

1  
2  
3 **STATE OF OREGON**  
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**  
5 **DIVISION OF FINANCE AND CORPORATE SECURITIES**

6  
7 **BEFORE THE DIRECTOR OF THE DEPARTMENT**  
8 **OF CONSUMER AND BUSINESS SERVICES**

9 **In the Matter of**

**PD-08-0010**

10 **B&L MARKETING SERVICES, INC.,**  
11 **a Nevada corporation, and DOUGLAS**  
12 **G. BEST, an individual,**

**FINAL ORDER TO CEASE AND**  
**DESIST AND ORDER ASSESSING**  
**CIVIL PENALTIES ENTERED BY**  
**DEFAULT**

13 **Respondents.**

14 WHEREAS on September 2, 2008, the Director of the Department of Consumer and  
15 Business Services for the State of Oregon (hereafter "the Director"), acting by the authority of  
16 the Oregon Consumer Finance Act, chapter 725 of the Oregon Revised Statutes (hereinafter cited  
17 as "the Oregon Consumer Finance Act"), issued Administrative Order No. PD-08-0010, ORDER  
18 TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTIES AND NOTICE OF  
19 RIGHT TO A PUBLIC HEARING ("the Cease and Desist Order"), against B&L Marketing  
20 Services, Inc. and Douglas G. Best (hereinafter referred to collectively as "Respondents");

21 WHEREAS on or about September 5, 2008, Respondents were duly served with a true  
22 copy of the Cease and Desist Order by United States Certified Mail, postage prepaid, addressed  
23 to Douglas G. Best, B&L Marketing Services, Inc., 7473 W. Lake Mead Boulevard, Las Vegas,  
24 Nevada 89128; and

25 WHEREAS Respondents have not made written requests for a contested case hearing in  
26 this matter and time to do so has expired.

NOW THEREFORE, after consideration of the Division's investigative file and related  
documents, including all documents and materials submitted by the Respondents, the Director



1 hereby issues the following Findings of Fact, Conclusions of Law, and Final Order.

2 **FINDINGS OF FACT**

3 The Director **FINDS** that:

4 1. B&L Marketing Services, Inc. ("B&L" or "Respondent B&L") is a Nevada  
5 corporation. The Respondent's principal location is 7473 W. Lake Mead Boulevard, Las Vegas,  
6 Nevada 89128. The Nevada Secretary of State's records list Douglas G. Best ("Best" or  
7 "Respondent Best") as the president, director, secretary and treasurer of B&L. Upon information  
8 and belief, Respondent Best is a resident of the State of Nevada. Respondent B&L has not  
9 registered with the Oregon Secretary of State's office to transact business in Oregon as a foreign  
10 corporation.

11 2. At all times relevant to this matter, Oregon Resident #1 (hereinafter "Oregon  
12 Resident #1" or "borrower") was a resident of, and domiciled in, Klamath County, Oregon. All  
13 of the loan transactions referenced herein were made while Oregon Resident #1 was physically  
14 present in this state.

15 3. On or about July 5, 2007, B&L made a loan of \$300 to Oregon Resident #1. The  
16 loan made by B&L to Oregon Resident #1 was made primarily for personal, family or household  
17 purposes. The loan agreement, which was made via the Internet with Oregon Resident #1,  
18 provided that the initial loan period was 22 days, with the loan due on July 27, 2007. Oregon  
19 Resident #1 provided B&L with his bank account information and gave authorization to debit  
20 that account for loan fees on scheduled days. The loan agreement provides that a fee of \$90 is  
21 charged every 14 days thereafter if the principal is not paid. The loan agreement also informed  
22 Oregon Resident #1 that the "loan [would] be refinanced on each due date. Refinancing will  
23 continue until you authorize us of [sic] your request to pay your loan in full." The loan  
24 agreement specifies that the \$90 payment is a fee paid to B&L. No part of the fee went toward  
25 repayment of the loan principal. The loan agreement specified the Annual Percentage Rate  
26 ("APR") for the loan as 782.14 percent. The loan made by B&L to Oregon Resident #1 was

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 made for a term of less than 31 days.

2 4. The bank account used in these transactions by Oregon Resident #1, which is the  
3 same account debited by B&L for the loan fees, was an account held in a branch of a financial  
4 institution located in the State of Oregon.

5 5. On July 27, 2007, Oregon Resident #1 did not pay off the loan. On that date,  
6 Respondents charged Oregon Resident #1 a fee of \$90 to extend or "rollover" the loan for  
7 approximately 14 days. As of July 27, 2007, the Respondents had charged Oregon Resident #1  
8 \$90 for the \$300 loan for 22 days. Calculating the APR for this loan from the inception of the  
9 loan on July 5, 2007, the Respondents charged Oregon Resident #1 an APR of approximately  
10 497.73 percent for the loan for this 22-day period. The July 27, 2007 rollover of the loan was for  
11 a term of less than 31 days.

