

**CONSOLIDATED ORDER SUMMARY –  
Case Numbers: C-13-1355 and C-13-1379**

**Names:** Cloud 9 Marketing, LLC  
Galaxy Marketing, Inc  
Christopher Hodes

**Order Numbers:** C-13-1355-15-CO01 and C-13-1379-15-CO01

**Effective Date:** March 16, 2015

**License Number:** N/A  
**Or NMLS Identifier**

**License Effect:** \_\_\_\_\_

**Not Apply Until:** March 16, 2020

**Not Eligible Until:** March 16, 2020

**Prohibition/Ban Until:** March 16, 2020

<b>Investigation Costs</b>	\$7,913.40	Due	Paid <input checked="" type="checkbox"/> Y <input type="checkbox"/> N	Date: 3/12/15
<b>Fine</b>	\$18,000	Due: monthly, per terms of Order	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Assessment(s)</b>	\$	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
<b>Restitution</b>	\$2,114.29	Due: per terms of Order	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Judgment</b>	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
<b>Satisfaction of Judgment Filed?</b>	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N			
No. of Victims:	Four			



1 Procedure Act, Respondents hereby agree to the Department's entry of this Consent Order and further  
2 agree that the issues raised in the above-captioned matters may be economically and efficiently  
3 settled by entry of this Consent Order.

4 Based upon the foregoing:

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

7 **B. Waiver of Hearing.** It is AGREED that Respondents have been informed of the right to a  
8 hearing before an administrative law judge, and hereby waive their right to a hearing and any and all  
9 administrative and judicial review of the issues raised in these matters, or of the resolution reached  
10 herein. Accordingly, Respondents, by their signatures and the signatures of their representatives  
11 below, withdraw their appeals to the Office of Administrative Hearings.

12 **C. No Admission of Wrongdoing.** It is AGREED that this Consent Order fully resolves the  
13 Statements of Charges and that Christopher Hodes does not admit or deny any of the matters alleged  
14 in the Statements of Charges, but agrees to joint and several liability for the fine and restitution set  
15 forth in paragraphs F and G.

16 **D. Prohibition from Industry.** It is AGREED that, for a period of five years from the date  
17 of entry of this Consent Order, Respondents are prohibited from participating, in any capacity, in the  
18 conduct of the affairs of any check casher, check casher with a small loan endorsement, or check  
19 seller licensed by the Department or subject to licensure or regulation by the Department.

20 **E. Application for License.** It is AGREED that, for a period of five years from the date of  
21 entry of this Consent Order, Respondents shall not apply to the Department for any license under any  
22 name. It is further AGREED that, should Respondents apply to the Department for any license under  
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1 any name at any time later than five years from the date of entry of this Consent Order, such applying  
2 Respondents shall be required to meet any and all application requirements in effect at that time.

3 F. **Fine.** It is AGREED that Respondents shall jointly and severally pay a fine to the  
4 Department in the amount of \$18,000.

5 G. **Restitution.** It is AGREED that Respondents shall jointly and severally pay restitution to  
6 Washington consumer L.M. in the amount of \$1,964.29 and to Washington consumer W.K. in the  
7 amount of \$150.

8 H. **Payment of Fine and Restitution.** It is AGREED that Respondents shall pay the fine  
9 and restitution, which totals \$20,114.29, within twelve months of entry of this Consent Order by  
10 paying at least \$1,676.19 by the first of every month, with the first payment due no later than April 1,  
11 2015, in the form of cashier's checks made payable to "Washington State Treasurer" mailed to the  
12 Department at P.O. Box 41200, Olympia, Washington 98504. It is further AGREED that once the  
13 Department receives \$2,114.29 in monthly payments, the Department shall forward the appropriate  
14 amount of restitution to consumers L.M. and W.K. If Respondents' payments are not made as  
15 agreed, the Department may immediately refer amounts owed to a collection agency without further  
16 notice to Respondents.

