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HOUSE BILL 2231

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State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Appleton, Haler, McCoy, Eddy, Seaquist, Moeller, Takko, Williams, Campbell, Hudgins, Pedersen, Rodne, Hunt, Rolfes, Dickerson, B. Sullivan, Cody, Kirby, Conway, Ormsby and Santos

Read first time 02/14/2007. Referred to Committee on Insurance, Financial Services & Consumer Protection.

1            AN ACT Relating to funding consumers' financial awareness; amending  
2 RCW 31.45.110; reenacting and amending RCW 43.79A.040; and adding new  
3 sections to chapter 31.45 RCW.

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

5            NEW SECTION.    **Sec. 1.** A new section is added to chapter 31.45 RCW  
6 to read as follows:

7            A surcharge of twenty-five cents is placed on every small loan made  
8 under this chapter. The surcharge must be paid by the licensee to the  
9 department of financial institutions. Each licensee must provide the  
10 funds raised by the surcharge at the same time as the annual report  
11 required under RCW 31.45.090. The department of financial institutions  
12 must deposit one-half of the funds to the nearest dollar in the  
13 financial consumer education account in section 2 of this act and the  
14 remainder into the financial literacy public-private partnership  
15 account in RCW 28A.300.465.

16            NEW SECTION.    **Sec. 2.** A new section is added to chapter 31.45 RCW  
17 to read as follows:

18            The financial consumer education account is created in the custody

1 of the state treasurer. All receipts from the surcharge imposed in  
2 section 1 of this act must be deposited into the account. Expenditures  
3 from the account may be used only for financial consumer education and  
4 public service announcements. Only the director of the department of  
5 financial institutions or the director's designee may authorize  
6 expenditures from the account. The account is subject to allotment  
7 procedures under chapter 43.88 RCW, but an appropriation is not  
8 required for expenditures.

9 **Sec. 3.** RCW 31.45.110 and 2003 c 86 s 17 are each amended to read  
10 as follows:

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

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

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

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

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

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

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

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

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

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

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

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

15 (l) Commits an act or engages in conduct that demonstrates  
16 incompetence or untrustworthiness, or is a source of injury and loss to  
17 the public; or

18 (m) Fails to pay the surcharge required under section 1 of this  
19 act.

20 (2) The statement of charges shall be issued under chapter 34.05  
21 RCW. The director or the director's designee may impose the following  
22 sanctions against any licensee or applicant, or any director, officer,  
23 sole proprietor, partner, controlling person, or employee of a licensee  
24 or applicant:

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

26 (b) Order the licensee to cease and desist from practices in  
27 violation of this chapter or practices that constitute unsafe and  
28 unsound financial practices in the sale of checks;

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

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

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

37 (3) The proceedings to impose the sanctions described in subsection

1 (2) of this section, including any hearing or appeal of the statement  
2 of charges, are governed by chapter 34.05 RCW.

3 Unless the licensee personally appears at the hearing or is  
4 represented by a duly authorized representative, the licensee is deemed  
5 to have consented to the statement of charges and the sanctions imposed  
6 in the statement of charges.

7 **Sec. 4.** RCW 43.79A.040 and 2006 c 311 s 21 and 2006 c 120 s 2 are  
8 each reenacted and amended to read as follows:

9 (1) Money in the treasurer's trust fund may be deposited, invested,  
10 and reinvested by the state treasurer in accordance with RCW 43.84.080  
11 in the same manner and to the same extent as if the money were in the  
12 state treasury.

13 (2) All income received from investment of the treasurer's trust  
14 fund shall be set aside in an account in the treasury trust fund to be  
15 known as the investment income account.

16 (3) The investment income account may be utilized for the payment  
17 of purchased banking services on behalf of treasurer's trust funds  
18 including, but not limited to, depository, safekeeping, and  
19 disbursement functions for the state treasurer or affected state  
20 agencies. The investment income account is subject in all respects to  
21 chapter 43.88 RCW, but no appropriation is required for payments to  
22 financial institutions. Payments shall occur prior to distribution of  
23 earnings set forth in subsection (4) of this section.

24 (4)(a) Monthly, the state treasurer shall distribute the earnings  
25 credited to the investment income account to the state general fund  
26 except under (b) and (c) of this subsection.

27 (b) The following accounts and funds shall receive their  
28 proportionate share of earnings based upon each account's or fund's  
29 average daily balance for the period: The Washington promise  
30 scholarship account, the college savings program account, the  
31 Washington advanced college tuition payment program account, the  
32 agricultural local fund, the American Indian scholarship endowment  
33 fund, the foster care scholarship endowment fund, the foster care  
34 endowed scholarship trust fund, the students with dependents grant  
35 account, the basic health plan self-insurance reserve account, the  
36 contract harvesting revolving account, the Washington state combined  
37 fund drive account, the commemorative works account, the Washington

1 international exchange scholarship endowment fund, the developmental  
2 disabilities endowment trust fund, the energy account, the fair fund,  
3 the financial consumer education account, the fruit and vegetable  
4 inspection account, the future teachers conditional scholarship  
5 account, the game farm alternative account, the grain inspection  
6 revolving fund, the juvenile accountability incentive account, the law  
7 enforcement officers' and fire fighters' plan 2 expense fund, the local  
8 tourism promotion account, the produce railcar pool account, the  
9 regional transportation investment district account, the rural  
10 rehabilitation account, the stadium and exhibition center account, the  
11 youth athletic facility account, the self-insurance revolving fund, the  
12 sulfur dioxide abatement account, the children's trust fund, the  
13 Washington horse racing commission Washington bred owners' bonus fund  
14 account, the Washington horse racing commission class C purse fund  
15 account, the individual development account program account, the  
16 Washington horse racing commission operating account (earnings from the  
17 Washington horse racing commission operating account must be credited  
18 to the Washington horse racing commission class C purse fund account),  
19 the life sciences discovery fund, and the reading achievement account.  
20 However, the earnings to be distributed shall first be reduced by the  
21 allocation to the state treasurer's service fund pursuant to RCW  
22 43.08.190.

23 (c) The following accounts and funds shall receive eighty percent  
24 of their proportionate share of earnings based upon each account's or  
25 fund's average daily balance for the period: The advanced right of way  
26 revolving fund, the advanced environmental mitigation revolving  
27 account, the city and county advance right-of-way revolving fund, the  
28 federal narcotics asset forfeitures account, the high occupancy vehicle  
29 account, the local rail service assistance account, and the  
30 miscellaneous transportation programs account.

31 (5) In conformance with Article II, section 37 of the state  
32 Constitution, no trust accounts or funds shall be allocated earnings  
33 without the specific affirmative directive of this section.

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