

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

6 In the Matter of

Case No. I-13-0615

7 VIP PDL SERVICES, LLC;
8 dba VIP Loan Shop,

FINAL ORDER TO CEASE AND
DESIST AND ASSESSING CIVIL
PENALTY ENTERED BY DEFAULT

Respondent.

9 On March 5, 2014, the Director of the Department of Consumer and Business
10 Services for the State of Oregon (the “Director”), acting under the authority of the
11 Oregon statutes regulating payday lending, ORS 725A.010 to 725A.092 and 725A.990
12 and the Oregon Administrative Rules adopted thereunder, and in compliance with ORS
13 183.415(3), served by certified mail Administrative Order I-13-0615, ORDER TO
14 CEASE AND DESIST, PROPOSED ORDER ASSESSING CIVIL PENALTY AND
15 NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING (“Notice Order”), to
16 Respondent VIP PDL Services, LLC dba VIP Loan Shop (hereinafter “VIP” or
17 “Respondent”). The Notice Order was also mailed by regular first-class U.S. mail.

18 In accordance with OAR 137-003-0075, the Notice Order designated the
19 Division’s file on this matter, including all materials submitted by the Respondent, as the
20 record for the purpose of making a prima facie case in the event that the Director entered
21 a final order against the Respondent by default.

22 Respondent has not filed a timely request for hearing and the time to request an
23 administrative hearing as stated in the Notice Order has now expired.

24 After a review of the record, the Director is persuaded that the record contains
25 facts necessary to support the issuance of this Final Order by Default.

26 Now, therefore, the Director hereby issues the following Findings of Fact,

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 Conclusions of Law and Final Orders.

3 I. FINDINGS OF FACT

4 The Director FINDS that:

5 1. Respondent VIP PDL Services, LLC is believed to be a limited liability
6 company organized under the laws of the Federation of Saint Kitts and Nevis, with its
7 business office located at Suite 4 Solomon's Arcade, Charlestown, Federation of Saint
8 Kitts and Nevis, West Indies. VIP also has used an address of Apartado Postal 1459-
9 1200, San Jose Costa Rica. VIP is not registered with the Oregon Secretary of State as a
10 foreign business. VIP is understood to do business using the assumed business name VIP
11 Loan Shop.

12 2. VIP is in the business of making loans to individuals primarily for personal,
13 family or household purposes for periods of less than 60 days. The loans are not made as
14 purchase money loans and are usually evidenced by a check or electronic repayment
15 agreement provided by or on behalf of the borrower. These loans are commonly called
16 "payday loans". VIP conducts its payday loan business via the Internet through its
17 website www.theviploanshop.com ("the VIP website").

18 3. At all times relevant to this matter, VIP was not licensed in Oregon with the
19 Director as a payday lender.

20 4. On May 1, 2012, the Director issued an Order to Cease and Desist, Order
21 Suspending Collection Activities and Order Assessing Civil Penalty Entered by Default
22 against VIP for violations of ORS chapter 725¹, the Oregon laws regulating payday
23 lending. VIP was ordered to cease and desist from violating the law, ordered to suspend
24 collection activities, and ordered to pay a civil penalty of \$15,000.

25 _____
26 ¹ Provisions of those statutes were subsequently amended, repealed and renumbered. *See* Or Laws 2010
Special Session, ch. 23.



1 5. Since the time of that earlier Order, the Oregon Department of Consumer and
2 Business Services' Division of Finance and Corporate Securities ("DFCS") has received
3 complaints from three Oregon consumers regarding VIP payday loans.

4 Oregon Borrower "KM"

5 6. At all times relevant to this matter, an individual identified herein as "KM"
6 was a resident of the State of Oregon.

7 7. In late 2012 or early 2013, KM negotiated and obtained a \$500 short term
8 consumer loan from VIP via the Internet through the VIP website. The loan negotiated
9 between KM and VIP was done while KM was physically present in Oregon.