17 I. **Rights of Non-Parties.** It is AGREED that the Department does not represent or have the  
18 consent of any person or entity not a party to this Consent Order to take any action concerning their  
19 personal legal rights. It is further AGREED that for any person or entity not a party to this Consent  
20 Order, this Consent Order does not limit or create any private rights or remedies against Respondents,  
21 limit or create liability of Respondents, or limit or create defenses of Respondents to any claims.

1           **J. Investigation Fee.** It is AGREED that Respondents shall pay to the Department an  
2 investigation fee of \$7,913.40, in the form of a cashier's check made payable to the "Washington  
3 State Treasurer," upon entry of this Consent Order.

4           **K. Change of Address.** It is AGREED that for the duration of the period this Consent Order  
5 is in effect, unless otherwise agreed to in writing by the Department, Respondents shall provide the  
6 Department with a mailing address and telephone number at which Respondents can be contacted and  
7 Respondents shall notify the Department in writing of any changes to their mailing address or  
8 telephone number within fifteen days of any such change.

9           **L. Records Retention.** It is AGREED that Respondents, their officers, employees, and  
10 agents shall maintain records in compliance with the Act and provide the Director with the location  
11 of the books, records and other information relating to Respondents' check casher or seller business,  
12 and the name, address and telephone number of the individual responsible for maintenance of such  
13 records in compliance with the Act.

14           **M. Authority to Execute Order.** It is AGREED that the undersigned have represented and  
15 warranted that they have the full power and right to execute this Consent Order on behalf of the  
16 parties represented.

17           **N. Non-Compliance with Order.** It is AGREED that Respondents understand that failure to  
18 abide by the terms and conditions of this Consent Order may result in further legal action by the  
19 Director. In the event of such legal action, Respondents may be responsible to reimburse the Director  
20 for the cost incurred in pursuing such action, including but not limited to, attorney fees. If  
21 Respondents do not comply with the terms of this Consent Order, the Department may seek its  
22 enforcement by the Office of the Attorney General to include the collection of the fine and restitution  
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1 imposed herein. The Department also may assign the amounts owed to a collection agency for  
2 collection without further notice to Respondents.

3 **O. Voluntarily Entered.** It is AGREED that Respondents have voluntarily entered into this  
4 Consent Order, which is effective when signed by the Director's designee.

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

7 **Q. Counterparts.** It is AGREED that this Consent Order may be executed by the  
8 Respondents in any number of counterparts, including by facsimile or e-mail of a .pdf or similar file,  
9 each of which shall be deemed to be an original, but all of which, taken together, shall constitute one  
10 and the same Consent Order.

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12 **RESPONDENTS:**

Cloud 9 Marketing, LLC

13 By:

14 [Redacted Signature]

15 Christopher Hodes  
Sole Member

Date

3.10.15

16 Galaxy Marketing, Inc.

17 By:

18 [Redacted Signature]

19 Christopher Hodes  
Director

Date

3.10.15

20 [Redacted Signature]

21 Christopher Hodes  
Individually

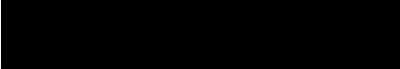
Date

3.10.15

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1 Approved for Entry:

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3 Nick Hillyard  
4 Franke Schultz & Mullen, P.C.  
5 Attorney for Respondents

3/10/15  
Date

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THIS ORDER ENTERED THIS 16<sup>th</sup> DAY OF March, 2015.




  
CHARLES E. CLARK  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:

  
AMANDA J. HERNDON  
Financial Legal Examiner

Presented by:

  
BARBARA J. PENTTILA  
Financial Legal Examiner

Approved by:

  
STEVEN C. SHERMAN  
Enforcement Chief



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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:

CLOUD 9 MARKETING, LLC, and  
CHRISTOPHER HODES, Sole Member,

Respondents.

NO. C-13-1355-14-SC01

STATEMENT OF CHARGES AND  
NOTICE OF INTENTION TO ENTER AN  
ORDER TO CEASE AND DESIST, PROHIBIT  
FROM INDUSTRY, 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. Cloud 9 Marketing, LLC** is a Delaware Limited Liability Company with its  
principle place of business believed to be at 1000 North West Street, Suite 1224, Wilmington,  
Delaware 19801. Cloud 9 Marketing, LLC has never had a license and small loan endorsement  
under the Act. Cloud 9 Marketing, LLC is not registered with the Washington State Secretary of  
State or the Washington State Department of Revenue.