12 6. On August 10, 2007, Oregon Resident #1 did not pay off the loan. On that date,  
13 B&L again charged Oregon Resident #1 a fee of \$90 to rollover the loan for another 14 days. As  
14 of August 10, 2007, the Respondents had charged Oregon Resident #1 \$180 for the \$300 loan for  
15 36 days. Calculating the APR for this loan, the Respondents charged Oregon Resident #1 an  
16 APR of approximately 608.33 percent for the 36-day period of July 5, 2007 to August 10, 2007.  
17 The August 10, 2007 rollover of the loan was for a term of less than 31 days.

18 7. On August 24, 2007, Oregon Resident #1 did not pay off the loan. On that date,  
19 B&L again charged Oregon Resident #1 a fee of \$90 to rollover the loan for another 14 days. As  
20 of August 24, 2007, the Respondents had charged Oregon Resident #1 \$270 for a \$300 loan for  
21 50 days. Calculating the APR for this loan, the Respondents charged Oregon Resident #1 an  
22 APR of approximately 657.00 percent for the 50-day period July 5, 2007 to August 24, 2007.  
23 The August 24, 2007 rollover of the loan was for a term of less than 31 days.

24 8. On September 7, 2007, Oregon Resident #1 did not pay off the loan and B&L  
25 again charged Oregon Resident #1 a fee of \$90 to rollover the loan for another 14 days. As of  
26 September 7, 2007, the Respondents had charged Oregon Resident #1 \$360 for a \$300 loan for



1 64 days. Calculating the APR for this loan, the Respondents charged Oregon Resident #1 an  
2 APR of approximately 684.38 percent for the 64-day period July 5, 2007 to September 7, 2007.  
3 The September 7, 2007 rollover of the loan was for a term of less than 31 days.

4 9. On September 21, 2007, Oregon Resident #1 did not pay off the loan and B&L  
5 again charged Oregon Resident #1 a fee of \$90 to rollover the loan for another 14 days. As of  
6 September 21, 2007, the Respondents had charged Oregon Resident #1 \$450 for a \$300 loan for  
7 78 days. Calculating the APR for this loan, the Respondents charged Oregon Resident #1 an  
8 APR of approximately 701.92 percent for the 78-day period July 5, 2007 to September 21, 2007.  
9 The September 21, 2007 rollover of the loan was for a term of less than 31 days.

10 10. On October 5, 2007, Oregon Resident #1 did not pay off the loan and B&L again  
11 charged Oregon Resident #1 a fee of \$90 to rollover the loan for 14 days. This was the final  
12 rollover of the loan. As of October 5, 2007, the Respondents had charged Oregon Resident #1  
13 \$540 for a \$300 loan for 92 days. Calculating the APR for this loan, the Respondents charged  
14 Oregon Resident #1 an APR of approximately 714.13 percent for the 92-day period July 5, 2007  
15 to October 5, 2007. The October 5, 2007 rollover of the loan was for a term of less than 31 days.

16 11. In January 2008, Oregon Resident #1 ordered his bank to stop B&L from  
17 sweeping his bank account. B&L then began efforts to collect \$480 from Oregon Resident #1  
18 that they claimed was owed as loan principal. Oregon Resident #1 filed a complaint with the  
19 Division of Finance and Corporate Securities ("the Division"). On or about February 6, 2008,  
20 after Oregon Resident #1 complained to the Division, Respondent Best refunded \$150 to Oregon  
21 Resident #1.

22 12. Respondent B&L renewed or rolled over the loan to Oregon Resident #1 four  
23 times after the second rollover on August 10, 2007.

24 13. The average APR charged by B&L for the loan to Oregon Resident #1 was  
25 approximately 643.92 percent.

26 14. At all times relevant to this matter, B&L did not have an Oregon license issued by



1 the Director pursuant to ORS chapter 725 to engage in payday lending, title lending or consumer  
2 lending in Oregon.

3 15. B&L charged fees totaling more than 36 percent per annum for the initial loan and  
4 each of the rollovers of the loan made to Oregon Resident #1.

5 16. On or about February 6, 2008, the Division requested B&L provide information  
6 concerning any additional loans it had made to Oregon residents in addition to the loan to  
7 Oregon Resident #1. In response to the Division's request, Respondent Best emailed the  
8 Division indicating that B&L would cease violating the Oregon law, however, he failed to  
9 indicate whether he and B&L would provide the requested information.

