

ORDER SUMMARY – Case Number: C-19-2721

Names: Avalon Financial Corp d/b/a Avalon Financial Payment Solutions and Jerry Sloan

Order Number: C-19-2721-20-FO01

Effective Date: 2/14/2020

License Number: U/L NMLS ID: Avalon 1964942, Sloan 1993933
Or NMLS Identifier [U/L] _____

License Effect: N/A

Not Apply Until: _____

Not Eligible Until: _____

Prohibition/Ban Until: 2/14/2025

Investigation Costs	\$ 1,200	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Fine	\$ 150,000	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	\$ TBD	Due	Paid <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	Date
Financial Literacy and Education	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
Cost of Prosecution	\$	Due	Paid <input type="checkbox"/> Y <input type="checkbox"/> N	Date
	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
Uniform Money Services Act of Washington by:

No.: C-19-2721-20-FO01

AVALON FINANCIAL CORP d/b/a AVALON
FINANCIAL PAYMENT SOLUTIONS,
and JERRY SLOAN, President,

FINAL ORDER

Respondents.

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 Lucinda Fazio (Director's designee), pursuant to RCW 34.05.440(1). On January 3, 2020, the Director, through the Director's designee, issued a Statement of Charges and Notice of Intention to Enter an Order to Cease and Desist, Prohibit from Industry, Require Affirmative Action, Order Restitution, Impose Fine, Collect Investigation Fee, and Recover Costs and Expenses (Statement of Charges) against Avalon Financial Corp d/b/a Avalon Financial Payment Solutions, and Jerry Sloan, President (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 January 6, 2020, a Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for Adjudicative Hearing for each Respondent (collectively, accompanying documents).

On January 6, 2020, the Department served Respondents with the Statement of Charges and accompanying documents by both First-Class mail and Federal Express overnight delivery. On January 7, 2020, the documents sent by Federal Express overnight delivery were delivered. The

1 documents sent by First-Class mail were not returned to the Department by the United States Postal
2 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 January
8 6, 2020, Notice of Opportunity to Defend and Opportunity for Hearing, and a blank Application for
9 Adjudicative Hearing for each Respondent, 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. Respondent Avalon Financial Corp d/b/a Avalon Financial Payment Solutions and
17 Jerry Sloan must immediately cease and desist from enrolling any Washington
18 consumers who are not already enrolled in any service administered by
19 Respondents.
- 20 2. Respondent Avalon Financial Corp d/b/a Avalon Financial Payment Solutions and
21 Jerry Sloan are prohibited from participation in the conduct of the affairs of any
22 money transmitter or currency exchanger subject to licensing by the Department,
23 or any authorized delegate, or both, for a period of five (5) years.
- 24 3. Respondent Avalon Financial Corp d/b/a Avalon Financial Payment Solutions and
Jerry Sloan take the following affirmative action:
- a. Provide the Department with a complete list of all Washington
consumers enrolled in any service administered by Respondents, at any
time. Such list must include consumer names, addresses, phone

1 numbers, account numbers, date range that each account was active,
2 and the type of payment program in which the consumer was enrolled.

3 b. Provide the Department with a transaction history of each enrolled
4 Washington consumer detailing the monetary amount of each
5 occurrence of money transmission and the associated fee charged by
6 Respondents to process the money transmission.

7 4. Respondent Avalon Financial Corp d/b/a Avalon Financial Payment Solutions and
8 Jerry Sloan jointly and severally pay restitution for all fees charged to Washington
9 consumers receiving any of Respondents' services. Such amounts will be
10 determined once Respondents provide proper documentation of consumer account
11 information to the Department as explained in Paragraph 3 above.

12 5. Respondent Avalon Financial Corp d/b/a Avalon Financial Payment Solutions and
13 Jerry Sloan jointly and severally pay a fine of \$150,000.

14 6. Respondent Avalon Financial Corp d/b/a Avalon Financial Payment Solutions and
15 Jerry Sloan jointly and severally pay an investigation fee of \$1,200.

16 B. Reconsideration. Pursuant to RCW 34.05.470, Respondents have the right to file a
17 Petition for Reconsideration stating the specific grounds upon which relief is requested. The Petition
18 must be filed in the Office of the Director of the Department of Financial Institutions by courier at
19 150 Israel Road SW, Tumwater, Washington 98501, or by U.S. Mail at P.O. Box 41200, Olympia,
20 Washington 98504-1200, within ten (10) days of service of the Final Order upon Respondents. The
21 Petition for Reconsideration shall not stay the effectiveness of this order nor is a Petition for
22 Reconsideration a prerequisite for seeking judicial review in this matter.

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

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

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

4 E. Non-compliance with Order. If you do not comply with the terms of this order,
5 **including payment of any amounts owed within 30 days of receipt of this order**, the Department
6 may seek its enforcement by the Office of the Attorney General to include the collection of the fines,
7 fees, and restitution imposed herein. The Department also may assign the amounts owed to a
8 collection agency for collection.