**B. Christopher Hodes** is, or was at all relevant times, the sole member of Cloud 9  
Marketing, LLC.

1 **1.2 Unlicensed Activity.** For at least the period from February 2012 through September  
2 2013, Respondents provided small loans to Washington residents physically located in  
3 Washington State. Throughout this period, Respondents did not have a license and small loan  
4 endorsement under the Act.

5 **1.3 Unlicensed Location.** Respondents have operated websites at [www.cloud9mktg.com](http://www.cloud9mktg.com)  
6 and [www.cashoncloud9.com](http://www.cashoncloud9.com) from a location or locations that are not licensed by the  
7 Department.

8 **1.4 Unauthorized Advertisements.** Respondents have advertised at [www.cloud9mktg.com](http://www.cloud9mktg.com)  
9 and [www.cashoncloud9.com](http://www.cashoncloud9.com) that they were able to make small loans to Washington consumers  
10 when they did not have a license and small loan endorsement under the Act.

11 **1.5 Unauthorized Interest or Fees in Excess of the Statutory Maximum.** Respondents  
12 charged interest and fees in the aggregate exceeding 15 percent of the first \$500 and 10 percent  
13 of the next \$200 dollars of aggregated principal of small loans outstanding at any one time.

14 **1.6 Failure to Comply with the Department's Investigative Authority.** The Department  
15 issued a subpoena to Respondents, which was served on or about September 19, 2013. The  
16 subpoena required production of certain documents. To date, Respondents have not produced  
17 those documents.  
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19 **1.7 Making Small Loans in Excess of the Eight Loan Limit.** Respondents made a small  
20 loan to a borrower when making that loan resulted in the borrower receiving more than eight  
21 small loans from all licensees in a twelve-month period.

22 **1.8 Failure to Set Timely Termination Date.** Respondents set the termination date of a  
23 small loan more than forty-five days after the loan's origination date.  
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1 **1.9 On-Going Investigation.** The Department’s investigation into the alleged violations of  
2 the Act by Respondents continues to date.

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

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

8 **2.2 Definition of Licensee.** Pursuant to RCW 31.45.010(13), a “Licensee” is defined as a  
9 check casher or seller licensed by the director to engage in business in accordance with the Act.  
10 For the purpose of the enforcement powers of the Act, including the power to issue cease and  
11 desist orders under RCW 31.45.110, “licensee” also means a check casher or seller who fails to  
12 obtain the license required by the Act.

13 **2.3 Definition of Small Loan.** Pursuant to RCW 31.45.010(21), a “Small Loan” is defined  
14 as a loan up to the maximum amount and for a period of time up to the maximum term specified  
15 in RCW 31.45.073.

16 **2.4 Requirement to Obtain a Check Casher or Check Seller License.** Based on the  
17 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
18 31.45.030(1) for engaging in the business of a check casher and seller without first obtaining a  
19 license from the Director.

20 **2.5 Requirement to Obtain a Small Loan Endorsement.** Based on the Factual Allegations  
21 set forth in Section I above, Respondents are in apparent violation of RCW 31.45.070(1), RCW  
22 31.45.073(1), and RCW 31.45.105(1)(d) for making a small loan to a person physically located  
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1 in Washington through use of the internet, telephone, or other means without first obtaining a  
2 small loan endorsement.

3 **2.6 Advertising Requirements.** Based on the Factual Allegations set forth in Section I  
4 above, Respondents are in apparent violation of RCW 31.45.105(2)(a) for advertising in a  
5 manner that is false, misleading, deceptive, or omits material information.

6 **2.7 Statutory Maximum Interest or Fees on Small Loans.** Based on the Factual  
7 Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
8 31.45.073(5) for charging interest or fees in the aggregate exceeding 15 percent of the first \$500  
9 of principal and 10 percent of the next \$200 of principal of the small loans.

