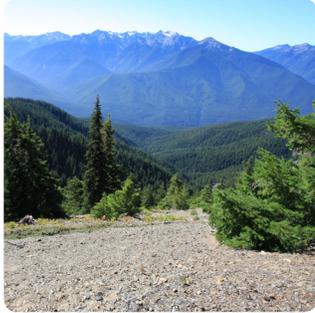




WASHINGTON STATE  
DEPARTMENT OF  
**FINANCIAL**  
INSTITUTIONS

# 2008 Annual Report



# Department Overview



The Department of Financial Institutions (DFI) was established in October 1993 by RCW 43.320. Its historical roots date back to the early 1900s with the organization of the Division of Banking in 1907 and the Division of Securities in the 1930s. The Department celebrated its 100th year anniversary of its banking division in 2007.

The Department is composed of five divisions: Administration, Banks, Consumer Services, Credit Unions, and Securities. The Department is self-supported. Fees paid by regulated institutions fund all agency activities. No funding is received from the state General Fund or other tax revenue to support ongoing operations, however, the agency contributes to the General Fund through its Division of Securities, which collects significant revenues in connection with its primary functions of registration, licensing, and enforcement. The Division retains 13 percent of the revenue it receives to fund its activities. The remaining 87 percent of the funds collected are contributed to the Washington State General Fund and are used to fund other areas of state government.

The Department regulates our state's financial services industry. This responsibility includes examining and supervising state-chartered commercial banks, credit unions, savings and loan associations, savings banks, and foreign banks. In addition, the Department regulates the securities industry in Washington, issuing licenses, permits and exemptions for securities broker-dealers, investment advisers and their agents, securities issuers, franchises, franchise brokers, and business opportunities. The Department also regulates consumer loan companies, loan officers, check cashers and sellers (which include payday lenders), money transmitters and currency exchangers, as well as mortgage brokers and escrow agents and officers operating in this state. As a result of 2005 legislation, the Department also began registering entities that offer tax refund anticipation loans.

## **DFI VISION**

Safe, honest and reliable financial services.

## **DFI MISSION STATEMENT**

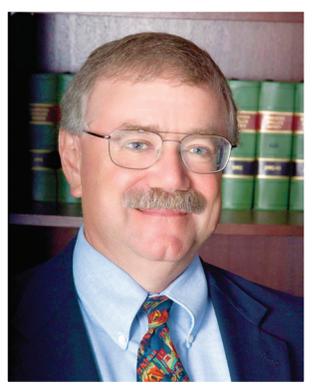
DFI regulates financial services to protect and educate the public and promote economic vitality.

## **DFI VALUES**

We value:

- Employees – our most important resource
- Empowerment with accountability
- Diversity
- Fairness and respect for individuals and institutions
- Sharing information and knowledge
- Professionalism and integrity
- Providing quality services

# Letter from DFI's Director



I am proud to present the 2008 annual report on behalf of the hard-working staff of the Washington State Department of Financial Institutions (DFI). This document offers a snapshot look into one of the busiest years this agency has experienced while serving our stakeholders and Washington residents.

DFI's nearly 200 employees are devoted to maintaining a safe and reliable financial services environment for Washington consumers and our licensees. Every day, we put into practice our mission — to protect and educate the public and promote economic vitality — through the regulation of financial services in our state. Our licensees include banks, credit unions, mortgage brokers, loan originators, payday lenders, securities brokers, investment advisers and securities issuers, money transmitters, independent escrows, check cashers and check sellers.

Washington residents face an increasing number of challenges each year as more fraudsters, scam artists and criminals create a new host of schemes targeting consumers in an effort to separate them from their hard-earned money. To counter this attack, and in an effort to better protect consumers, DFI continues to expand our network of financial education partners and increase outreach efforts to residents of all ages throughout Washington State.

The agency's employees are devoted to ensuring that our licensees understand how legislative changes may impact how they do business in Washington State. Our education and enforcement role ensures that those we license and regulate both understand and adhere to the law.

Collectively and independently, the department's five divisions — Securities, Consumer Services, Banks, Credit Unions and Administration — work to create a stronger, more secure financial environment for businesses and consumers. Together we're creating a stronger economic foundation for Washington.

We look forward to another year of working hard to make our great state an even better place for all who choose to call it home.

Sincerely,

Scott Jarvis,  
Director

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# Division of Administration

- GLORIA PAPIEZ, DIRECTOR OF ADMINISTRATION

## ABOUT THE DIVISION OF ADMINISTRATION

The Division of Administration performs functions in the areas of policy development and legislation, communications and outreach, budget and accounting, information technology and support, human resources, and facilities and emergency management.

## DIVISION ACCOMPLISHMENTS FOR 2008

In 2008, Department of Financial Institutions (DFI) implemented the Department of Information Services (DIS), Washington State Electronic Records Vault (WASERV) service for email management. This system provides for preserving and retrieving all email messages that are sent to and from the DFI email server. With WASERV, DFI has significantly reduced the time and people involved in responding to e-discovery and Public Records Requests. The system has also reduced the amount of actual email storage by approximately 80%, saving significant costs of storing and backing up the agency's email.

DFI also participated in the design and implementation of the Nationwide Mortgage Licensing System (NMLS). This system licenses Mortgage Brokers, Consumer Loan Companies, and Loan Originators in a National system and then passes data to DFI for the processing of the state licenses. DFI automated the process of downloading the data, processing it in the DFI Licensing System and producing licenses that are then emailed to licensees.

## INDUSTRY FACTS AT A GLANCE

Total budgeted staff: FY 2008 .....	196.4
Staff composition by gender: .....	62% female, 38% male
Total biennial agency budget: .....	2007-2009 Biennium \$49,083,851
Racial diversity of workforce: .....	20%
Number of complaints resolved: .....	2,977
Total fines and penalties collected: .....	FY 2008, \$585,049
Number of enforcement actions: .....	383
Depository institutions and trust companies combined assets: .....	Over \$93 billion
Amount of loans made by payday lenders: .....	\$3,196,712.00
Total assets of state chartered credit unions: .....	\$24.53 billion
Amount of ordered restitution to consumers: .....	\$1,632,015.15

# Division of Banks

- BRAD WILLIAMSON, DIRECTOR OF BANKS

The Division of Banks was organized in 1907 and has responsibility for supervising commercial banks, trust companies, savings banks, savings and loan associations, alien banks and business development companies incorporated under the laws of the state of Washington.

The division works directly with the institutions it regulates through examination and supervisory activity in an effort to assure the public of adequate services from the institutions. It seeks to ensure the protection of the interests of depositors, borrowers, shareholders, and consumers.

In 2008, many Washington State chartered banks began to experience deteriorating financial performance associated with the worsening economy and declining real estate market. Problem loans increased at many banks primarily driven by acquisition, development and construction real estate loans, which have been impacted by the poor real estate market. Loan loss reserve provisions have negatively impacted average earnings, bringing overall returns to the lowest levels seen in many years.

Chartering of new institutions slowed considerably with only one institution chartered in 2008. One bank merger occurred during 2008.

The division's financial condition remains satisfactory; however in order to remain fiscally sound, increased assessments and fees on regulated institutions will be necessary in the near future.

Emphasis continued to be placed on training and development of employees, and remaining responsive to changes in the financial services markets. Division personnel were heavily involved in National banking initiatives through the Conference of Bank Supervisors.

