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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:

GOLDEN NUGGET, INC., and
AE SUG CHOI, Owner

Respondents.

NO. C-07-123-07-SC01

STATEMENT OF CHARGES AND
NOTICE OF INTENTION TO ENTER
AN ORDER TO REVOKE OR SUSPEND LICENSE,
IMPOSE FINE, 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 31.45.040 and RCW 31.45.100, and based upon the facts available as of the date of the Statement of Charges, the Director, through his designee, Deborah Bortner, Director of Consumer Services, institutes this proceeding and finds as follows:

I. FACTUAL ALLEGATIONS

1.1 Respondents.

A. **Golden Nugget, Inc. (Respondent GNI)** was licensed by the Department of Financial Institutions of the State of Washington (Department) to conduct business as a check casher with a small loan endorsement and a check seller on November 21, 2003, and continues to be licensed to date. Respondent Golden Nugget is licensed to conduct the business of a check casher with a small loan endorsement and a check seller at one (1) location: 1041 Buena Rd, Zilla, Washington 98953.

B. **Ae Sug Choi (Respondent Choi)** is the owner of Respondent GNI.

1 **1.2 Failure to Comply with Recordkeeping Requirements:** The Department conducted an onsite
2 examination of Respondents' business location at 1041 Buena Rd, Zilla, Washington 98953 on April 24, 2005,
3 and January 24, 2007.

4 The April 24, 2005, onsite examination revealed that Respondents did not keep a daily record of check
5 cashing transactions, fees charged for cashing checks, and the amount of cash deducted from the transaction for
6 sale of other services. On or about July 22, 2005, the Department issued a Report of Examination to
7 Respondents listing the following apparent violations:

- 8 A. RCW 31.45.060¹ - Licensee – Schedule of fee and charges – Recording
- 9 B. RCW 31.45.040² – Displaying licenses
- 10 C. WAC 208-630-095³ – Knowledge of the law and regulations
- 11 D. WAC 208-630-070⁴ – Accounting and financial records.

12 On November 1, 2005, Respondents responded to the Department's examination findings stating they were
13 undertaking to:

- 14 A. Conspicuously display business licenses in the business place;
- 15 B. Provide a receipt of every transaction for customers including name of the licensee, the type
16 and amount of the transaction, and the fee charged;
- 17 C. Post the schedule of fees and charges conspicuously in the place of business; and
- 18 D. Keep the records for the check cashing transactions daily business.

19 The January 24, 2007, onsite examination revealed the following violations:

- 20 A. Respondents did not have an adequate audit trail between individual transactions, the check
21 deposited transactions, the reconciliation, and the bank statement;
- 22 B. Respondents did not provide a daily cash-balance information sheet, clearly identifying
23 beginning cash, daily transactions, and ending cash; and

24 ¹ Act as amended through December 31, 2006.

25 ² Id.

³ Id.

⁴ Id.

1 C. Respondents did not have a policy (written or otherwise) in place incorporating the policies,
2 procedures, and internal controls reasonably designed to assure compliance with the Anti-Money Laundering
3 regulations.

4 **1.3 Failure to Provide Receipts.** The January 24, 2007, onsite examination revealed that Respondents did
5 not provide check cashing customers with statutorily required receipts.

6 **1.4 Providing False Information to the Director:** In completing the 2007 Compliance Examination
7 Questionnaire, Respondents answered "Yes upon request" to the following questions on the questionnaire:

8 5 (a) Do you maintain, on a daily basis, a record of items cashed? Provide an example. [WAC 208-
9 630-610(1)]⁵

10 5(b) Does this record provide the following for sufficient audit trail linking (If yes, please provide
11 verification of each):

Transaction Date

Date of check, draft or money order

Amount of the check

Amount of the Fee charged for cashing check

Amount of cash deducted from the transaction for sale of other service or products

12
13 On January 24, 2007, the Department, as part of the examination, requested to review three months of
14 cash reconciliation statements and bank statements for the examination period. The Department was informed
15 that no cash reconciliations were done as only family works in the store.

16 Respondents were obligated by statute to answer questions on the Check Cashers Compliance
17 Examination Questionnaire truthfully and to provide the Department with complete details of all events or
18 proceedings.

19 **1.5 On-Going Investigation.** The Department's investigation into the alleged violations of the Act by
20 Respondents continues to date.