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

12 DATED this 14th day of February, 2020.

13 STATE OF WASHINGTON
14 DEPARTMENT OF FINANCIAL INSTITUTIONS

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16 /s/
17 Lucinda Fazio, Director
18 Division of Consumer Services
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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
Uniform Money Services Act of Washington by:

AVALON FINANCIAL CORPORATION dba
AVALON FINANCIAL PAYMENT SOLUTIONS,
and JERRY SLOAN, President,

Respondents.

NO. C-19-2721-19-SC01

STATEMENT OF CHARGES and
NOTICE OF INTENT TO ENTER
AN ORDER TO CEASE AND DESIST,
PROHIBIT FROM INDUSTRY, REQUIRE
AFFIRMATIVE ACTION, ORDER
RESTITUTION, IMPOSE FINE, COLLECT
INVESTIGATION FEE, AND RECOVER COSTS
AND EXPENSES

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INTRODUCTION

Pursuant to RCW 19.230.130 and RCW 19.230.310, the Director of the Department of
Financial Institutions of the State of Washington (Director) is responsible for the administration of
chapter 19.230 RCW, the Uniform Money Services Act (Act). After having conducted an investigation
pursuant to RCW 19.230.130 and WAC 208-690-180, 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,
Lucinda Fazio, institutes this proceeding and finds as follows:

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I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. Avalon Financial Corporation dba Avalon Financial Payment Solutions

(Respondent AFC) has never been licensed by the Department of Financial Institutions of the State of
Washington (Department) to conduct the business of a money transmitter. Respondent AFC's
corporate office is located at 24803 Detroit Road, Westlake, Ohio, 44145.

B. Jerry Sloan (Respondent Sloan) is President of Respondent AFC.

1 **1.2 Unlicensed Activity.** Since at least January 1, 2016, Respondents have been engaging in the
2 business of money transmission with consumers residing in Washington. As of June of 2019,
3 Respondent was transacting with at least 48 Washington consumers.

4 **1.3 Prohibited Acts.**

5 (a) Respondents enrolled Washington consumers in Respondent AFC's "Principal
6 Paydown Program" without providing information as to whether Respondent AFC was licensed to
7 conduct money transmission in Washington.

8 (b) Respondents did not respond to a subpoena lawfully issued by the director's designee in
9 2016. Service of the subpoena was completed on December 30, 2016, and a response was due to the
10 Department no later than January 13, 2017. No response was received by the due date; the Department
11 then attempted to contact Respondents on or about January 31, 2017, with multiple attempts thereafter.
12 Even though Respondent Sloan stated to the Department on February 2, 2017 of his intent to respond
13 to the subpoena, ultimately, no response was ever received. On or about March 10, 2017, the
14 Department sent a letter to Respondents regarding the lack of response; Respondents never responded
15 to the letter.

16 (c) Respondents also did not respond to another subpoena lawfully issued by the director's
17 designee in 2019. Service of the subpoena was completed on October 3, 2019, and a response was due
18 to the Department no later than November 5, 2019. As of the date of this Statement of Charges, no
19 response to the subpoena has been received by the Department. Additionally, Respondents have not
20 responded to further attempts by the Department to make contact to discuss the above allegations.
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22 **1.4 Ongoing Investigation.** The Department's investigation of the alleged violations of the Act by
23 Respondents continues to date.
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1 **II. GROUNDS FOR ENTRY OF ORDER**

2 **2.1 Definition of a “Licensee.”** Pursuant to RCW 19.230.010(13), a “licensee” is a person
3 licensed under the Act or is any person, whether located within or outside of this state, who fails to
4 obtain a license required by the Act.

5 **2.2 Requirement to Obtain a License.** Based on the Factual Allegations set forth in Section I
6 above, Respondents are in apparent violation of RCW 19.230.030(1) for conducting business as a
7 money transmitter without a license.

8 **2.3 Prohibited Practices.** Based on the Factual Allegations set forth in Section I above,
9 Respondents are in apparent violation of RCW 19.230.340(2) and (8) for: (a) Directly or indirectly
10 engaging in a deceptive act or practice toward any person by enrolling Washington consumers in
11 Respondent AFC’s payment program without disclosing its licensing status to those consumers; and
12 (b) Failing to make any report or statement lawfully required by the Director by failing to respond to
13 subpoenas lawfully issued by the Department.
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15 **III. AUTHORITY TO IMPOSE SANCTIONS**

16 **3.1 Authority to Issue an Order to Cease and Desist.** Pursuant to RCW 19.230.250(2) and RCW
17 19.230.260, the Director may issue an order to cease and desist from either conducting money
18 transmission business in Washington State or continuing a violation of the Act, for any violation of
19 RCW 19.230.030.
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21 **3.2 Authority to Prohibit from Industry.** Pursuant to RCW 19.230.250, the Director may issue
22 an order to prohibit a person from continuing to engage in providing money services, and to prohibit
23 from participation in the affairs of any licensee or authorized delegate, or both, any executive officer,
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1 person in control, or employee of the person for any violation of RCW 19.230.030 or RCW
2 19.230.080.