## STATUTES ADMINISTERED BY THE DIVISION OF BANKS

Chapter 30 RCW . . . . .	Banks and Trust Companies
Chapter 31.24 RCW . . . . .	Business Development Companies
Chapter 31.35 RCW . . . . .	Agricultural Lenders, Loan Guaranty Program
Chapter 31.40 RCW . . . . .	Federally Guaranteed Small Business Loans
Chapter 32 RCW . . . . .	Mutual Savings Banks
Chapter 33 RCW . . . . .	Savings and Loan Associations

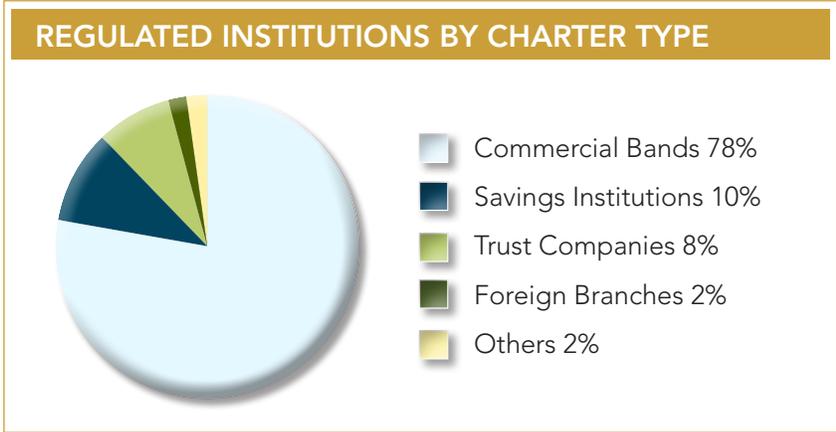
## INDUSTRY FACTS AT A GLANCE

### *Institutions Regulated by the Division of Banks*

Commercial Banks . . . . .	73
Savings Institutions . . . . .	9
Trust Companies . . . . .	7
Branches of foreign banks . . . . .	2
Business Development Corporations . . . . .	1
SBA (7) A Lenders . . . . .	1
<i>Total assets of banks and trust companies</i>	<i>\$93 billion</i>

# Division of Banks

- BRAD WILLIAMSON, DIRECTOR OF BANKS



## DIVISION MILESTONES AND ACCOMPLISHMENTS

- The division chartered one new commercial bank in 2008.
- The division completed scheduled examinations within their statutory timeframe with assistance from the Federal Deposit Insurance Corporation and the Federal Reserve Board.

## NEW BANKS

- Core Business Bank, Bellevue. (March 2008)

## MERGERS AND LIQUIDATIONS

- First Mutual Bank, Bellevue, merged into Washington Federal Savings and Loan Association, Seattle. (February 2008)
- Bank of Astoria, Astoria, Oregon, merged into Columbia State Bank, Tacoma. (March 2008)
- Mellon Trust of Washington, Seattle, merged into Mellon Washington Interim National Bank, State of Washington. (June 2008)
- Raymond James Trust Company West, Tacoma, merged into Raymond James Trust, National Association, St. Petersburg, Florida. (July 2008).

## NAME CHANGES

- Seattle Savings Bank, Seattle, changed its name to Seattle Bank. (September 2008)

## TRUST POWERS

- Trust Powers were granted to Washington First International Bank, Seattle. (August 2008)

KEY STATISTICS					
	2004	2005	2006	2007	2008
Number of State Chartered Commercial Banks	64	67	72	73	73
Number of State Chartered Savings Institutions	13	11	10	10	9

# 2008 Communications Outreach

While DFI has been committed to increasing and improving financial education throughout Washington for several years, the passage of SB 6272 on Feb. 11, 2008 officially put financial education in DFI's charter and mission. DFI's Communications team works hard to ensure continued expansion of the agency's financial education outreach and increased partnerships with the many organizations throughout Washington committed to financial education.

We worked with DFI's Division of Banks and the King County Asset Building Collaborative to launch a new Bank On program. Bank On Seattle King County establishes a way for thousands of residents using non-traditional financial services a program to begin establishing conventional banking accounts. For many Washingtonians, the Bank On program offers a way out of the cycle of high-cost services and debt. Details are available at [www.everyoneiswelcome.org](http://www.everyoneiswelcome.org).

DFI once more contracted with Money Savvy Generation ([www.msgen.com](http://www.msgen.com)) to offer financial education curriculum free of charge to Washington teachers and students throughout Washington State. Money Savvy conducts pre- and post-test assessment of students, parent and teacher surveys of the program and outside analysis of efficacy. Money Savvy meets state and federal education benchmarks as well as those of the National Jump\$tart Coalition. The program is well received and surveys indicate an increase in knowledge not just in students, but the family at home as well:

## **MONEY SAVVY KIDS PROVIDED TO 68 ELEMENTARY SCHOOL CLASSROOMS**

- 445 parents provided feedback from different Washington State Elementary schools.
- 92% of parents feel that the Money Savvy Kids curriculum has increased their child's knowledge and skills in an important subject area.
- 98% of parents feel that financial literacy is very relevant in their child's future.
- 82% of parents stated that the Money Savvy Kids curriculum has caused discussions at home about savings or investing or other basic personal finances.
- 46% of parents said that the Money Savvy Kids curriculum would change how the adults in the household handled their money.

## **MONEY SAVVY U PROVIDED TO 102 MIDDLE SCHOOL CLASSROOMS**

- 275 parents provided feedback from different Washington State schools.
- 87% of parents feel that the Money Savvy U curriculum has increased their child's knowledge and skills in an important subject area.
- 96% of parents feel that financial literacy is very relevant in their child's future.
- 69% of parents stated that the Money Savvy U curriculum has caused discussions at home about savings or investing or other basic personal finances.
- 30% of parents said that the Money Savvy U curriculum would change how the adults in the household handled their money.



# 2008 Communications Outreach

*CONTINUED*

The DFI Communications team continued to develop and expand financial education outreach through partnerships. Working with Consumer University and the Washington Society of CPAs DFI offered teacher trainings, sharing information, curriculum and ideas to Washington teachers to take back to their classrooms and teach students throughout the school year:

- Jan. 9 & 10 Pasco High School
- April 29 at North Thurston School District
- Oct. 9 Washington State Business Education Association pre-conference
- Oct. 29 & 30, 2008 Pasco High School

In addition, the DFI communications team completed the following outreach throughout the state:

- Development and implementation of SB6272 Washington Homeownership Information Program requirements:
  - ▶ Toll-free phone line 1-877-894-HOME (4663)
  - ▶ Web site development - [www.homeownership.wa.gov](http://www.homeownership.wa.gov)
  - ▶ Oversight of reporting from counselors with the Washington State Housing Finance Commission (WSHFC)
  - ▶ Advertising
  - ▶ Creation of Washington Financial Literacy Work Group
  - ▶ Oversight of Work Group
  - ▶ Interim & final reports for Work Group <http://dfi.wa.gov/work-group>
- Feb 24-March 2 Launched America Saves Week campaign with WSCPA and Consumer University and national ASEC partner.
  - ▶ Secured Governor proclamation
  - ▶ Participated in two community outreach events:
    - ▷ Military Saves Day in Bremerton
    - ▷ America Saves Day in Tacoma with the Pierce County Asset Building Coalition
- March 4 Yakima Valley Community College financial education resource booth at Career Fair
- Three Habitat for Humanity Homeownership presentations
- Participation/coordination with AARP for InvestWise programs throughout Washington
- March 26 coordinate and participate in financial education radio show with Martin Cordell and Bellevue Community College (BCC) Professor Leslie Lum
- Secured Governor Proclamation for April as Financial Literacy Month.

# 2008 Communications Outreach

- CONTINUED

- April 22 FDIC Money Smart training – DFI created registration/information site, hosted training onsite
- Launched a second round of the College Campaign outreach the last two weeks of April with BCC and Washington Society of CPAs
- May 19-20 Assisted with Financial Industry Regulatory Authority (FINRA)-AARP senior investor fraud events in Spokane
- May 21 Take our Sons and Daughters To Work Day at the Capitol, brought National Theatre for Children’s Mad About Money group to perform
- May 31-June 3 Attended the North American Securities Administrators Association (NASAA) Investor Education Conference in Philadelphia. Presented AARP-FINRA partnership information, shared DFI outreach plans
- June 26, financial education presentation for WA State Librarians
- July 15 US Treasury’s Financial Literacy & Education Commission financial education conference in D.C. shared DFI outreach, connected with potential new partners, met with existing partners
- Aug. 9 Foreclosure Forum at NW African American Museum in Seattle with Urban League of Metropolitan Seattle
- Aug. 21-22 College outreach at WSU Pullman
- Aug. 30-31 Evergreen Fair outreach information booth
- Sept. 4 King County – MBA – City of Seattle Homeownership event, workshops on mortgages
- Sept. 5,6, 7 & 20 Puyallup Fair outreach information booth
- Sept. 12, City of Seattle-BCC employee education sessions & information booth
- Sept. 15&16 WSHFC 2008 Washington Housing booth and outreach
- Sept. 28 Foreclosure Intervention workshop with Urban League of Metropolitan Seattle at Kent Senior Center
- September launched Twitter page on financial education efforts of DFI that link to the blog and partner pages. [www.twitter.com/FinEd4All](http://www.twitter.com/FinEd4All) & [www.twitter.com/DFIConsumers](http://www.twitter.com/DFIConsumers) & [www.finlit.blogspot.com](http://www.finlit.blogspot.com)
- Developed new partnership with OBEE Credit Union and Rutledge Farms for Amazing Money Maze financial education outreach. DFI created 36 financial education questions to be used throughout the maze, provided financial education materials and assisted on Sept. 25 Media Day and Oct. 11 Kids Day.
- Oct. 5 Latino Business Fair partnered with Washington State Housing Finance Commission for consumer outreach booth
- Oct. 11 Foreclosure Intervention workshop with Urban League of Metropolitan Seattle at Cedarbrook in Federal Way

