

ORDER SUMMARY – Case Number: C-09-218

Name(s): First Fidelity of Delaware Inc; DFD Ventures LP; Cash Supply; FFD Resources I d/b/a Cash Supply; FFD Ventures LP; FFD Resources IV d/b/a Paper Check Payday Loan;

Order Number: C-09-218-12-FO01

Effective Date: November 1, 2012

License Number: N/A

Or NMLS Identifier [U/L] (Revoked, suspended, stayed, application denied or withdrawn)
If applicable, you must specifically note the ending dates of terms.

License Effect:

Not Apply Until:

Not Eligible Until:

Prohibition/Ban Until:

Investigation Costs	\$3,654.08	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$228,300.00	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Assessment(s)	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Restitution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Judgment	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Satisfaction of Judgment Filed?		<input type="checkbox"/> Y <input type="checkbox"/> N		
No. of Victims:				

Comments:

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

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

No.: C-09-218-12-FO01

FIRST FIDELITY OF DELAWARE, INC;
DFD VENTURES, L.P.;
FFD VENTURES, L.P.;
FFD RESOURCES IV, LLC, d/b/a
PAPER CHECK PAYDAY LOAN; and
FFD RESOURCES I, d/b/a CASH SUPPLY,

FINAL ORDER

Respondents.

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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 (Director's designee), pursuant to RCW 34.05.440(1). On July 26, 2012, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Impose Fine, Order Restitution, and Collect Investigation Fee (Statement of Charges) against First Fidelity of Delaware, Inc., DFD Ventures, L.P., FFD Ventures, L.P., FFD Resources IV LLC d/b/a Paper Check Payday Loan, and FFD Resources I, d/b/a Cash Supply, (Respondents). 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 27, 2012, a Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for Adjudicative Hearing for Respondents (collectively, accompanying documents).

On July 27, 2012, the Department served Respondents with the Statement of Charges and accompanying documents by First-Class mail and Federal Express overnight delivery. On July 30,

1 2012, the documents sent by Federal Express overnight delivery were delivered. The documents sent
2 by First-Class mail were not returned to the Department by the United States Postal Service.

3 Respondents did not request an adjudicative hearing within twenty calendar days after the
4 Department served the Notice of Opportunity to Defend and Opportunity for Hearing, as provided for
5 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 following: Statement of Charges, cover letter dated July 27,
8 2012, Notice of Opportunity to Defend and Opportunity for Hearing, and blank Applications for
9 Adjudicative Hearing for Respondents, with documentation for service.

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

12 II. FINAL ORDER

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

15 A. IT IS HEREBY ORDERED, That:

- 16 1. Respondents First Fidelity of Delaware, DFD Ventures, FFD Ventures, FFD
17 Resources IV LLC, d/b/a Paper Check Payday, and FFD Resources I LLC d/b/a Cash
18 Supply immediately cease and desist conducting the business of issuing small loans.
19 2. Respondents First Fidelity of Delaware, DFD Ventures, FFD Ventures, FFD
20 Resources IV LLC, d/b/a Paper Check Payday, and FFD Resources I LLC d/b/a Cash
21 Supply jointly and severally pay a fine of \$228,300;
22 3. Respondents First Fidelity of Delaware, DFD Ventures, FFD Ventures, FFD
23 Resources IV LLC, d/b/a Paper Check Payday, and FFD Resources I LLC d/b/a Cash
24 Supply jointly and severally pay an investigation fee of \$3,654.08.

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1 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a
2 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
3 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
4 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
5 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondent. The
6 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
7 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

14 D. Judicial Review. Respondents have the right to petition the superior court for judicial
15 review of this agency action under the provisions of chapter 34.05 RCW. For the requirements for
16 filing a Petition for Judicial Review, see RCW 34.05.510 and sections following.

17 E. Non-compliance with Order. If you do not comply with the terms of this order, the
18 Department may seek its enforcement by the Office of the Attorney General to include the collection
19 of the fine and fee imposed herein. The Department also may assign the amounts owed to a
20 collection agency for collection.