3 **3.3 Authority to Require Affirmative Actions.** Pursuant to RCW 19.230.230(1), the director
4 may issue an order to require affirmative actions as are necessary by a licensee to comply with this
5 chapter or rules adopted under this chapter if:

6 (a) The licensee violates this chapter or a rule adopted or an order issued under this chapter or
7 is convicted of a violation of a state or federal money laundering or terrorism statute;

8 (b) The licensee does not cooperate with an examination, investigation, or subpoena lawfully
9 issued by the director or the director's designee; the licensee engages in fraud, intentional
10 misrepresentation, or gross negligence; or

11 (f) The licensee engages in an unsafe or unsound practice, or an unfair and deceptive act or
12 practice.
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14 **3.4 Authority to Order Restitution.** Pursuant to RCW 19.230.250, the Director may issue an
15 order to compel a person to pay restitution to damaged parties for any violation of RCW 19.230.030 or
16 RCW 19.230.080.

17 **3.5 Authority to Impose Fine.** Pursuant to RCW 19.230.250 and RCW 19.230.290, the Director
18 may issue an order to impose civil money penalties on a person for any violation of RCW 19.230.030,
19 RCW 19.230.080, or RCW 19.230.340, not to exceed \$100 per day for each day the violation is
20 outstanding.
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22 **3.6 Authority to Collect Investigation Fee.** Pursuant to RCW 19.230.130(2), RCW 19.230.290,
23 RCW 19.230.320(1)(c) and (2), WAC 208-690-170, and WAC 208-690-180(2), the Department may
24 collect the costs of investigations and examinations. The fee will be calculated at the rate of \$75 per
25 hour.

1 **3.7 Authority to Collect Costs and Expenses for Prosecuting Violations of the Act.** Pursuant to
2 RCW 19.230.290 and RCW 19.230.250(3), the Department may recover the state's costs and expenses
3 for prosecuting violations of the Act.

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

2 Respondents' violations of the provisions of chapter 19.230 RCW and chapter 208-690 WAC, as
3 set forth in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry
4 of an Order under RCW 19.230.230, RCW 19.230.240, RCW 19.230.250, and RCW 19.230.340.

5 Therefore, it is the Director's intent to ORDER that:

- 6 **4.1** Respondents Avalon Financial Corporation and Jerry Sloan immediately cease and desist
7 from enrolling any Washington consumers who are not already enrolled in any service
8 administered by Respondents.
- 9 **4.2** Respondents Avalon Financial Corporation and Jerry Sloan be prohibited from
10 participation in the conduct of the affairs of any money transmitter or currency exchanger
11 subject to licensing by the Department, or any authorized delegate, or both, for a period of
12 five (5) years.
- 13 **4.3** Respondents Avalon Financial Corporation and Jerry Sloan engage in the following
14 affirmative actions:
15 a. Provide the Department with a complete list of all Washington consumers
16 enrolled in any service administered by Respondents, at any time. Such list must include
17 consumer names, addresses, phone numbers, account numbers, date range that each
18 account was active, and the type of payment program in which the consumer was
19 enrolled.
20 b. Provide the Department with a transaction history of each enrolled Washington
21 consumer detailing the monetary amount of each occurrence of money transmission and
22 the associated fee charged by Respondents to process the money transmission.
- 23 **4.4** Respondents Avalon Financial Corporation and Jerry Sloan jointly and severally pay
24 restitution for all fees charged to Washington consumers receiving any of Respondents'
25 services. Such amounts will be determined once Respondents provide proper
documentation of consumer account information to the Department as explained in
Paragraph 4.3.
- 4.5** Respondents Avalon Financial Corporation and Jerry Sloan jointly and severally pay to
the Department a fine, which as of the date of these charges totals \$150,000.
- 4.6** Respondents Avalon Financial Corporation and Jerry Sloan jointly and severally pay an
investigation fee, which as of the date of these charges totals \$1,200.
- 4.7** Respondents Avalon Financial Corporation and Jerry Sloan jointly and severally pay the
Department's costs and expenses for prosecuting violations of the Act.

1 **V. AUTHORITY AND PROCEDURE**

2 This Statement of Charges and Notice of Intent to Enter an Order to Cease and Desist, Prohibit
3 from Industry, Require Affirmative Action, Order Restitution, Impose Fine, Collect Investigation Fee,
4 and Recover Costs and Expenses (Statement of Charges) is entered pursuant to the provisions of
5 RCW 19.230.220 and RCW 19.230.310, and is subject to the provisions of chapter 34.05 RCW (the
6 Administrative Procedure Act). Respondents may make a written request for a hearing as set forth in
7 the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
8 accompanying this Statement of Charges.
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10 Dated this 3rd day of January, 2020.

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12 /s/
13 LUCINDA FAZIO
14 Director
15 Division of Consumer Services
16 Department of Financial Institutions

17 Presented by:

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19 /s/
20 BRETT CARNAHAN
21 Financial Legal Examiner

22 Approved by:

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24 /s/
25 STEVEN C. SHERMAN
Enforcement Chief