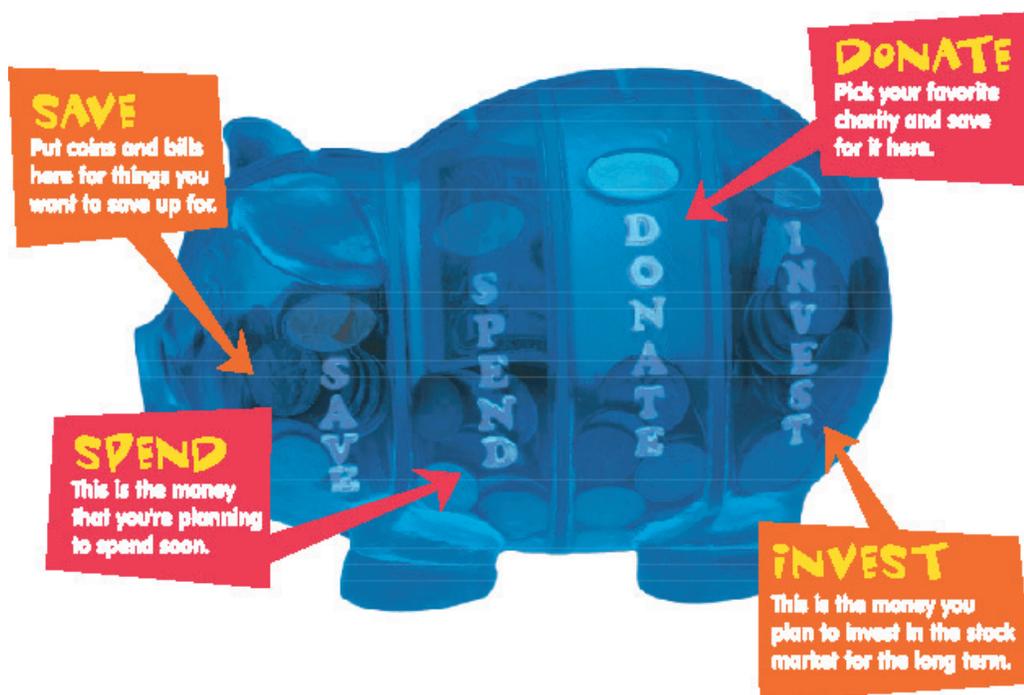
# 2008 Communications Outreach

CONTINUED

- Contracted with KCTS PBS in Seattle for the development of the National Theatre for Children's Mad About Money video program to reach thousands of Washington youth with financial education
- Partnership with V-Me Hispanic PBS – KCTS Seattle – sharing financial education with thousands of Hispanic viewers in Puget Sound
- Oct. 14 Presentation to Information Processing Management Association group in Chelan on the current Subprime Mortgage Crisis, what DFI is doing and how to protect yourself from ID theft
- Nov. 9-15 Snohomish County Homeownership workshops in Everett
- Dec. 4 Financial Readiness Challenge with the Department of Defense at Ft. Lewis in Tacoma
- December 2008 launched project group to redesign/update Guide to Home Loans

Working with local organizations like the Financial Education Public Private Partnership ([www.feppp.org](http://www.feppp.org)), Jump\$tart Washington Coalition ([www.wajumpstart.org](http://www.wajumpstart.org)) Washington Asset Building Coalition ([www.washingtonabc.org](http://www.washingtonabc.org)), and Washington's AARP (<http://www.aarp.org/wa>) DFI continues to find new ways to increase and improve financial education throughout Washington State.

Information and knowledge are powerful tools. We are committed to making sure Washington residents have the tools they need to succeed in their quest for financial freedom.



# Division of Consumer Services

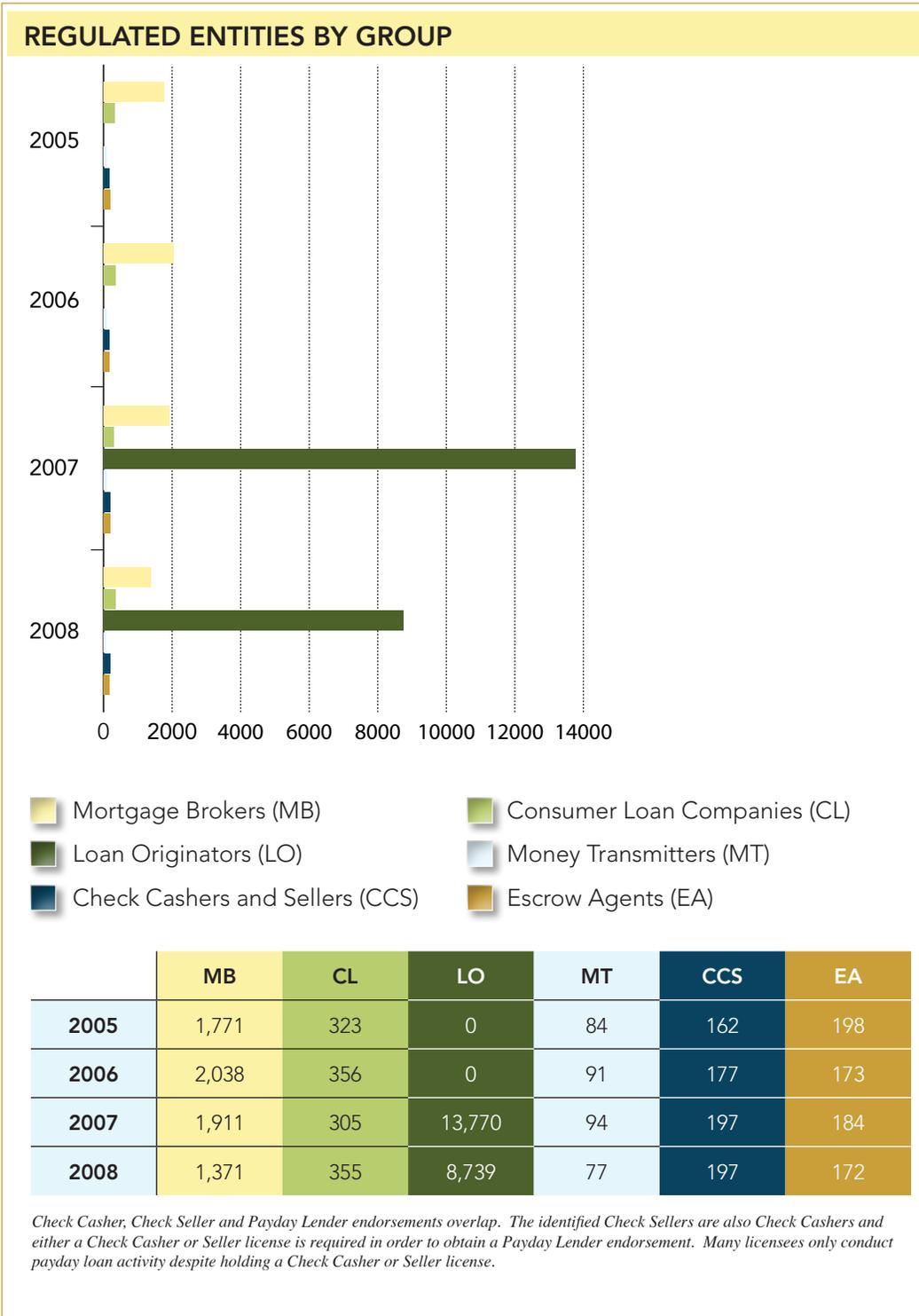
## STATUTES ADMINISTERED BY THE DIVISION OF BANKS

Chapter 31.04 RCW	Consumer Loan Act
Chapter 31.45 RCW	Check Cashers and Sellers Act
Chapter 19.146 RCW	Mortgage Broker Practices Act
Chapter 19.230 RCW	Uniform Money Services Act
Chapter 18.44 RCW	Escrow Agent Registration Act
Chapter 36.22/43.320 RCW	Mortgage Fraud Prosecution Account
Chapter 19.265 RCW	Refund Anticipation Loan
Chapter 19.265 RCW	Mortgage Lending & Homeownership
Chapter 19.52 RCW	Washington Usury Law