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

1 DATED this 1st day of November, 2012

3 STATE OF WASHINGTON
4 DEPARTMENT OF FINANCIAL INSTITUTIONS

5 /s/ _____
6 DEBORAH BORTNER
7 Director
8 Division of Consumer Services

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

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

FIRST FIDELITY OF DELAWARE, INC.;
DFD VENTURES, L.P.;
FFD VENTURES, L.P.;
FFD RESOURCES IV, LLC, d/b/a
PAPER CHECK PAYDAY LOAN; and
FFD RESOURCES I, d/b/a CASH SUPPLY,

Respondents.

No.: C-09-218-12-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENTION TO ENTER
AN ORDER TO CEASE AND DESIST,
IMPOSE FINE, ORDER RESTITUTION,
AND COLLECT INVESTIGATION FEE

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INTRODUCTION

Pursuant to RCW 31.45.110 and RCW 31.45.200, the Director of the Department of Financial
Institutions of the State of Washington (Director) is responsible for the administration of chapter
31.45 RCW, the Check Cashers and Sellers Act (Act). After having conducted an investigation
pursuant to RCW 31.45.100, and based upon the facts available as of the date of this Statement of
Charges, the Director, through his designee, Division of Consumer Services Director Deborah
Bortner, institutes this proceeding and finds as follows:

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I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Respondent First Fidelity of Delaware, Inc. (Respondent First Fidelity)** is a
corporation incorporated in the State of Delaware. Respondent First Fidelity is the general partner of
two limited partnerships: Respondent DFD Ventures, L.P., and Respondent FFD Ventures, L.P.
Respondent First Fidelity has never been licensed with the Department in any capacity. Respondent

1 First Fidelity is not registered with the Washington State Secretary of State or the Washington State
2 Department of Revenue.

3 **B. Respondent DFD Ventures, L.P. (Respondent DFD)** is a limited partnership which
4 has 100% ownership of Respondent FFD Resources IV, LLC, d/b/a Paper Check Payday.

5 Respondent DFD has never been licensed with the Department in any capacity. Respondent DFD is
6 not registered with the Washington State Secretary of State or the Washington State Department of
7 Revenue.

8 **C. Respondent FFD Ventures, L.P. (Respondent FFD)** is a limited partnership which
9 has 100% ownership of Respondent FFD Resources I, LLC, d/b/a Cash Supply. Respondent FFD has
10 never been licensed with the Department in any capacity. Respondent FFD is not registered with the
11 Washington State Secretary of State or the Washington State Department of Revenue.

12 **D. Respondent FFD Resources IV, d/b/a Paper Check Payday Loan (Respondent**
13 **Paper Check Payday)** is an LLC registered with the Nevada Secretary of State. Respondent Paper
14 Check Payday has never been licensed with the Department in any capacity. Respondent Paper
15 Check Payday is not registered with the Washington State Secretary of State or the Washington State
16 Department of Revenue.

17 **E. Respondent FFD Resources I, d/b/a Cash Supply (Respondent Cash Supply)** is an
18 LLC registered with the Nevada Secretary of State. Respondent Cash Supply has never been licensed
19 with the Department in any capacity. Respondent Cash Supply is not registered with the Washington
20 State Secretary of State or the Washington State Department of Revenue.

21 **1.2 Unlicensed Activity.** For at least the period beginning on or about June 8, 2006 to present,
22 Respondents have conducted business that requires a check casher and seller license with a small loan
23 endorsement by providing small loans to at least four consumers in Washington State from the

1 internet websites cashsupply.com and papercheckpaydayloan.com. Respondents are not licensed by
2 the Department.

3 **1.3 Unlicensed Location.** Respondents have been operating the websites cashsupply.com and
4 papercheckpaydayloan.com from a location or locations that is or are not licensed by the Department.