10 17. On or about February 19, 2008, the Division requested B&L provide the Division  
11 with a list of all Oregon residents who were borrowers with B&L. The list was to include the  
12 amount borrowed by each Oregon resident and the amount B&L refunded or planned to refund  
13 to those Oregon borrowers. B&L declined to provide the requested information.

14 18. On or about March 31, 2008, the Division again requested that B&L provide  
15 information regarding loans to other Oregon residents. On April 21, 2008, the company's  
16 counsel sent a letter to the Division denying the request for information.

17 19. Pursuant to ORS 725.910(1), the Director may assess against any person who  
18 violates any provision of ORS chapter 725, or any rule or final order of the Director under that  
19 chapter, a civil penalty in an amount determined by the Director of not more than \$2,500.

20 20. In addition to any other penalty provided by law, the Director may assess a  
21 separate civil penalty against any person who lends money without the license required under  
22 ORS chapter 725. Pursuant to ORS 725.910(4), the Director may assess a civil penalty in an  
23 amount equal to the interest received that exceeds nine percent per annum. The Director is  
24 required to pay all moneys collected under this subsection to the Department of State Lands for  
25 the benefit of the Common School Fund.

26 21. Respondents charged Oregon Resident #1 a total of \$540 for the \$300 loan. The

1 period of the loan was 92 days. After deducting the principal of \$300, Respondents received  
2 \$240 in fees from Oregon Resident #1. When calculated at the statutory rate of nine percent per  
3 annum, Respondents would have been entitled, pursuant to ORS 725.910(4), to receive \$6.81 as  
4 interest on the loan to Oregon Resident #1. The amount B&L received in excess of the nine  
5 percent rate was \$233.19.

## 6 CONCLUSIONS OF LAW

7 The Director **CONCLUDES** that:

8 22. The loan made by Respondents to Oregon Resident #1 was a payday loan as  
9 defined in ORS 725.600(3).

10 23. Pursuant to ORS 726.602(1), Respondents made a loan to Oregon Resident #1  
11 subject to the provisions of the Oregon Consumer Finance Act, ORS chapter 725, as the loan was  
12 made to an Oregon consumer, then residing in Oregon, who negotiated or agreed to the terms of  
13 the loan via the Internet while physically present in Oregon and the borrower made a payment on  
14 the loan in Oregon.

15 24. Pursuant to ORS 726.602(2), Oregon Resident #1 made a payment on a loan in  
16 Oregon subject to the provisions of the Oregon Consumer Finance Act, ORS chapter 725, when  
17 Respondents debited the borrower's bank account, which was held in a branch of a financial  
18 institution located in Oregon.

19 25. On six dates subsequent to the initial loan, Respondents renewed or rolled over  
20 the existing payday loan made to Oregon Resident #1.

21 26. Respondents violated ORS 725.045(1) by making a payday loan of \$50,000 or  
22 less to Oregon Resident #1, and by renewing or rolling over that loan six additional times,  
23 without first obtaining a license under ORS chapter 725. The relevant dates for these  
24 transactions are on or about: July 5, 2007, July 27, 2007, August 10, 2007, August 24, 2007,  
25 September 7, 2007, September 21, 2007 and October 5, 2007.

26 27. Respondents violated ORS 725.622(1)(a) by making a payday loan, and renewing



1 or rolling over that loan six times, with the interest rate for each transaction exceeding 36 percent  
2 per annum.

3 28. Respondents violated ORS 725.622(1)(d) by making a payday loan for a term of  
4 less than 31 days.

5 29. Respondents committed six violations of ORS 725.622(1)(d) by renewing a  
6 payday loan six times for terms each less than 31 days.

7 30. Respondents committed four violations of ORS 725.622(1)(h) by renewing a  
8 payday loan four times beyond the first two renewals.

9 31. Respondents violated ORS 725.310 by refusing to produce records requested by  
10 the Division on or about February 6, 2008, February 19, 2008 and March 31, 2008, for the  
11 purpose of investigating violations of ORS chapter 725.

12 32. Respondents received \$233.19 in excess interest when calculated on the basis of  
13 nine percent APR on the seven payday loan transactions made to Oregon Resident #1 without  
14 first obtaining a license under ORS chapter 725.

### 15 ORDER

### 16 NOW, THEREFORE, THE DIRECTOR ISSUES THE FOLLOWING ORDERS:

17 33. Pursuant to the authority of ORS 725.400, the Director hereby **ORDERS** B&L to  
18 **CEASE AND DESIST** from violating any provision of the Oregon Consumer Finance Act, ORS  
19 chapter 725, OAR 441-730-0000 through 441-730-0320, or any rule, order, or policy issued by  
20 the Division.