## INDUSTRY FACTS AT A GLANCE

Mortgage Broker Licenses	1,371
Mortgage Broker Branch Office Licenses	1,305
Mortgage Loan Originators (Active)	6,192
Mortgage Loan Originators (Inactive)	2,547
Consumer Loan Company Licenses	355
Consumer Loan Company Branch Office Licenses	1,034
Money Transmitter and Currency Exchange Offices	77
Money Transmitter Delegates	8,213
Check Cashier Company Licenses*	194
Check Cashier Branch Office Licenses	797
Check Seller Company Licenses*	3
Check Seller Branch Office Licenses	4
Payday Lender Endorsement Licenses*	126
Payday Lender Endorsement Branch Office Licenses	585
Escrow Agents	172
Escrow Agent Branch Offices	22
Escrow Officers	388
Tax Refund Anticipation Loan Facilitators	618

# Division of Consumer Services - CONTINUED



# Division of Consumer Services

- CONTINUED

## DIVISION MILESTONES AND ACCOMPLISHMENTS

- The Division performed 292 risk-focused examinations in 2008, far exceeding the Division's annual performance goal of 100. As a result of the increased presence of the Division through the Examination Unit consumers who were financially harmed received restitutions totaling \$584,496. During this second year of the Division's examination authority over the Mortgage Broker industry, the Division further enhanced its examinations procedures, because of limited resources, to focus on mortgage brokers that represent a higher risk to the public. Analysis that was employed to risk profile these companies included number of complaints, tips from other regulatory agencies and the industry and rapid growth of companies. As a result of this enhanced approach to the Mortgage Broker examination, 23 companies were referred to our Enforcement Unit for various financial harms, such as failure to disclose fees and collecting unearned fees. The number of Mortgage Brokers referred increased from 19 in 2007.
- The Division's Examination Unit collaboratively performed 14 joint examinations with other state and federal regulatory agencies to reduce examination frequency and cost to regulated entities. Significant among the examinations conducted were two examinations for which Washington State was selected as the first state in the country to perform concurrent federal Title 31 Exams (Bank Secrecy Act) with the Federal Internal Revenue Service.
- In 2008, Washington became one of the first states in the country to join the Nationwide Mortgage Licensing System & Registry (NMLSR). From May 2008 to October 2008 the Division was tasked with transitioning nearly 8,500 licensees to the NMLSR. Each transitioned record required staff to compare and reconcile the data entered by a customer into their NMLSR record with the confirmed data already contained in DFI's records. While this transition review and verification process was essentially equivalent to re-licensing all of the Division's customers, it provided an accurate and seamless transition to the NMLSR and helped ensure the success of this critical system.
- The Division issued a Statement of Charges on March 5, 2008, against Assurity Financial Services of Englewood, Colorado, a licensed consumer loan company, and its two owners - Calvin and Troy Hamler (collectively Assurity). The charges allege Assurity engaged in a deceptive direct mail solicitation campaign. Rather than contest the charges, Assurity agreed in a Consent Order entered on August 7, 2008, to pay a \$250,000 fine, with \$125,000 paid and \$125,000 stayed, plus \$5,000 in investigative costs. Assurity did not admit to any wrongdoing, but agreed that if they failed to comply with the injunctive provisions of the Consent Order, the balance of the fine would be imposed and Calvin and Troy Hamler would be prohibited from the consumer loan industry for five years.

# Division of Consumer Services

- CONTINUED

- NovaStar failed to comply with the Director's investigative authority and committed multiple repeat violations of the Consumer Loan Act, including the underpayment of annual assessments, failure to provide disclosures to borrowers, charging unauthorized fees, conducting unlicensed activity, including prepayment penalties on junior liens. As a result, the Division issued a Statement of Charges on May 16, 2008, seeking prohibition from the consumer loan industry for five years, a fine of \$350,000, restitution of about \$30,000 to injured borrowers, underpaid annual assessments of \$30,000, and examination and investigation costs of nearly \$40,000. NovaStar requested an administrative hearing to contest the allegations.
- The Division issued a Statement of Charges on June 23, 2008, alleging Countrywide provided Washington borrowers of protected ethnicity or races less favorable loan products than were provided to other similarly situated borrowers. The charges also allege Countrywide underpaid annual assessments by over \$5.5 million, inaccurately filed Home Mortgage Disclosure Act data, did not provide timely disclosures to borrowers, and did not notify the Division of significant developments. The Division seeks revocation of Countrywide's license to conduct business as a consumer loan company, a \$1 million fine, restitution to injured borrowers, prohibition from the industry for five years, the underpaid annual assessments, and examination and investigation costs of over \$160,000. Countrywide requested an administrative hearing to contest the allegations.
- The Division entered a Consent Order with WCS Loans, Inc. and Loren Gill on July 7, 2008, ordering restitution of nearly \$23,000 to eleven borrowers and the payment of investigation fees of over \$27,600. A fine of over \$900,000 is stayed pending the full and complete compliance with the terms of restitution. In addition, the Consent Order ordered the revocation of WCS Loans, Inc. license effective October 5, 2008, the prohibition from the industry of WCS Loans, Inc. for the remainder of its legal existence effective October 5, 2008, and the prohibition from the industry of Mr. Gill for the remainder of his natural life effective October 5, 2008. WCS Loans, Inc. and Mr. Gill did not admit to any wrongdoing by the entry of the Consent Order.
- On July 18, 2008, the Director entered an Order Granting Petition for Reconsideration & Amending Department's Final Decision and Order Modifying Initial Findings of Fact, Initial Conclusions of Law, and Initial Decision of Administrative Law Judge on Zippy Cash, LLC and Dan Van Gasken. This order amended the Department's Final Decision and Order Modifying Initial Findings of Fact, Initial Conclusions of Law, and Initial Decision of Administrative Law Judge entered July 1, 2008. These orders ordered that Zippy Cash, LLC and Mr. Van Gasken pay fines totaling \$262,720, cease and desist certain conduct, retain all records of any small loan activity and make these records immediately available to the Department, pay restitution of over \$11,500, and pay investigation fees of \$13,800. Zippy Cash and Mr. Van Gasken filed a Petition for Judicial Review in superior court to contest the orders.

# Division of Consumer Services

- CONTINUED

- On July 21, 2008, the Division issued a Statement of Charges accusing Paramount Equity et. al. of charging and collecting unearned fees, charging consumers to buy down interest rates without actually reducing the rate, failing to make required disclosures, making state and federally-required disclosures in a deceptive manner, and engaging in deceptive advertising. The Division seeks the revocation of Paramount's mortgage broker licenses, the revocation of Mr. Dawson's loan originator license, restitution to borrowers, a fine of \$500,000, prohibition from the mortgage industry for five years, and examination and investigation costs of almost \$10,000. Paramount requested an administrative hearing to contest the allegations. On September 5, 2008, the Division issued a Notice and Order Denying the Consumer Loan License Application filed by Paramount based on advertising complaints and violations, disclosure violations, unlicensed activity, and the administrative action taken in July. Paramount requested an administrative hearing to contest the denial of its application for a consumer loan license.
- Linden Loans, LLC of Kirkland, a licensed mortgage broker, advertised on television as the "Home of the 1% Mortgage." DFI issued a Statement of Charges in December 2007, alleging among other things that Linden used bait and switch tactics in its advertising. To resolve the charges, the Linden agreed in a Consent Order entered on August 7, 2008, to pay a \$75,000 fine and \$4,000 in investigative costs. Linden did not admit to any wrongdoing, but further agreed their licenses to conduct business as a mortgage broker and loan originators in Washington would be suspended for 30 days. Linden Home Loans voluntarily surrendered its mortgage broker license on July 7, 2008.
- As a result of the Division's examination of A+ Mortgage, multiple violations of the Mortgage Broker Practices Act were discovered. On September 19, 2008, the Division issued a Statement of Charges against A+ and Mr. Nick alleging falsification of stated income, occupancy, and documents, collection of unlawful and unearned fees, failure to comply with disclosure requirements, conversion of borrower funds, failure to include loan originator license numbers on loan applications. The Division seeks revocation of A+ Mortgage's mortgage broker license, prohibition from the mortgage industry for five years, a fine of \$250,000, restitution of over \$160,000, and investigation costs of nearly \$4,500. A+ Mortgage and Mr. Nick requested an administrative hearing to contest the allegations.