5 **1.4 Unauthorized Advertisements.** Respondents advertised on their websites cashsupply.com
6 and papercheckpaydayloan.com their ability to make payday loans to Washington consumers when
7 they were not licensed to make loans beginning on or about June 8, 2006.¹

8 **1.5 Failure to Comply with the Department's Investigation Authority.**

9 A. **Complaint 25675.** On or about January 23, 2008, the Department received a
10 complaint against Respondent Cash Supply. On or about February 14, 2008, the Department issued a
11 Directive to Respondent Cash Supply requiring it to produce records and disclosures related to the
12 complainant's account and an explanation of Respondent Cash Supply's licensing history in
13 Washington State by February 29, 2008. The Department received no response to this Directive by
14 the due date. On or about June 30, 2008, the Department issued a Subpoena to Respondent Cash
15 Supply, compelling compliance with the February 14, 2008, Directive. On or about July 9, 2008, the
16 Department received a response from Respondent Cash Supply's attorney, asserting that Respondent
17 Cash Supply was not engaged in the payday loan business in the State of Washington and was not
18 subject to the Department's jurisdiction. As of the date of this Statement of Charges, Respondent
19 Cash Supply has not complied with the Department's subpoena.

20 B. **Complaint 27003.** On or about May 21, 2008, the Department received a complaint
21 against Respondent Cash Supply. On or about August 14, 2008, the Department issued a Subpoena
22 to Respondent Cash Supply, requiring Respondent Cash Supply to provide a list of all small loans

23 ¹ Respondents' website cashsupply.com was changed to state that "Cash Supply is no longer making new loans"
sometime after July 16, 2009. Respondents' website papercheckpaydayloans.com continues to offer small loans.

1 (including the name, address, and telephone number of each Washington State customer, the dollar
2 amount and date of the transaction, and any fee(s) charged for each transaction) made by Respondent
3 Cash Supply to customers in the State of Washington from January 1, 2007, through the present. The
4 response from Respondent Cash Supply was due within 15 days. On August 25, 2008, the
5 Department received a letter from Respondent Cash Supply confirming that it made loans to the
6 Complainants, but asserting that these loans were made pursuant to its license with the State of New
7 Mexico and that the Department's authority did not extend to Respondent Cash Supply's lending
8 activities. As of the date of this Statement of Charges, Respondent Cash Supply has not complied
9 with the Department's subpoena.

10 **C. Complaint 31486.** On or about July 15, 2009, the Department received a complaint
11 against Respondent Cash Supply. On or about August 13, 2009, the Department issued a Subpoena
12 to Respondent Cash Supply, requiring Respondent Cash Supply to provide a list of all small loans
13 (including the name, address, and telephone number of each Washington State customer, the dollar
14 amount and date of the transaction, and any fee(s) charged for each transaction) made by Respondent
15 Cash Supply to customers in the State of Washington from January 1, 2009, through the present. The
16 response from Respondent Cash Supply was due within 15 days. On or about September 14, 2009,
17 the Department received a letter from Respondent Cash Supply which asserted that "Cash Supply
18 operated in its home country of Belize under the International Financial Services Commission Act of
19 Belize," and that the Department's authority did not extend to Respondent Cash Supply's lending
20 activities. As of the date of this Statement of Charges, Respondent Cash Supply has not complied
21 with the Department's subpoena.