10 **2.8 Requirement to Comply with the Department's Investigative Authority.** Based on  
11 the Factual Allegations set forth in Section I above, Respondents are in apparent violation of  
12 RCW 31.45.100 for not responding to a subpoena duces tecum requiring the production of the  
13 books, accounts, records, files, or other information required by the director or the director's  
14 designee. In the alternative, Respondents are in apparent violation of RCW 31.45.060(2) for  
15 failing to keep and maintain such business books, accounts, and records to fulfill the purposes of  
16 the Act or failing to preserve such books, accounts, and records for at least two years from the  
17 completion of the transaction.

18 **2.9 Requirement to Not Exceed Eight Loan Limit.** Based on the Factual Allegations set  
19 forth in Section I above, Respondents are in apparent violation of RCW 31.45.073(4) for making  
20 a small loan to a borrower when making that small loan resulted in the borrower receiving more  
21 than eight small loans from all licensees in any twelve-month period.  
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1 **2.10 Requirement to Set Timely Termination Date.** Based on the Factual Allegations set  
2 forth in Section I above, Respondent are in apparent violation of RCW 31.45.073(2) for setting  
3 the termination date on a small loan more than forty-five days after the loan's origination date.

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

5 **3.1 Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.110(2)(b), the  
6 Director may order a licensee to cease and desist from practices in violation of the Act.

7 **3.2 Authority to Ban from the Industry.** Pursuant to RCW 31.45.110(2)(e), the Director  
8 may ban from participation in the conduct of the affairs of any licensee any sole proprietor,  
9 partner, or controlling person of a licensee that is violating or has violated the Act including rules  
10 and orders.

11 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a  
12 fine, not to exceed one hundred dollars per day for each day's violation of the Act, on any  
13 licensee or applicant, or any director, officer, sole proprietor, partner, controlling person, or  
14 employee of a licensee or applicant, that is violating or has violated the Act including rules and  
15 orders, or commits any act or engages in conduct that demonstrates incompetence or  
16 untrustworthiness, or is a source of injury or loss to the public.

17 **3.4 Authority to Order Restitution.** Pursuant to RCW 31.45.110(2)(d), the Director may  
18 order restitution to borrowers damaged by the licensee's violation of this chapter.

19 **3.5 Authority to Collect Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW 31.45.100,  
20 WAC 208-630-380, and WAC 209-630-390, the Director shall collect from the licensee the actual  
21 cost of an investigation at the hourly rate of \$69 per person per hour expended, plus actual expenses.  
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1 **IV. NOTICE OF INTENT TO ENTER ORDER**

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

- 6 **4.1** Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC cease and  
7 desist from offering or making small loans to Washington State consumers;
- 8 **4.2** Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC be banned  
9 from participating, in any manner, in the conduct of the affairs of any person  
10 requiring licensure under the Act for a period of five years;
- 11 **4.3** Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC jointly and  
12 severally pay a fine of \$18,500;
- 13 **4.4** Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC jointly and  
14 severally pay restitution to those borrowers who paid interest or fees in an amount to  
15 be determined at hearing;
- 16 **4.5** Respondent Christopher Hodes and Respondent Cloud 9 Marketing, LLC jointly and  
17 severally pay an investigation fee, which totals \$2,866.95 as of the date of these  
18 charges.

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**V. AUTHORITY AND PROCEDURE**

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

Dated this 28<sup>th</sup> day of February, 2014.



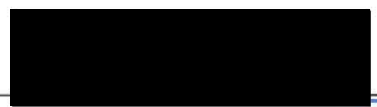
DEBORAH BORTNER  
Director  
Division of Consumer Services  
Department of Financial Institutions

Presented by:



AMANDA J. HERNDON  
Financial Legal Examiner

Approved by:



CHARLES E. CLARK  
Enforcement Chief

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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:

GALAXY MARKETING, INC., and  
CHRISTOPHER HODES, Director,

Respondents.