# Division of Consumer Services

- CONTINUED

- On December 5, 2008, the Division issued a Statement of Charges against TILA and Mr. Greene alleging unfair and deceptive advertising and statements regarding loan rates. The Division sought a 30-day suspension of TILA's mortgage broker license and Mr. Greene's loan originator license, a fine of \$50,000, and investigation costs totaling \$1,000. On December 15, 2008, TILA and Mr. Greene entered into a Consent Order with the Division agreeing to 30-day suspensions of their licenses stayed for a period of 24 months, payment of \$25,000 and staying the remainder of the fine (\$25,000) for the 24 month-period, and payment of the \$1,000 in investigation costs. The Division may seek to lift the stay and impose the suspensions and balance of the fine if it determines that TILA or Mr. Greene violate certain terms of the Mortgage Broker Practices Act or any conditions of the Consent Order.
- A settlement was reached with Dana Smith on December 23, 2008, in which Mr. Smith agreed to a 20-year ban from the consumer loan industry and payment of a \$10,000 fine. Also, a fine of \$240,000 is stayed pending Mr. Smith's full compliance with the terms of the Consent Order. Mr. Smith had charged loan applicants underwriting fees when no underwriting services were performed, failed to provide sufficient disclosures to borrowers, engaged in unlicensed activity, failed to maintain records and to comply with the Division's requests for information, and did not file required annual reports and associated fees. [The initial charges were issued in 2007 against the company and Mr. Smith. A Final Order was entered on November 13, 2007, against the company revoking its license, imposing a \$500,000 fine, about \$15,000 in restitution, and examination and investigation costs over \$35,000.]

## REGULATED ENTITIES

MORTGAGE BROKER				
	2005	2006	2007	2008
Companies	1,711	2,038	1,911	1,371
Branch Offices	963	1,335	1,737	1,305
Complaints	484	696	894	1,325
Number of Brokered Loans	*	*	2,088,773	49,033
Principal Dollar Amount of Brokered Loans	*	*	\$23,086,449,865	\$12,737,249,345
Number of Funded Loans	*	*	17,654	11,724
Principal Dollar Amount of Funded Loans	*	*	\$4,435,539,756	\$3,126,798,137

\*Data not collected prior to 2007

# Division of Consumer Services - CONTINUED

## REGULATED ENTITIES -continued

CONSUMER LOAN				
	2005	2006	2007	2008
Companies	323	356	305	355
Branch Offices	1,152	1,309	1,020	1,034
Complaints	266	273	455	589
Number of RE* Loans Made	134,738	166,334	44,232	40,097
Principal Dollar Amount of RE* Loans	\$19,355,015,302	\$27,839,204,209	\$6,893,052,585	\$9,223,682,095

*\*Refers to real estate loans that use borrower's home as security for the loan*

LOAN ORIGINATORS				
	2005	2006	2007	2008
Loan Originators				
Complaints	0	0	377	84

*\*Loan Originators were not licensed prior to 2007*

ESCROW				
	2005	2006*	2007	2008
Agents	198	202	184	172
Officers	341	342	400	388
Complaints	8	2	77	127

*\*Regulation of Escrow was transferred from Division of Securities to Division of Consumer Services on July 1, 2006*

# Division of Consumer Services

- CONTINUED

## REGULATED ENTITIES -continued

MONEY SERVICES				
	2005	2006	2007	2008
Companies	84	91	94	83
Delegates	5,712	7,200	8,634	8,220
Complaints	27	48	55	34
Volume of Money Transmissions <sup>1</sup>	\$1,876,210,562	\$2,539,038,877	\$3,222,965,343	\$3,711,289,981
Volume of Currency Exchanges <sup>1</sup>	\$156,486,039	\$165,123,453	\$198,302,210	\$111,342,860
Fee Income of Money Transmissions <sup>2</sup>	\$54,673,884	\$65,478,414	\$74,248,063	\$81,379,974
Fee Income of Currency Exchanges <sup>2</sup>	\$884,770	\$1,009,106	\$366,345	\$168,370

<sup>1</sup>2005, 2006 and 2007 MT Volumes were corrected because a licensee called IPS<sup>1</sup> included money orders sold in the MT Volume for those three years [2005: \$13,454,054,900; 2006: \$13,497,746,800; 2007: \$12,527,716,301]

<sup>2</sup>Fee Income was not affected because IPS reported zero fee income for those three years

CHECK CASHER				
	2005	2006	2007	2008
Companies	162	177	193	194
Branch Offices	572	624	745	797
Complaints	10	8	8	8
Number of Checks Cashed	3,369,657	4,039,874	4,943,792	4,895,527
Dollar Amount of Cashed Checks	\$1,175,006,834	\$1,488,391,615	\$1,876,292,765	\$2,040,115,325

# Division of Consumer Services - CONTINUED

## REGULATED ENTITIES -continued

CHECK SELLER				
	2005	2006	2007	2008
Companies	17	16	4	3
Branch Offices	6	7	11	4
Complaints	11	0	2	0
Number of Checks Sold*	2,299,566	2,120,322	2,097,309	2,078,107
Dollar Amount of Checks Sold*	\$512,674,993	\$430,933,339	\$631,587,266	\$485,923,115

\*Includes checks sold as an agent of an exempt company

PAYDAY LENDER				
	2005	2006	2007	2008
Number of Small Loans	3,595,873	3,503,721	3,256,621	3,196,712
Dollar Amount of Small Loans	\$1,382,132,283	\$1,330,738,136	\$1,291,212,797	\$1,310,540,280
Complaints	64	82	127	128

## ENFORCEMENT STATISTICS FOR ALL INDUSTRIES

	2005	2006	2007	2008
Statement of Charges	18	17	218	130
Summary Cease and Desist or Suspension	1	1	7	2
Final Order or Revocation	12	2	65	116
Consent Order	30	19	28	49
Total Enforcement Actions	<b>61</b>	<b>39</b>	<b>318</b>	<b>297</b>
Investigations Opened	80	87	354	254
Investigations Closed	47	39	91	171
Complaints*	1,088	1,336	2,184	2,618
Charges & Orders Issued			318	297

\*Includes complaints filed against non-licensees

# Division of Consumer Services

- CONTINUED

## SIGNIFICANT ENFORCEMENT ACTIVITIES IN 2008

**Countrywide Home Loans, Inc. dba America's Wholesale Lender.** The Division issued a Statement of Charges on June 23, 2008 alleging Countrywide provided Washington borrowers of protected ethnicity or races less favorable loan products than were provided to other similarly situated borrowers. The charges also allege Countrywide underpaid annual assessments by over \$5.5 million, inaccurately filed Home Mortgage Disclosure Act data, did not provide timely disclosures to borrowers, and did not notify the Division of significant developments. The Division seeks revocation of Countrywide's license to conduct business as a consumer loan company, a \$1 million fine, restitution to injured borrowers, prohibition from the industry for five years, the underpaid annual assessments, and examination and investigation costs of over \$160,000. Countrywide requested an administrative hearing to contest the allegations.

**NovaStar Mortgage, Inc.** NovaStar failed to comply with the Director's investigative authority and committed multiple repeat violations of the Consumer Loan Act, including the underpayment of annual assessments, failure to provide disclosures to borrowers, charging unauthorized fees, conducting unlicensed activity, including prepayment penalties on junior liens. As a result, the Division issued a Statement of Charges on May 16, 2008, seeking prohibition from the consumer loan industry for five years, a fine of \$350,000, restitution of about \$30,000 to injured borrowers, underpaid annual assessments of \$30,000, and examination and investigation costs of nearly \$40,000. NovaStar requested an administrative hearing to contest the allegations.

**Paramount Equity Mortgage, Inc., Hayden D. "Hayes" Barnard, Matthew J. "Matt" Dawson, and John J. "Jason" Walker.** On July 21, 2008, the Division issued a Statement of Charges accusing Paramount et. al. of charging and collecting unearned fees, charging consumers to buy down interest rates without actually reducing the rate, failing to make required disclosures, making state and federally-required disclosures in a deceptive manner, and engaging in deceptive advertising. The Division seeks the revocation of Paramount's mortgage broker licenses, the revocation of Mr. Dawson's loan originator license, restitution to borrowers, a fine of \$500,000, prohibition from the mortgage industry for five years, and examination and investigation costs of almost \$10,000. Paramount et. al. requested an administrative hearing to contest the allegations. On September 5, 2008, the Division issued a Notice and Order Denying the Consumer Loan License Application filed by Paramount based on advertising complaints and violations, disclosure violations, unlicensed activity, and the administrative action taken in July. Paramount requested an administrative hearing to contest the denial of its application for a consumer loan license.

