate management controls.	Corrected prior to discovery by DFI.	3	0
Subtotal 1.	0	0	6	3	12		91
Subtotal 2.	0	0	0	0	0		0
Total (subtract 2 from 1)	0	0	6	3	12		91
Chart of Amount							
Total Rating Per Finable Violations Matrix		0 - 25	26 - 50	51 - 75	76 and >		
Fine Amount Per Day		\$25	\$50	\$75	\$100		

Any violation

DFI FINABLE VIOLATIONS MATRIX							
INSTRUCTIONS: Place a mark in the appropriate box for each factor to be considered. The Finable Violations Matrix Guidelines are to be utilized by the analyst in the determination of the appropriate points class. The final rating column is completed by multiplying the weight factor by the points for each factor to be considered. Subtotal 1 is the total of all columns except the weight factor column. Subtotal 2 is completed as in Subtotal 1. The Total is completed by subtracting Subtotal 2 from Subtotal 1.							
Respondent:	First NLC	Violation:	31.04.027(1),(2),(3); 31.04.105(2); and 31.04.155 (13 Counts each)				
Date:	14-Jan-08	Analyst:	Sherman	Fees / records			
Factor to be considered	0 points	1 point	2 points	3 points	4 points	weight factor	final rating
Type of violation.	None.	Tier 1.	Tier 2.	Tier 3.	Tier 4.	4	20
Intent.	None.		2			5	10
			Should have known.		Clear intent.		
Gains realized by company, owners, officers, etc.	0				4	5	20
	None.	Indirect gains w/o knowledge	Indirect gains w/knowledge.	Attempt to gain w/o gain.	Direct gains.		
Previous criticism or notice of similar or same violation.				3		5	15
	None.	Documented verbal.	Letter from DFI or other regulatory agency.	Identified in a regulatory report.	More than 1 of 1 through 3.		
Previous enforcement action.						5	0
	None.		Similar in nature, but other agency.	Similar in nature, DFI.	Same violation w/ any regulatory agency.		
Number of prior actions of a similar nature from any regulatory agency.						5	0
	None.	1.	2.	3.	> 3.		
Loss.					4	6	24
	None.	Minimal to 3rd party.	Minimal to consumers.	Substantial to 3rd parties.	Substantial to consumers.		
Number of occurrences.					4	2	8
	None.	1.	5.	10.	> 10.		
Duration of violation prior to notification.					4	2	8
	None.	< 5 days.	< 30 days.	< 90 days.	≥ 90 days.		
Duration of violation after notification.						5	0
	None.	1 day.	1 - 5 days.	5 - 10 days.	> 10 days.		
Concealment.						5	0
	None.	Unknown to respondent.	Unintentional disarray.	Intentional disarray.	Intentional concealment.		
Subtotal 1.	0	0	2	3	20		105
Restitution paid.						5	0
	None.	Complete upon requirement.	Partial restitution.	Voluntary upon discovery by DFI.	Voluntary prior to discovery by DFI.		
Good Faith. (only applicable with no intent shown above)						5	0
	None.	No intent.	Corrected upon discovery by DFI.	Adequate management controls.	Corrected prior to discovery by DFI.		
Cooperation.						3	0
	None.		Full.		Notified DFI.		
Subtotal 2.	0	0	0	0	0		0
Total (subtract 2 from 1)	0	0	2	3	20		105
Chart of Amount							
Total Rating Per Finable Violations Matrix		0 - 25	26 - 50	51 - 75	76 and >		
Fine Amount Per Day		\$25	\$50	\$75	\$100		