22 **D. Complaint 36257.** On or about August 24, 2010, the Department received a
23 complaint regarding Respondent Paper Check Payday. On or about October 13, 2010, the

1 Department issued a Subpoena to Respondent Paper Check Payday, requiring it to provide a list of all
2 small loans (including the name, address, and telephone number of each Washington State customer,
3 the dollar amount and date of the transaction, and any fee(s) charged for each transaction) made by
4 Respondent Paper Check Payday to customers in the State of Washington from January 1, 2009,
5 through the present. The response from Respondent Paper Check Payday was due within 15 days.
6 No response was received by the due date. On or about January 11, 2011, the Department issued a
7 second Subpoena to Respondent Paper Check Payday compelling its response to the October 13,
8 2010, subpoena within 10 days. No response was received by the due date. On or about April 15,
9 2011, the Department issued a third Subpoena to Respondent Paper Check Payday, requiring it to
10 provide a list of all small loans (including the name, address, and telephone number of each
11 Washington State customer, the dollar amount and date of the transaction, and any fee(s) charged for
12 each transaction) made by Respondent Paper Check Payday to customers in the State of Washington
13 from January 1, 2009, through the present. On or about April 26, 2011, the Department received a
14 letter from Respondent Paper Check Payday confirming that it made a loan to the Complainant, but
15 asserting that any loans to Washington residents were made pursuant to its license with the State of
16 Delaware, and that the Department's authority did not extend to Respondent Paper Check Payday's
17 lending activities. As of the date of this Statement of Charges, Respondent Paper Check Payday has
18 not complied with the Department's subpoenas.

19 **1.6 Failure to Obtain and Maintain Bond.** Respondents did not obtain and maintain surety
20 bonds as required by the Act.

21 **1.7 On-going Investigation.** The Department's investigation into the alleged violations of the
22 Act by Respondents continues to date.

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

2 **2.1 Definition of Check Casher.** Pursuant to RCW 31.45.010(5), a “Check Casher” is defined as
3 an individual, partnership, unincorporated association, or corporation that, for compensation,
4 engages, in whole or in part, in the business of cashing checks, drafts, money orders, or other
5 commercial paper serving the same purpose.

6 **2.2 Definition of Check.** Pursuant to RCW 31.45.010(4), a “Check” means the same as defined
7 in RCW 62A.3-104(f) and, for purposes of conducting the business of making small loans, includes
8 other electronic forms of payment, including stored value cards, internet transfers, and automated
9 clearing house transactions.

10 **2.3 Definition of Licensee.** Pursuant to RCW 31.45.010(13), a “Licensee” is defined as a check
11 cashier or seller licensed by the director to engage in business in accordance with the Act. For the
12 purpose of the enforcement powers of the Act, including the power to issue cease and desist orders
13 under RCW 31.45.110, “licensee” also means a check cashier or seller who fails to obtain the license
14 required by the Act.

15 **2.4 Definition of Small Loan.** Pursuant to RCW 31.45.010(21), a “Small Loan” is defined as a
16 loan up to the maximum amount and for a period of time up to the maximum term specified in RCW
17 31.45.073.

18 **2.5 Requirement to Obtain a Check Casher and Seller License.** Based on the Factual
19 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.45.030(1)
20 for engaging in the business of a check cashier and seller without first obtaining a license from the
21 Director.

22 **2.6 Requirement to Obtain a Small Loan Endorsement.** Based on the Factual Allegations set
23 forth in Section I above, Respondents are in apparent violation of RCW 31.45.070 and RCW

1 31.45.073 for engaging in the business of making small loans without first obtaining a small loan
2 endorsement from the Director.

3 **2.7 Requirement to Comply with Department's Investigation.** Based on the Factual
4 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.45.100 for
5 failing to comply with the Director's investigative authority.

6 **2.8 Requirement to Maintain Surety Bond.** Based on the Factual Allegations set forth in
7 Section I above, Respondents are in apparent violation of RCW 31.45.030(5) and WAC 208-630-180
8 for failing to file and maintain a surety bond or approved alternative with the Department.