# Division of Consumer Services

- CONTINUED

## SIGNIFICANT ENFORCEMENT ACTIVITIES IN 2008 -continued

**Dana Capital Group, Inc. and Dana H. Smith.** A settlement was reached with Dana Smith on December 23, 2008, in which Mr. Smith agreed to a 20-year ban from the consumer loan industry and payment of a \$10,000 fine. Also, a fine of \$240,000 is stayed pending Mr. Smith's full compliance with the terms of the Consent Order. Mr. Smith had charged loan applicants underwriting fees when no underwriting services were performed, failed to provide sufficient disclosures to borrowers, engaged in unlicensed activity, failed to maintain records and to comply with the Division's requests for information, and did not file required annual reports and associated fees. [The initial charges were issued in 2007 against the company and Mr. Smith. A Final Order was entered on November 13, 2007, against the company revoking its license, imposing a \$500,000 fine, about \$15,000 in restitution, and examination and investigation costs over \$35,000.]

**Assurity Financial Services, LLC, Calvin B. Hamler, and Troy P. Hamler.** The Division issued a Statement of Charges on March 5, 2008, against Assurity Financial Services of Englewood, Colorado, a licensed consumer loan company, and its two owners - Calvin and Troy Hamler (collectively Assurity). The charges allege Assurity engaged in a deceptive direct mail solicitation campaign. Rather than contest the charges, Assurity agreed in a Consent Order entered on August 7, 2008, to pay a \$250,000 fine, with \$125,000 paid and \$125,000 stayed, plus \$5,000 in investigative costs. Assurity did not admit to any wrongdoing, but agreed that if they failed to comply with the injunctive provisions of the Consent Order, the balance of the fine would be imposed and Calvin and Troy Hamler would be prohibited from the consumer loan industry for five years.

**Linden Loans, LLC, Christopher W. Opdyke, and Mark S. Sullivan. (Linden)** Linden Loans, LLC of Kirkland, a licensed mortgage broker, advertised on television as the "Home of the 1% Mortgage." DFI issued a Statement of Charges in December 2007, alleging among other things that Linden used bait and switch tactics in its advertising. To resolve the charges, the Linden agreed in a Consent Order entered on August 7, 2008, to pay a \$75,000 fine and \$4,000 in investigative costs. Linden did not admit to any wrongdoing, but further agreed their licenses to conduct business as a mortgage broker and loan originators in Washington would be suspended for 30 days. Linden Home Loans voluntarily surrendered its mortgage broker license on July 7, 2008.

# Division of Consumer Services

- CONTINUED

## SIGNIFICANT ENFORCEMENT ACTIVITIES IN 2008 -continued

**TILA Mortgage, Inc. and Ron B. Greene.** On December 5, 2008, the Division issued a Statement of Charges against TILA and Mr. Greene alleging unfair and deceptive advertising and statements regarding loan rates. The Division sought a 30-day suspension of TILA's mortgage broker license and Mr. Greene's loan originator license, a fine of \$50,000, and investigation costs totaling \$1,000. On December 15, 2008, TILA and Mr. Greene entered into a Consent Order with the Division agreeing to 30-day suspensions of their licenses stayed for a period of 24 months, payment of \$25,000 and staying the remainder of the fine (\$25,000) for the 24 month-period, and payment of the \$1,000 in investigation costs. The Division may seek to lift the stay and impose the suspensions and balance of the fine if it determines that TILA or Mr. Greene violate certain terms of the Mortgage Broker Practices Act or any conditions of the Consent Order.

**A+ Mortgage, Inc. and Gregory J. Nick.** As a result of the Division's examination of A+ Mortgage, multiple violations of the Mortgage Broker Practices Act were discovered. On September 19, 2008, the Division issued a Statement of Charges against A+ and Mr. Nick alleging falsification of stated income, occupancy, and documents, collection of unlawful and unearned fees, failure to comply with disclosure requirements, conversion of borrower funds, failure to include loan originator license numbers on loan applications. The Division seeks revocation of A+ Mortgage's mortgage broker license, prohibition from the mortgage industry for five years, a fine of \$250,000, restitution of over \$160,000, and investigation costs of nearly \$4,500. A+ Mortgage and Mr. Nick requested an administrative hearing to contest the allegations.

**Pacific Checks, Inc., dba Dollarwise and Charles C. Seil.** The Division issued a Statement of Charges on January 29, 2008 alleging that Charles C. Seil was operating Pacific Checks Inc., dba Dollarwise from prison and that he did not provide notice to the Department of his criminal conviction. The Department seeks revocation of Pacific Checks, Inc.'s license, payment of a \$1,500 fine, prohibition of Pacific Checks Inc. and Mr. Seil from the industry for seven years, and payment of investigation fees of about \$1,732. Pacific Checks, Inc. and Mr. Seil requested an administrative hearing to contest the allegations.

# Division of Consumer Services - CONTINUED

**WCS Loans, Inc., d/b/a Advance Til Payday, and Loren C. Gill.** The Division entered a Consent Order on July 7, 2008, ordering restitution of nearly \$23,000 to eleven borrowers and the payment of investigation fees of over \$27,600. A fine of over \$900,000 is stayed pending the full and complete compliance with the terms of restitution. In addition, the Consent Order ordered the revocation of WCS Loans, Inc. license effective October 5, 2008, the prohibition from the industry of WCS Loans, Inc. for the remainder of its legal existence effective October 5, 2008, and the prohibition from the industry of Mr. Gill for the remainder of his natural life effective October 5, 2008. WCS Loans, Inc. and Mr. Gill did not admit to any wrongdoing by the entry of the Consent Order.

**Zippy Cash, LLC, d/b/a Zippy Cash and d/b/a/ Advance Til Payday, and Daniel M. Van Gasken.** On July 18, 2008, the Director entered an Order Granting Petition for Reconsideration & Amending Department’s Final Decision and Order Modifying Initial Findings of Fact, Initial Conclusions of Law, and Initial Decision of Administrative Law Judge. This order amended the Department’s Final Decision and Order Modifying Initial Findings of Fact, Initial Conclusions of Law, and Initial Decision of Administrative Law Judge entered July 1, 2008. These orders ordered that Zippy Cash, LLC and Mr. Van Gasken pay fines totaling \$262,720, cease and desist certain conduct, retain all records of any small loan activity and make these records immediately available to the Department, pay restitution of over \$11,500, and pay investigation fees of \$13,800. Zippy Cash and Mr. Van Gasken filed a Petition for Judicial Review in superior court to contest the orders.

**CRIMINAL REFERRALS IN 2008**

*DFI referred 11 cases for prosecution in the counties listed during 2008:*

Clark County .....	1
Pierce County.....	4
King County.....	6

# Division of Credit Unions

- LINDA JEKEL, DIRECTOR OF CREDIT UNIONS

The Division of Credit Unions was created in 1993. Before that, the Division of Savings and Loan Associations regulated state credit unions. Credit unions are nonprofit, cooperative associations organized to promote thrift among their members and create a source of credit for them at fair and reasonable rates. The Division seeks to protect the financial interests of credit union members, including depositors.

The Division examines credit unions at least every 18 months for unsafe and unsound practices and violations of statutes and rules. The Division uses a variety of examination and supervision tools to accomplish its mission. In addition, the Division processes a variety of applications from state credit unions such as merger and conversion applications. The Division also works with consumers regarding complaints against state credit unions.

In general, Washington state chartered credit union weathered the 2008 financial crisis very well. Washington credit unions are consolidating into fewer numbers due to competitive pressures from other financial service providers (such as banks, mortgage brokers, and consumer loan companies). A similar trend is evident nationally in the credit union industry. The remaining credit unions are healthy, with strong net worth for future growth and loss reserves. Net worth levels increased 1.11 percent to \$2.35 billion. Due to better marketing, credit union membership continued to grow supporting and strengthening the credit union movement and resulting in more loans and deposits. Total loans grew 9.52 percent to \$18.95 billion, and total shares and deposits grew 10.03 percent to \$21.40 billion.

