



1 2. Respondent conducts a consumer loan business and operates  
2 from seven offices in Oregon which are licensed pursuant to  
3 the provisions of ORS 725.

4 3. Howard Katz is the President and agent for service of  
5 process for Respondent. Service may be made at 8201 SE Powell  
6 Boulevard, #C, Portland, Oregon 97266.

7 4. On December 29, 2003 an examination of the Milwaukie office  
8 was conducted by Examiner Michael McCord. In the course of the  
9 examination, Examiner McCord observed procedures and omissions  
10 by PACIFIC FINANCE CORPORATION INC as described below:

11 a. Notes indelibly marked as "paid" or "renewed" were not  
12 retained in the borrower's file.

13 b. The loan document date does not always match the date  
14 a loan is extended if the customer pays interest due  
15 prior to the original due date.

16 c. A loan which was renewed included a "late charge."

17 d. Loans paid before maturity were not properly credited  
18 with a refund of unearned interest. The previous  
19 examination of this office also identified this as an  
20 issue.

21 e. Respondent placed in charge of the licensed office a  
22 person who did not properly retain copies of loan  
23 documents, who incorrectly calculated annual  
24 percentage rates, and who was unaware of the law  
25 concerning properly refunding unearned interest to  
26 borrowers.



1 **CONCLUSIONS OF LAW**

2 The Director **CONCLUDES** that:

3 1. The Respondent failed to retain notes indelibly marked  
4 "paid" or "renewed" in the borrower's file in violation of ORS  
5 725.360(4), OAR 441-730-0270(1)(o) and OAR 441-730-0270(1)(p).

6 2. The Respondent failed to keep accurate account records for  
7 each loan made in violation of OAR 441-730-0120.

8 3. The Respondent charged customers late charges on a loan  
9 which was extended after the original due date in violation of  
10 OAR 441-730-0270(h).

11 4. The Respondent failed to properly credit borrowers with a  
12 refund of unearned interest on loans paid before maturity in  
13 violation of OAR 441-730-0310.

14 5. The Respondent placed in charge of the licensed office a  
15 person who did not have a thorough understanding of ORS  
16 chapter 725 and the related administrative rules in violation  
17 of OAR 441-730-0080.

18 **ORDER**

19 The Director **ORDERS** that:

20 1. Respondent shall **CEASE AND DESIST** from violations of ORS  
21 chapter 725 and OAR chapter 441, division 730.

22 2. Respondent is assessed a **CIVIL PENALTY** in the amount of  
23 Five Thousand Dollars (\$5,000), all of which is **SUSPENDED**  
24 indefinitely upon the following **CONDITIONS**:

25 a. Respondent shall comply with all requirements of this  
26 Order;

Division of Finance and Corporate Securities  
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350 Winter Street NE, Suite 410  
Salem, OR 97301-3881  
Telephone: (503) 378-4387



- 1        b. Respondent and all its employees shall comply with all
- 2                provisions of ORS chapter 725 and OAR chapter 441,
- 3                division 730;
- 4        c. The next examination conducted at the Milwaukie office
- 5                of Respondent shall identify only minor exceptions,
- 6                and result in a "1" rating;
- 7        d. No later than 45 days from the date the Director signs
- 8                this Order, the Respondent shall compute and return to
- 9                borrowers any amounts due them as unearned interest on
- 10               loans paid before maturity; and
- 11        e. Within 75 days from the date the Director signs this
- 12                Order, the Respondent must make a report to the
- 13                Director of borrowers identified, refunds paid, and
- 14                attempts to locate borrowers who have not received the
- 15                refund due.

16 The entire suspended portion of the Civil Penalty shall become  
 17 immediately due and payable upon a violation of any Condition  
 18 described above.

19                Dated this 5th day of ~~January~~<sup>FEBRUARY</sup>, 2004 at Salem, Oregon.

20 **CORY STREISINGER, DIRECTOR**  
 21 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**

22  
 23 by *Floyd G. Lanter*  
 24 **FLOYD G. LANTER, ADMINISTRATOR**  
**DIVISION OF FINANCE AND CORPORATE SECURITIES**

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**CORPORATE ACKNOWLEDGMENT**

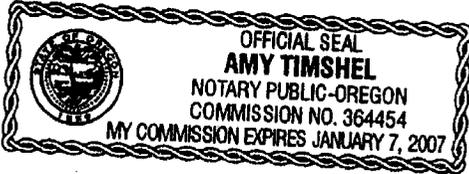
State of Oregon

County of *Multnomah*

This instrument was acknowledged before me on this 31<sup>st</sup>  
day of January, 2004 by Howard Katz as President of PACIFIC  
FINANCE CORPORATION INC.

*Amy Timshel*

(notary seal)



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