9 **2.9 Prohibited Acts.** Based on the Factual Allegations set forth in Section I above, Respondents
10 are in apparent violation of RCW 31.45.110 (1)(b), (j), and (l) and RCW 31.45.105(1)(a), (b), (c), and
11 (d) for violating or having violated the Act, for failing, upon demand by the director or the director's
12 designee, to disclose any information within his or her knowledge to, or to produce any document,
13 book, or record in his or her possession for inspection of, the director or director's designee, for
14 committing an act or engaging in conduct that demonstrates incompetence or trustworthiness, or is a
15 source of injury and loss to the public, for directly or indirectly employing any scheme, device, or
16 artifice to defraud or mislead any borrower, or to defraud or mislead any person, for directly or
17 indirectly engaging in any unfair or deceptive practice toward any person, for directly or indirectly
18 obtaining property by fraud or misrepresentation, and for making any small loan to any person
19 physically located in Washington through use of the internet, facsimile, telephone, kiosk, or other
20 means without first obtaining a small loan endorsement.

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1 **III. AUTHORITY TO IMPOSE SANCTIONS**

2 **3.1 Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.110(2)(b), the Director
3 may order a licensee to cease and desist from practices in violation of the Act.

4 **3.2 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a
5 fine, not to exceed one hundred dollars per day for each day’s violation of the Act, on any licensee or
6 applicant, or any director, officer, sole proprietor, partner, controlling person, or employee of a
7 licensee or applicant, that is violating or has violated the Act including rules and orders, or commits
8 any act or engages in conduct that demonstrates incompetence or untrustworthiness, or is a source of
9 injury or loss to the public.

10 **3.3 Authority to Order Restitution.** Pursuant to RCW 31.45.110(2)(d), the Director may order
11 restitution to borrowers damaged by the licensee’s violation of this chapter.

12 **3.4 Authority to Collect Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW 31.45.100,
13 and WAC 208-630-380, the Director shall collect from the licensee the actual cost of an examination
14 or investigation of the business, books, accounts, records, files, or other information of a licensee or
15 person who the Director has reason to believe is engaging in the business governed by the Act. The
16 investigation charge will be calculated at the rate of sixty-nine dollars (\$69) per hour that each staff
17 person devoted to the investigation, plus actual expenses.

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

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

6 **3.1** Respondents First Fidelity of Delaware, DFD Ventures, FFD Ventures, FFD
7 Resources IV LLC, d/b/a Paper Check Payday, and FFD Resources I LLC d/b/a Cash
Supply immediately cease and desist conducting the business of issuing small loans;

8 **3.2** Respondents First Fidelity of Delaware, DFD Ventures, FFD Ventures, FFD
9 Resources IV LLC, d/b/a Paper Check Payday, and FFD Resources I LLC d/b/a Cash
10 Supply jointly and severally pay a fine which, as of the date of this Statement of
Charges, totals \$228,300;

11 **3.3** Respondents First Fidelity of Delaware, DFD Ventures, FFD Ventures, FFD
12 Resources IV LLC, d/b/a Paper Check Payday, and FFD Resources I LLC d/b/a Cash
13 Supply jointly and severally pay restitution for all loans made by Respondents to
borrowers located in Washington State from at least January 1, 2006, through May 31,
2012; and

14 **3.4** Respondents First Fidelity of Delaware, DFD Ventures, FFD Ventures, FFD
15 Resources IV LLC, d/b/a Paper Check Payday, and FFD Resources I LLC d/b/a Cash
16 Supply jointly and severally pay an investigation fee, which as of the date of this
Statement of Charges totals \$3,654.08, calculated at \$69.01 per hour for the 52.95
staff hours devoted to the investigation.

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1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist,
3 Impose Fine, Order Restitution, and Collect Investigation Fee (Statement of Charges) is entered
4 pursuant to the provisions of RCW 31.45.110 and RCW 31.45.200, and is subject to the provisions of
5 chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written request
6 for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
7 FOR HEARING accompanying this Statement of Charges.

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9 Dated this 26th day of July, 2012.



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12 DEBORAH BORTNER
13 Director
14 Division of Consumer Services
15 Department of Financial Institutions

16 Presented by:



17 SHANA L. OLIVER
18 Financial Legal Examiner

19 Approved by:



20 CHARLES E. CLARK
21 Enforcement Chief