

1 “Barnes”).

2 2. Valley Pawn has been licensed as a Pawnbroker in the state of Oregon since July 5, 2006,
3 license # PB-0336. Ray is the owner of record listed on Valley Pawn’s pawnbrokers license issued by
4 the Oregon Division of Finance and Corporate Securities (hereinafter “the Division”).

5 3. Between May 2006 and August 2009, Barnes managed the day to day operations of Valley
6 Pawn. Ray, the licensed owner, resided in Portland, Oregon and did not directly supervise the day to
7 day operation of Valley Pawn.

8 4. In August 2007, the Division learned that Barnes, the manager of Valley Pawn, had taken an
9 all terrain vehicle (“ATV”) as security for a loan. The Division sent a letter to Valley Pawn owner Ray
10 advising that it was unlawful for a pawnbroker to take a titled vehicle as security on a loan.

11 5. In August 2007, Ray responded to the Division by writing a letter. The letter acknowledged
12 Barnes, a Valley Pawn employee, had made a personal loan and taken an ATV as security. The letter
13 assured the Division that Valley Pawn “IS NOT, HAS NOT, AND DOES NOT PLAN TO – loan money
14 on titled vehicles.”

15 6. On September 9, 2009, the Division received a complaint from Caroline Birk (hereinafter
16 Birk). Birk alleged that she had pawned her vehicle at Valley Pawn in exchange for a \$3,200 loan. Birk
17 stated that Valley Pawn sold her vehicle even though she had made the agreed upon payment.

18 7. The Division conducted an investigation and determined that on June 2, 2009, Barnes entered
19 into a contract with Birk to loan her \$3,200 for a period of thirty days. As security for the loan Birk
20 provided Barnes with her vehicle described as a 1996 Nissan 300zx. Birk also provided Barnes with
21 the title to the vehicle (hereinafter “Birk Pawn”).

22 8. The loan agreement required Birk to pay a \$500 fee every thirty days in order to extend the
23 loan, or to pay \$3,700 for her car to be returned to her. The loan agreement was executed on the
24 business premises of Valley Pawn. The loan document listed the lender’s address as 123 South
25 Riverside Avenue, Medford, Oregon 97501.



1 9. A \$500 monthly fee on a principal loan of \$3,200 amounts to a 15.6% monthly rate of interest.
2 The maximum interest allowed by law is 3% per month. ORS 726.390.

3 10. Birk's first \$500 payment came due on July 9, 2009. Birk did not make the payment on the
4 loan. Barnes made multiple attempts to contact Birk to arrange for her to make a payment. Finally, on
5 August 2, 2009, Birk made a \$500 payment as per the terms of the loan. The payment was one month
6 late. Birk told Barnes that she would make full repayment of the loan and pick up her car soon.

7 11. Several weeks passed without Birk contacting Barnes. Barnes made multiple attempts to
8 contact Birk by telephone but Birk never returned the phone calls. Respondents did not provide Birk
9 with written notice of their intent to forfeit Birks pawn.

10 12. On August 21, 2009, Barnes sold the 1996 Nissan 300zx for \$3,500 to an Oregon resident.
11 Upon being advised by the Division that the Birk pawn was in violation of Oregon law, Barnes
12 repurchased the vehicle from the Oregon resident for \$9,000.

13 13. Respondents have fully cooperated with the Divisions investigation. Since this incident, Ray
14 has moved from Portland to Medford. Ray has taken a more active roll in the management of Valley
15 Pawn. Barnes continues to manage Valley Pawn on a full time basis.

16 CONCLUSIONS OF LAW

17 The Director **CONCLUDES** that:

- 18 1. Respondents violated ORS 726.400(1) by contracting for a loan period of less than 60 days.
- 19 2. Respondents violated ORS 726.400(2) by failing to provide Birk with the required notice of
20 forfeiture before selling her vehicle.
- 21 3. Respondents charged an excessive interest rate in violation of ORS 726.390 by charging a
22 monthly interest rate of 15.6% which exceeds the maximum 3% allowed by law.
- 23 4. Pursuant to ORS 726.420, because Respondents charged an excessive interest rate in violation
24 of ORS 726.390 the pledge is void and the pawnbroker forfeits the right to collect or receive any
25 principal, interest or charges whatsoever.



ORDER

The Director **ORDERS** that:

1. Pursuant to the authority of the Pawnbrokers Act, including but not limited to ORS 726.440 and 726.910, Respondents are hereby **ORDERED to CEASE AND DESIST** from violating the Pawnbrokers Act, ORS 726.010, et. seq., and accompanying rules.