### 21 CIVIL PENALTIES

22 34. Pursuant to ORS 725.910(1), the Director may assess against any person who  
23 violates any provision of ORS chapter 725, or any rule or final order of the Director under that  
24 chapter, a **CIVIL PENALTY** in an amount determined by the Director of not more than \$2,500.

25 35. Pursuant to the authority of ORS 725.910, the Director hereby **ASSESES** a  
26 **CIVIL PENALTY** against Respondents B&L and Best, jointly and severally, totaling \$70,000



1 (seventy thousand dollars) as follows:

2 a. Respondents are assessed a **CIVIL PENALTY** in the amount of \$17,500  
3 (seventeen thousand five hundred dollars) for violations of ORS 725.045(1), consisting of a  
4 **CIVIL PENALTY** of \$2,500 (two thousand five hundred dollars) for each of seven payday loan  
5 transactions of \$50,000 (fifty thousand dollars) or less made by B&L in Oregon without first  
6 obtaining the license required under ORS chapter 725;

7 b. Respondents are assessed a **CIVIL PENALTY** in the amount of \$17,500  
8 (seventeen thousand five hundred dollars) for violations of ORS 725.622(1)(a), consisting of a  
9 **CIVIL PENALTY** of \$2,500 (two thousand five hundred dollars) for each of seven payday loan  
10 transactions made in Oregon at rates of interest exceeding 36 percent per annum;

11 c. Respondents are assessed a **CIVIL PENALTY** in the amount of \$17,500  
12 (seventeen thousand five hundred dollars) for violations of ORS 725.622(1)(d), consisting of a  
13 **CIVIL PENALTY** of \$2,500 (two thousand five hundred dollars) for each of seven payday loan  
14 transactions made in Oregon with terms of less than 31 days;

15 d. Respondents are assessed a **CIVIL PENALTY** in the amount of \$10,000 (ten  
16 thousand dollars) for violations of ORS 725.622(1)(h), consisting of a **CIVIL PENALTY** of  
17 \$2,500 (two thousand five hundred dollars) for each of four renewals of a payday loan made  
18 after the two renewals allowed by statute; and

19 e. Respondents are assessed a civil penalty in the amount of \$7,500 (seven thousand  
20 five hundred dollars) for violations of ORS 725.310, consisting of a civil penalty of \$2,500 (two  
21 thousand five hundred dollars) for failing on three occasions to comply with the request of the  
22 Director to produce documents or records for investigation of violations of ORS chapter 725.

23 36. In addition to any other penalty provided by law, the Director may assess a  
24 separate **CIVIL PENALTY** against any person who lends money without the license required  
25 under ORS chapter 725. Pursuant to ORS 725.910(4), the Director may assess a civil penalty in  
26 an amount equal to the interest received that exceeds nine percent per annum. The Director is





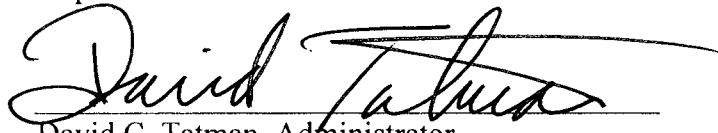
1 required to pay all moneys collected under this subsection to the Department of State Lands for  
2 the benefit of the Common School Fund.

3 37. Pursuant to ORS 725.910(4), the Director assesses Respondents B&L and Best,  
4 jointly and severally, an additional **CIVIL PENALTY** in the amount of \$233.19 (two hundred  
5 thirty-three dollars nineteen cents), an amount equal to the interest received by B&L on the loans  
6 made to Oregon Resident #1 that exceeded nine percent per annum. That amount will be  
7 remitted to the Oregon Department of State Lands for the benefit of the Common School Fund.  
8 The Director reserves the right to amend this amount at hearing should it prove that B&L made  
9 additional Oregon loans.

10 The entry of this Order in no way limits further remedies which may be available to the  
11 Director under Oregon law.

12 Dated this 30<sup>th</sup> day of October, 2008 at Salem, Oregon, NUNC  
13 PRO TUNC September 2, 2008.

14 CORY STREISINGER, Director  
15 Department of Consumer and Business Services

16 

17 David C. Tatman, Administrator  
18 Division of Finance and Corporate Securities

19 **RIGHT TO JUDICIAL REVIEW**

20 You have the right to appeal this Order to the Oregon Court of Appeals pursuant to ORS  
21 183.482. To appeal you must file a petition for judicial review with the Court of Appeals within  
22 60 days from the day this Order was served on you. If this Order was personally delivered to  
23 you, the date of service is the day you received the Order. If this Order was mailed to you, the  
24 date of service is the day it was mailed, not the day you received it. If you do not file a petition  
25 for judicial review within the 60-day time period, you will lose your right to appeal.

26 ///

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