No.: C-13-1379-14-SC01

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

**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:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents.**

**A. Galaxy Marketing, Inc. (Respondent Galaxy)** is a Delaware corporation with its principle place of business believed to be located at 1000 North West Street, Suite 1224, Wilmington, Delaware, 19801. Respondent Galaxy has never obtained a license and small loan endorsement under the Act to make loans. Respondent Galaxy is not registered with the Washington State Secretary of State or the Washington State Department of Revenue.

**B. Christopher Hodes (Respondent Hodes)** is identified as the director of Respondent Galaxy. Respondent Hodes has never obtained a license and small loan endorsement under the Act to make loans.



1 **1.2 Unlicensed Activity.** For the period from at least May 2013 through August 2013,  
2 Respondents have conducted business by providing a loan to at least one consumer in Washington  
3 State from the internet website www.galaxymktginc.com without being licensed with the Department  
4 as a check casher or check seller with a small loan endorsement. The Washington State resident was  
5 physically located in Washington State at the time of the loan.

6 **1.3 Unlicensed Locations.** Respondents have operated a website at www.galaxymktginc.com  
7 from locations that are not licensed by the Department.

8 **1.4 Unauthorized Advertisements.** Respondents have advertised at www.galaxymktginc.com  
9 that they were able to make small loans to Washington consumers when they were not licensed to  
10 make such loans.

11 **1.5 Unauthorized Interest or Fees in Excess of Statutory Maximum.** Respondents have  
12 charged interest and fees in the aggregate exceeding 15 percent of the first \$500 and 10 percent of the  
13 next \$200 of aggregated principal of small loans outstanding at any one time on at least one loan.

14 **1.6 Failure to Comply with the Department's Investigative Authority.** The Department  
15 issued a Subpoena Compelling Production of Records and Explanation (Subpoena) to Respondents  
16 on or about September 16, 2013. The Subpoena was served on or about September 17, 2013. The  
17 Subpoena required, among other things, the production of a list of every loan made to Washington  
18 consumers since January 1, 2012, all records related to Washington consumer W.Y., and documents  
19 to substantiate any claim that Respondents are exempt from licensure. To date, Respondents have  
20 failed to produce these documents.

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

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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 Licensee.** Pursuant to RCW 31.45.010(13), a “Licensee” is defined as a check  
7 cashier or seller licensed by the director to engage in business in accordance with the Act. "Licensee"  
8 also means a check cashier or seller, whether located within or outside of this state, who fails to obtain  
9 the license or small loan endorsement required by this Act. For the purpose of the enforcement  
10 powers of the Act, including the power to issue cease and desist orders under RCW 31.45.110,  
11 “licensee” also means a check cashier or seller who fails to obtain the license required by the Act.

12 **2.3 Definition of Small Loan.** Pursuant to RCW 31.45.010(21), a “Small Loan” is defined as a  
13 loan up to the maximum amount and for a period of time up to the maximum term specified in RCW  
14 31.45.073.

15 **2.4 Requirement to Obtain a Check Casher or Check Seller License.** Based on the Factual  
16 Allegations set forth in Section I above, Respondents are in apparent violation of RCW 31.45.030(1)  
17 for engaging in the business of a check cashier and seller without first obtaining a license from the  
18 Director.

19 **2.5 Requirement to Obtain a Small Loan Endorsement.** Based on the Factual Allegations set  
20 forth in Section I above, Respondents are in apparent violation of RCW 31.45.070(1)(d), RCW  
21 31.45.073(1), and RCW 31.45.105(10)(d) for engaging in the business of making small loans without  
22 first obtaining a small loan endorsement from the Director and for making small loans to any person  
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1 physically located in Washington through use of the internet, facsimile, telephone, kiosk, or other  
2 means without first obtaining a small loan endorsement.

3 **2.6 Advertising Requirements.** Based on the Factual Allegations set forth in Section I above,  
4 Respondents are in apparent violation of RCW 31.45.105(2)(a) for advertising in a manner that is  
5 false, misleading, or deceptive, or that omits material information.

6 **2.7 Requirement of Statutory Maximum Interest or Fees on Small Loans.** Based on the  
7 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
8 31.45.073(5) for charging interest or fees in the aggregate exceeding 15 percent of the first \$500 of  
9 principal and 10 percent of the next \$200 of principal of the small loans.