## STATUTES ADMINISTERED BY THE DIVISION OF CREDIT UNIONS

- Chapter 31.12 RCW . . . . . The Washington State Credit Union Act
- Chapter 31.13 RCW . . . . . The Corporate Credit Union Act

## INDUSTRY FACTS AT A GLANCE

- Number of state chartered credit unions . . . . . 71
- Total assets of state chartered credit unions . . . . . \$24.53 billion
- Total state chartered credit union members . . . . . 2.2 million

# Division of Credit Unions

- LINDA JEKEL, DIRECTOR OF CREDIT UNIONS

## DIVISION MILESTONES AND ACCOMPLISHMENTS

### New Credit Union Charters

- ▶ No new credit union charters were issued in 2008.

### Charter Conversions

- ▶ No charter conversions took place during 2008.

### Mergers

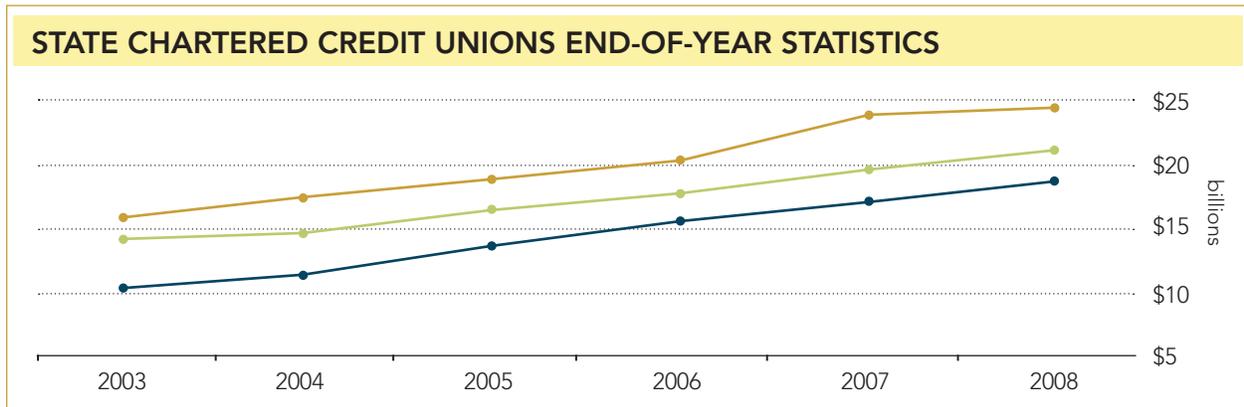
- ▶ The following 8 mergers took place during 2008:
  1. Latvian CU merged into All City CU
  2. Share CU merged into Watermark CU
  3. Walla Walla CU merged into GESA CU
  4. Educational Community CU merged into MountainCrest CU
  5. Eastside Municipal CU merged into Eastside CU
  6. Financial Services CU merged into Eastside CU
  7. Pacific CU merged into Eastside CU
  8. Westside Cu merged into Eastside CU

### Name Changes

- ▶ The following 2 name changes took place during 2008:
  1. Snohomish County PUD CU changed name to Mountain Crest CU
  2. Inland Empire Trades CU changed name to The Union CU

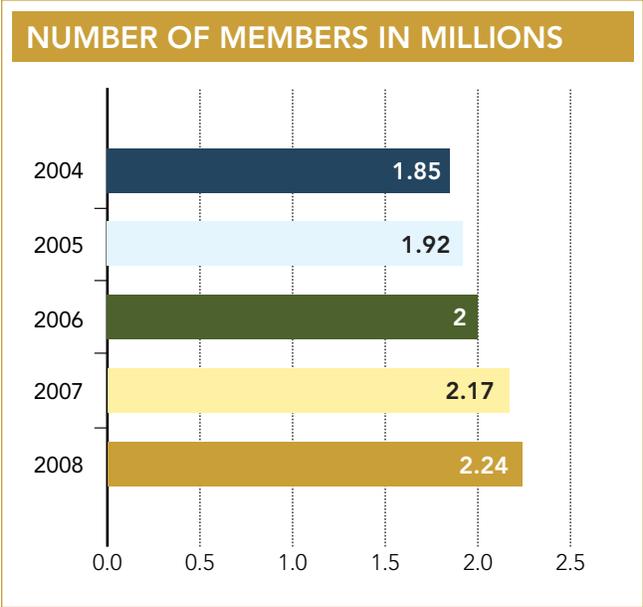
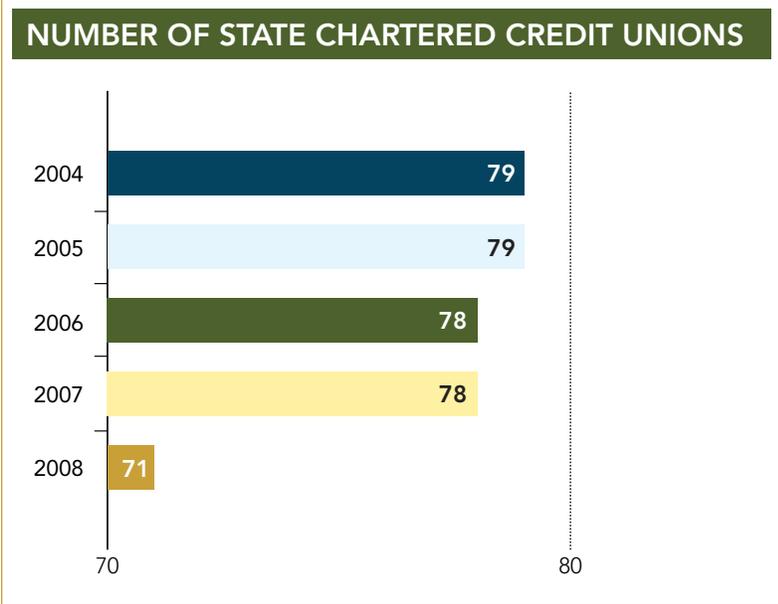
## STATE CHARTERED CREDIT UNION INFORMATION

- Assets
- Shares & Deposits
- Loans



# Division of Credit Unions

- LINDA JEKEL, DIRECTOR OF CREDIT UNIONS



# Division of Credit Unions

- LINDA JEKEL, DIRECTOR OF CREDIT UNIONS

## STATE CHARTERED CREDIT UNION FINANCIAL INFORMATION

	2004	2005	2006	2007	2008
Loans & Contracts	\$11,857,264	\$13,665,692	\$15,370,220	\$17,308,049	\$18,956,580
Total Assets	\$16,898,268	\$18,528,470	\$20,229,811	\$22,613,102	\$24,535,979
Shares & Deposits	\$14,622,907	\$15,882,061	\$17,220,000	\$19,456,444	\$21,407,134
Net Worth	\$1,687,204	\$1,873,269	\$2,088,955	\$2,343,904	\$2,368,823
Net Income	\$153,628	\$184,649	\$208,284	\$183,810	\$22,215
Net Worth to Total Assets Ratio	9.98%	9.98%	10.32%	10.36%	9.65%

*All numbers are end of year figures in thousands (000)*

# Division of Securities

- MICHAEL STEVENSON, DIRECTOR

The Division of Securities regulates the offer and sale of investments to Washington State residents. Regulation encompasses registration of security, franchise, and business opportunity offerings, and licensing and examination of securities broker-dealers and investment advisers.

The Securities Division provides technical assistance to small businesses, responds to customer complaints, undertakes investigations based upon complaints and undercover work, and brings appropriate administrative, civil and criminal cases. In 2008, the Division licensed over 125,000 individuals and firms providing securities investments and advice to our citizens and oversaw more than \$4 trillion of securities products offered to Washington investors.

The Division works directly with the entities it regulates through examinations and market surveillance activity in an effort to assure the public of adequate protection for their investments.

## STATUTES ADMINISTERED BY THE DIVISION OF SECURITIES

Chapter 19.100 RCW . . . . .	Franchise Act
Chapter 19.110 RCW . . . . .	Business Opportunity Act
Chapter 21.20 RCW . . . . .	Securities Act
Chapter 21.30 RCW . . . . .	Commodities Act

## INDUSTRY FACTS AT A GLANCE

Registered Securities Salespersons . . . . .	122,432
Registered Securities Broker-Dealers . . . . .	2,082
Branch Offices of Broker-Dealers . . . . .	3,882
Regulated Investment Advisers . . . . .	1,892
Investment Adviser Representatives . . . . .	9,048
Registered Franchises . . . . .	1,130

# Division of Securities

- MICHAEL STEVENSON, DIRECTOR

The Securities Division continues to place a high priority on protecting seniors and those approaching retirement. In July 2008, the Securities Division adopted the Model Senior Designation rule to protect seniors and others from misleading use of designations in connection with the sale of investments.