21 II. GROUNDS FOR ENTRY OF ORDER

22 **2.1 Requirement to Provide Receipts.** Based on the Factual Allegations set forth in Section I above,
23 Respondents are in apparent violation of RCW 31.45.060(1) for failing to provide customers with receipts for
24 check cashing and selling transactions.

25 ⁵ WAC 208-630-070(1) was the citation for the old rule. The regulation has since been amended to WAC 208-630-610(1).

1 **2.2 Requirement to Maintain Business Books and Records.** Based on the Factual Allegations set forth
2 in Section I above, Respondents are in apparent violation of RCW 31.45.060(2), WAC 208-630-610, and WAC
3 208-630-730 for not having an adequate audit trail between individual transactions, the check deposited
4 transactions, the reconciliation, and the bank statement; a daily cash-balance information sheet, clearly identifying
5 beginning cash, daily transactions, and ending cash; and a policy (written or otherwise) in place incorporating the
6 policies, procedures, and internal controls reasonably designed to assure compliance with the Anti-Money
7 Laundering regulations.

8 **2.3 Requirement to Disclose Information to the Director.** Based on the Factual Allegations set forth in
9 Section I above, Respondents are in apparent violation of RCW 31.45.110(1)(j) for failing to disclose
10 information to the Director.

11 III. AUTHORITY TO IMPOSE SANCTIONS

12 **3.1 Authority to Revoke or Suspend License.** Pursuant to RCW 31.45.110(2)(a) and RCW
13 31.45.110(1)(a), (j) and (k), the Director may revoke or suspend a license if a licensee is violating or has
14 violated the Act including rules and orders; or is engaging or has engaged in an unsafe or unsound financial
15 practice in conducting the business of a check seller; or fails upon demand by the director or director's designee,
16 to disclose information with his or her knowledge to, or to produce an document, book, or record in his or her
17 possession for inspection of, the director or the director's designee; or commits any act of fraudulent or
18 dishonest dealing.

19 **3.2 Authority to Impose Fine.** Pursuant to RCW 31.45.110(2)(c), the Director may impose a fine, not to
20 exceed one hundred dollars per day for each day's violation of the Act, on any licensee or applicant, or any
21 director, officer, sole proprietor, partner, controlling person, or employee of a licensee or applicant, that is
22 violating or has violated the Act including rules and orders; or is engaging or has engaged in an unsafe or
23 unsound financial practice in conducting the business of a check seller; or fails upon demand by the director or
24 director's designee, to disclose information with his or her knowledge to, or to produce an document, book, or
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1 record in his or her possession for inspection of, the director or the director's designee; or commits any act of
2 fraudulent or dishonest dealing.

3 **3.3 Authority to Collect Investigation Fee.** Pursuant to RCW 31.45.050(1), RCW 31.45.100, WAC 208-
4 630-380, WAC 208-630-430 and WAC 208-630-440, the Director shall collect from the licensee the actual cost of
5 an examination or investigation of the business, books, accounts, records, files, or other information of a licensee or
6 person who the Director has reason to believe is engaging in the business governed by the Act. The investigation
7 charge will be calculated at the rate of sixty-nine dollars (\$69) per hour that each staff person devoted to the
8 investigation, plus actual expenses.

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

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

- 13 **4.1** Respondent Golden Nugget Inc.'s license to conduct the business of a check seller check casher with a
14 small loan endorsement be revoked or suspended; and
- 15 **4.2** Respondents Golden Nugget Inc. and Ae Sug Choi jointly and severally pay a fine which as of the date of
16 these charges totals \$8,000.
- 17 **4.3** Respondents Golden Nugget Inc. and Ae Sug Choi jointly and severally pay an investigation fee which as
18 of the date of these charges totals \$1,483.50 calculated at \$69.00 per hour for the twenty-one and a half
19 (21.5) staff hours devoted to the investigation.

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V. AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intention to Enter an Order to Revoke or Suspend License, Impose Fine, and Collect Investigation Fee (Statement of Charges) is 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 26th day of August 2008.

Deborah Bortner

DEBORAH BORTNER
Director
Division of Consumer Services
Department of Financial Institutions

Presented by:

Fatima Batie

FATIMA BATIE
Financial Legal Examiner Supervisor



Approved by:

James R. Brusselback

JAMES R. BRUSSELBACK
Enforcement Chief