
HOUSE BILL 2359

State of Washington 59th Legislature 2006 Regular Session

By Representatives Appleton, Williams, Moeller, Morrell, Lantz,
Darneille, McIntire, Simpson, Green and Ormsby

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Committee on Financial Institutions & Insurance.

1 AN ACT Relating to unlicensed makers of small loans; amending RCW
2 31.45.110; and prescribing penalties.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 31.45.110 and 2003 c 86 s 17 are each amended to read
5 as follows:

6 (1) The director may issue and serve upon a licensee or applicant
7 a statement of charges if, in the opinion of the director, any licensee
8 or applicant:

9 (a) Is engaging or has engaged in an unsafe or unsound financial
10 practice in conducting the business of a check seller governed by this
11 chapter;

12 (b) Is violating or has violated this chapter, including rules,
13 orders, or subpoenas, any rule adopted under chapter 86, Laws of 2003,
14 any order issued under chapter 86, Laws of 2003, any subpoena issued
15 under chapter 86, Laws of 2003, or any condition imposed in writing by
16 the director or the director's designee in connection with the granting
17 of any application or other request by the licensee or any written
18 agreement made with the director;

1 (c) Is about to do the acts prohibited in (a) or (b) of this
2 subsection when the opinion that the threat exists is based upon
3 reasonable cause;

4 (d) Obtains a license by means of fraud, misrepresentation,
5 concealment, or through mistake or inadvertence of the director;

6 (e) Provides false statements or omissions of material information
7 on the application that, if known, would have allowed the director to
8 deny the application for the original license;

9 (f) Fails to pay a fee required by the director or maintain the
10 required bond;

11 (g) Commits a crime against the laws of the state of Washington or
12 any other state or government involving moral turpitude, financial
13 misconduct, or dishonest dealings;

14 (h) Knowingly commits or is a party to any material fraud,
15 misrepresentation, concealment, conspiracy, collusion, trick, scheme,
16 or device whereby any other person relying upon the word,
17 representation, or conduct acts to his or her injury or damage;

18 (i) Converts any money or its equivalent to his or her own use or
19 to the use of his or her principal or of any other person;

20 (j) Fails, upon demand by the director or the director's designee,
21 to disclose any information within his or her knowledge to, or to
22 produce any document, book, or record in his or her possession for
23 inspection of, the director or the director's designee;

24 (k) Commits any act of fraudulent or dishonest dealing, and a
25 certified copy of the final holding of any court, tribunal, agency, or
26 administrative body of competent jurisdiction regarding that act is
27 conclusive evidence in any hearing under this chapter; or

28 (l) Commits an act or engages in conduct that demonstrates
29 incompetence or untrustworthiness, or is a source of injury and loss to
30 the public.

31 (2) The statement of charges shall be issued under chapter 34.05
32 RCW. The director or the director's designee may impose the following
33 sanctions against any licensee or applicant, or any director, officer,
34 sole proprietor, partner, controlling person, or employee of a licensee
35 or applicant:

36 (a) Deny, revoke, suspend, or condition the license;

37 (b) Order the licensee to cease and desist from practices in

1 violation of this chapter or practices that constitute unsafe and
2 unsound financial practices in the sale of checks;

3 (c) Impose a fine not to exceed one hundred dollars per day for
4 each day's violation of this chapter;

5 (d) Order restitution to borrowers or other parties damaged by the
6 licensee's violation of this chapter or take other affirmative action
7 as necessary to comply with this chapter; and

8 (e) Remove from office or ban from participation in the affairs of
9 any licensee any director, officer, sole proprietor, partner,
10 controlling person, or employee of a licensee.

11 (3) In addition to any penalties imposed under subsection (2) of
12 this section, the director must ban from participation in the affairs
13 of any licensee any director, officer, sole proprietor, partner,
14 controlling person, or employee of an entity that engaged in the
15 business of small loans without being licensed. This ban must be for
16 a minimum of ten years. It may extend for the lifetime of the banned
17 person. In determining the length of the ban, the director may
18 consider the number of consumers, the number of loans, the total amount
19 loaned, and any other relevant information.

20 (4) The proceedings to impose the sanctions described in subsection
21 (2) of this section, including any hearing or appeal of the statement
22 of charges, are governed by chapter 34.05 RCW.

23 Unless the licensee personally appears at the hearing or is
24 represented by a duly authorized representative, the licensee is deemed
25 to have consented to the statement of charges and the sanctions imposed
26 in the statement of charges.

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