## ENFORCEMENT

In April 2008, the Securities Division joined a task force of state securities regulators investigating the Auction Rate Securities Market collapse. To date the Task Force has reached eleven settlements in principle with Wall Street firms to restore liquidity of \$184 billion to retail investors nationwide, including \$1.7 billion held by Washington investors.

Washington was the lead state for the task force regarding sales of auction rate securities by Wells Fargo broker-dealers. On November 20, 2008, the Securities Division issued a Statement of Charges against Wells Fargo Investments, LLC, Wells Fargo Brokerage Services, LLC and Wells Fargo Institutional Securities, LLC. At the time of the market failures in February 2008, customers of Wells Fargo broker-dealers held an estimated \$3.9 billion in frozen auction rate securities. The Statement of Charges alleged misrepresentation, failure to disclose material information, and unsuitable recommendations to their customers. Wells Fargo broker-dealers requested a hearing on the Statement of Charges.

## SECURITIES DIVISION INVESTIGATIONS RESULTED IN TWO FEDERAL CRIMINAL CONVICTIONS IN 2008:

- Everett, Washington attorney Barry A. Hammer pleaded guilty on May 29, 2008, to federal wire fraud and to defrauding clients of up to \$1 million. October 31, 2008, Hammer was sentenced by Judge Pechman in U.S. District Court in Seattle to 36 months in prison, with three years of supervised release. Hammer offered and sold promissory notes to his clients without disclosing that he was converting their funds to his own use.
- Charles Nolon Bush, formerly of Port Orchard, Washington, was convicted of securities fraud, wire fraud, mail fraud and money laundering in U.S. District Court in Tacoma, Washington on November 13, 2008. Bush, who was charged in August 2006 and extradited from Warsaw, Poland in January 2008, was found guilty of orchestrating a "Ponzi" scheme from December 1998 to January 2002 during which he raised in excess of \$35,000,000 from over 450 investors across the country.

## CONSUMER OUTREACH

The Securities Division was involved in a number of outreach events aimed at seniors and other citizens about investing and investment fraud:

- It partnered with AARP in "Invest Wise Washington," holding four public meetings in Spokane, Pasco, Lynwood, and Vancouver, which focused on teaching seniors to avoid predatory persuasion.
- It partnered with FINRA and AARP to conduct a month-long fraud awareness campaign in the Spokane area and through a website devoted to seniors at [SaveandInvest.Org/55Plus](http://SaveandInvest.Org/55Plus).

# Division of Securities

- MICHAEL STEVENSON, DIRECTOR

Securities Division staff were guests on several episodes of the KCTS television program "About the Money." These investor protection programs discussed topics including oil and gas investments and avoiding commodity and affinity fraud.

## MICHAEL STEVENSON- MEMBERSHIPS

Mr. Stevenson is active in the North American Securities Administrators Association serving on its Board of Directors, Uniform Securities Act Committee, and Corporate Governance Committee. NASAA is the voice of the state securities agencies whose mission is protecting consumers in the purchase of securities and investment advice. He also serves as an alternate member of the Board of Directors for the National White Collar Crime Center (NW3C). NW3C provides support for the prevention, investigation, and prosecution of high tech and economic crime to more than 2,000 federal, state, and local law enforcement agencies and operates through grants from the United States Department of Justice.

## DIVISION OF SECURITIES STATISTICS

SECURITIES				
	2005	2006	2007	2008
Dollar Amount of Securities Permits, Notifications and Exemptions Authorized	\$625,721,157,829	\$832,653,224,434	\$3,154,713,867,287	\$4,139,937,574,827
Registered Securities Broker-Dealers	2,085	2,124	2,115	2,082
Registered Investment Advisers	412	418	433	437
Investment Adviser Notice Filers	1,145	1,273	1,374	1,455
Registered Securities Salespersons	106,630	113,373	121,695	122,432
Registered Investment Adviser Representatives	6,860	7,582	8,832	9,084
Branch Offices of Broker-Dealers	3,755	3,772	3,891	3,882
Active Enforcement Cases	137	128	163	231
Enforcement Actions	85	82	54	61

# Division of Securities

- MICHAEL STEVENSON, DIRECTOR

## DIVISION OF SECURITIES STATISTICS -continued

FRANCHISES				
	2005	2006	2007	2008
Registered Franchises	966	1,065	1,127	1,130
Registered Franchise Brokers	210	143	147	176
Active Enforcement Cases	17	17	22	20
Enforcement Actions	3	12	10	10

BUSINESS OPPORTUNITIES				
	2005	2006	2007	2007
Registered Business Opportunities	27	31	22	20
Active Enforcement Cases	15	7	17	11
Enforcement Actions	2	7	5	11

COMMODITIES				
	2005	2006	2007	2008
Active Enforcement Cases	1	0	2	0
Enforcement Actions	0	0	0	0

# Division of Securities

- MICHAEL STEVENSON, DIRECTOR

## 2008 REGISTRATION AND LICENSING WORKLOAD ACTIVITY TOTALS

*(Totals do not reflect termination and non-renewal of registrations or licenses during the year)*

### REGISTRATIONS, EXEMPTIONS & NOTIFICATIONS

	2008 NEW	2008 RENEW	2008 AMEND
Investment Companies (Mutual Funds)	3,356	18,771	16,369
Small Business Filings (SB-2s)	1	1	0
Other Coordination Filings	35	33	30
Qualifications	10	7	9
SCOR (Small Company Offering Registration)	2	0	1
Franchises	217	844	34
Exemptions	2,255	0	0
Opinions	13	0	0
Franchise Exemptions	25	136	0
Business Opportunities	7	12	3
<b>TOTAL</b>	<b>5,921</b>	<b>19,804</b>	<b>16,755</b>

### FIRMS & ENTITIES

	2008 NEW	2008 RENEW
Securities Broker-Dealers	169	2,082
Investment Advisers	252	2,340
Franchise Brokers	33	124
<b>TOTAL</b>	<b>454</b>	<b>4,546</b>

# Division of Securities

- MICHAEL STEVENSON, DIRECTOR

## 2008 REGISTRATION AND LICENSING WORKLOAD ACTIVITY TOTALS *-continued*

REPRESENTATIVES & SALESPERSONS		
	2008 NEW	2008 RENEW
Investment Adviser Representatives	2,235	9,048
Intrastate Securities Salespersons	5	30
Agents of Issuers	8	3
Securities Salespersons	42,720	122,432
Salespersons with Disclosure History	3,769	0
<b>TOTAL</b>	<b>48,737</b>	<b>131,513</b>

EXAMINATION STATISTICS				
	2005	2006	2007	2008
Broker-Dealer Exams Completed	108	126	171	209
Investment Adviser Exams Completed	121	63	69	73
Mortgage Broker-Dealer & Debenture Company Exams Completed	3	4	2	5
<b>TOTAL</b>	<b>275</b>	<b>232</b>	<b>242</b>	<b>287</b>

# Division of Securities

- MICHAEL STEVENSON, DIRECTOR

## 2008 REGISTRATION AND LICENSING WORKLOAD ACTIVITY TOTALS -continued

### ENFORCEMENT STATISTICS

Types of orders entered in 2008	Statement of Charges	Summary Cease & Desist or Suspension	Final Cease & Desist or Revocation	Consent Order	TOTAL
Securities					
Issuers	18	1	9	17	45
Broker Dealers and Investment Advisers	7	4	2	3	16
Franchises	5	0	1	4	10
Business Opportunities	4	0	1	6	11
Commodities	0	0	0	0	0
<b>TOTAL ACTIONS</b>	<b>34</b>	<b>5</b>	<b>13</b>	<b>30</b>	<b>82</b>

	2005	2006	2007	2008
Complaints Received	486	503	461	531
Orders Issued	95	92	74	82
Warning Letters Issued	98	106	69	23
Cases Opened	153	154	219	162
Cases In Process	276	176	163	263
Cases Closed	184	159	156	147
Subpoenas Issued	220	160	119	122
Criminal Referrals	2	2	14	4
Criminal Charges	1	1	10	4
Criminal Convictions	3	2	4	11
Criminal Sentencing	11	5	4	2

**THE WASHINGTON STATE DEPARTMENT OF FINANCIAL INSTITUTIONS**

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