2. Pursuant to ORS 726.420 Respondents are ordered to return the pledge, a 1996 Nissan 300zx, to Birk free of any pawnbroker’s lien without tender of principal or interest. Further, Respondents shall pay into the school fund of Jackson County, all payments and all fees or other charges previously collected on the pledge of the 1996 Nissan 300zx (not less than \$500).

3. Respondents are further ordered to pay a **\$7,500 CIVIL PENALTY** (\$2,500 for each violation of ORS 726.400(1), 726.400(2), ORS 726.390). Given the \$8,700 monetary loss incurred by Respondents pursuant to the Director’s enforcement of ORS 726.420, the Director hereby suspends the civil penalty in its entirety for a period of five years so long as Respondents comply with the terms of this Order.

4. Ray shall personally oversee management of the day to day operations of Valley Pawn including but not limited to the supervision of all employee’s or agents to ensure that they fully comply with the terms of this Order. Barnes shall continue to manage the store on a full time basis.

5. Respondents understand and agree that any future violation of the Pawnbrokers Act by Respondents will result in the revocation of Valley Pawns’ pawnbroker’s license # PB-0336 and the imposition of the \$7,500 suspended civil penalty.

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



1 The entry of this Order in no way limits further remedies which may be available to the Director
2 under the Oregon Law. The date of the order is the date the Director or the Director's nominee signs the
3 order.

4 Dated this 3rd day of December, 2009, at Salem, Oregon.

5 CORY STREISINGER, Director
6 Department of Consumer and Business Services

7
8 /s/ David Tatman
9 David Tatman, Administrator
10 Division of Finance and Corporate Securities

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**CONSENT TO ENTRY OF ORDER
(For Stephen Ray and Valley Pawn)**

I, Stephen Ray, state that I am an officer of Valley Pawn LLC DBA Valley Pawn and Trading (“Valley Pawn”); that I am authorized to act on its behalf; that I have read the foregoing Order and that I know and fully understand the contents hereof; that Valley Pawn and I have been advised of the right to a hearing; that Valley Pawn, voluntarily and without any force or duress, consents to the entry of this Order, expressly waiving any right to a hearing or appeal in this matter; that I neither admit nor deny the findings of fact in the foregoing order; that I understand that the Director reserves the right to take further action to enforce this Order or to take appropriate action upon discovery of other violations of the Oregon Pawnbrokers Act, including but not limited to the revocation of Valley Pawn’s pawnbrokers license; I agree to diligently supervise the employees and/or agents of Valley Pawn and I understand and agree that any future violation of the terms of this Order may result in the revocation of Valley Pawns Pawnbrokers license and the imposition of the suspended \$7,500 civil penalty.

Respondents further understand that this Consent Order is a public document.

Dated this 19th day of November, 2009.

By: /s/ Stephen Ray
Stephen Ray
Founding Member, LLC
(Office Held)

There appeared before me this 19th day of November 2009, Stephen Ray, who was first duly sworn on oath, and stated that he was and is an officer of Valley Pawn LLC DBA Valley Pawn and Trading and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of Valley Pawn LLC DBA Valley Pawn and Trading, and to bind Valley Pawn LLC DBA Valley Pawn and Trading to the terms hereof.

/s/ Richard Myrick
(Printed Name of Notary Public
Notary Public
For the State of: **Oregon**

My commission expires: 11-22-2013

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**CONSENT TO ENTRY OF ORDER
(for Keith Barnes)**

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3 I Keith Barnes, state that I have read the foregoing Order and fully understand the contents
4 thereof; that I have been advised of my right to a hearing and of my right to be represented by counsel at
5 any such hearing; that I, voluntarily, and without any force or duress, consent to the entry of this Order,
6 expressly waiving any right to a hearing or appeal in this matter; that I neither admit nor deny the
7 findings of fact in the foregoing order; that I understand that the Director reserves the right to take
8 further actions to enforce this Order or to take appropriate action upon discovery of other violations of
9 the Oregon Pawnbrokers Act; and that I will fully comply with the terms and conditions stated herein.

10 I understand that this Consent Order is a public document.

11 Dated this 18th day of November, 2009.

/s/ Keith E Barnes
Keith Barnes

14 SUBSCRIBED AND SWORN to before me this 18 day of November, 2009.

/s/ Shawn D Reiber
(Printed Name of Notary Public)
Notary Public
for the State of: Oregon
My commission expires: May 14, 2010

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