10 **2.8 Requirement to Comply with the Department's Investigative Authority.** Based on the  
11 Factual Allegations set forth in Section I above, Respondents are in apparent violation of RCW  
12 31.45.100 and RCW 31.45.110(1)(k) for failing to comply with the Director's investigative authority  
13 and for failing, upon demand by the Director or the Director's designee, to disclose any information  
14 within his or her knowledge to, or to produce any document, book, or record in his or her possession  
15 for inspection of, the Director or Director's designee.

### 16 III. AUTHORITY TO IMPOSE SANCTIONS

17 **3.1 Authority to Issue Cease and Desist Order.** Pursuant to RCW 31.45.110(2)(b), the Director  
18 may order a licensee to cease and desist from practices in violation of the Act or practices that  
19 constitute unsafe and unsound financial practices.

20 **3.2 Authority to Remove and Ban From Industry.** Pursuant to RCW 31.45.110(2)(e), the  
21 Director may ban from participation in the conduct of the affairs of any licensee any director, officer,  
22 sole proprietor, partner, controlling person, or employee of a licensee that is violating or has violated  
23

1 the Act including rules and orders, or commits any act or engages in conduct that demonstrates  
2 incompetence or untrustworthiness, or is a source of injury or loss to the public.

3 **3.3 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a  
4 fine, not to exceed one hundred dollars per day for each day's violation of the Act, on any licensee or  
5 applicant, or any director, officer, sole proprietor, partner, controlling person, or employee of a  
6 licensee or applicant, that is violating or has violated the Act including rules and orders, or commits  
7 any act or engages in conduct that demonstrates incompetence or untrustworthiness, or is a source of  
8 injury or loss to the public.

9 **3.4 Authority to Order Restitution.** Pursuant to RCW 31.45.110(2)(d), the Director may order  
10 restitution to borrowers damaged by the licensee's violation of this chapter

11 **3.5 Authority to Collect an Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW  
12 31.45.100, WAC 208-630-360, WAC 208-630-370, and WAC 208-630-380, the Director shall collect  
13 from the licensee the actual cost of an examination or investigation of the business, books, accounts,  
14 records, files, or other information of a licensee or person who the Director has reason to believe is  
15 engaging in the business governed by the Act. The investigation charge will be calculated at the rate  
16 of sixty-nine dollars (\$69) per hour that each staff person devoted to the investigation, plus actual  
17 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:

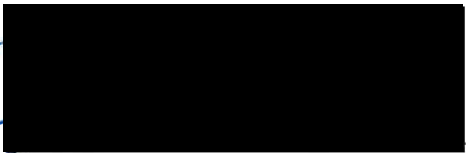
- 6 **4.1** Respondents Galaxy Marketing, Inc. and Christopher Hodes cease and desist from  
7 offering and making small loans without a proper license from the Department;
- 8 **4.2** Respondents Galaxy Marketing, Inc. and Christopher Hodes be banned from  
9 participation in the conduct of the affairs of any check casher and check casher with a  
10 small loan endorsement or check seller subject to licensure by the Director, in any  
11 manner, for a period of five (5) years;
- 12 **4.3** Respondents Galaxy Marketing, Inc. and Christopher Hodes jointly and severally pay  
13 a fine of \$18,000;
- 14 **4.4** Respondents Galaxy Marketing, Inc. and Christopher Hodes jointly and severally pay  
15 restitution to all affected Washington borrowers who paid interest or fees in an amount  
16 to be determined at hearing; and
- 17 **4.5** Respondents Galaxy Marketing, Inc. and Christopher Hodes jointly and severally pay  
18 an investigation fee. As of the date of this Statement of Charges, the investigative fee  
19 totals \$2,766.

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

8  
9 Dated this 25th day of February, 2014.



10  
11 DEBORAH BORTNER  
12 Director  
13 Division of Consumer Services  
14 Department of Financial Institutions

15 Presented by:



16 BARBARA PENTTILA  
17 Financial Legal Examiner

18 Approved by:



19 CHARLES E. CLARK  
20 Enforcement Chief  
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