10 8. The loan made to KM by VIP was primarily for personal, family or household
11 purposes.

12 9. Five days after obtaining the loan, KM paid \$75 to VIP. Following that, KM
13 was expected to make loan interest payments of \$225 every month for five months before
14 making any payments on the principal of the loan. These payments were to be deducted
15 from KM's Oregon bank account.

16 10. The initial loan period for the loan made by VIP to KM was less than 31 days.
17 The effective APR for the loan from VIP to KM was more than 36 percent.

18 Oregon Borrower "RB"

19 11. At all times relevant to this matter, an individual identified herein as "RB"
20 was a resident of the State of Oregon.

21 12. On or about August 2013, RB negotiated a \$500 short term consumer loan
22 with VIP via the Internet through the VIP website. RB intended the loan primarily for
23 personal, family or household purposes. RB negotiated the loan with VIP while
24 physically present in Oregon.

25 13. Under the terms of the loan agreement, the initial loan period was
26 approximately 13 days. RB paid a fee of \$225 on September 1, 2013. RB was to incur a



1 fee of \$225 every two weeks until at some point the loan fee would be reduced and
2 payments would begin to apply against the loan principal. RB was never told when the
3 loan would be repaid.

4 14. The effective APR for the loan to RB was approximately 842 percent.

5 15. VIP deducted funds from RB's Oregon bank account for repayment of the
6 loan and the associated fee.

7 Oregon Borrower "DW"

8 16. At all times relevant to this matter, an individual identified herein as "DW"
9 was a resident of the State of Oregon.

10 17. On or about March 17, 2013, DW negotiated a \$500 short term consumer loan
11 with VIP via the Internet through the VIP website. DW intended the loan primarily for
12 personal, family or household purposes. DW negotiated the loan with VIP while
13 physically present in Oregon.

14 18. Under the terms of the loan agreement, the initial loan period was
15 approximately 14 days. DW had loan fees deducted from his Oregon bank account
16 approximately every two weeks ranging from \$137.50 to \$175.00. At the most, only \$25
17 of each payment was applied to the loan principal.

18 19. The effective APR for the loan to DW was approximately 847 percent.

20 II. CONCLUSIONS OF LAW

21 The Director CONCLUDES that:

22 20. The short term consumer loans made to Oregon residents KM, RB and DW by
23 VIP were payday loans as defined by ORS 725A.010(5)(a) in that the loans were each
24 made primarily for personal, family or household purposes, were each in an amount less
25 than \$50,000, and were each evidenced by a check or electronic repayment agreement
26 provided by or on behalf of the borrower.



1 21. In accordance with ORS 725A.012(3)(a), VIP is subject to ORS 725A.010 to
2 725A.092 and 725A.990 because VIP, in its capacity as a lender, made payday loans to
3 the individuals identified herein as KM, RB and DW, who resided in or maintained a
4 domicile in Oregon, and each borrower:

5 a. Negotiated or agreed to the terms of the payday loan in person, by mail, by
6 telephone, or via the Internet while physically present in Oregon;

7 b. Entered into or executed a contract with VIP for a payday loan in person, by
8 mail, by telephone, or via the Internet while physically present in Oregon; or

9 c. Made payment on the payday loan while in Oregon.

10 22. The consumers made payments on the loans in this state as that term is
11 defined in ORS 725A.012(3)(b) when VIP debited the consumers' respective Oregon
12 bank accounts, each of which was held in a branch of a financial institution located in
13 Oregon.

14 23. VIP violated ORS 725A.020(1)(a) by conducting a business in which it made
15 payday loans as defined by ORS 725A.010(5)(a) to Oregon residents without first
16 obtaining a license under ORS 725A.024. Each instance VIP made a payday loan to an
17 Oregon resident without first obtaining a license is a separate and distinct violation of
18 ORS 725A.020(1)(a).

19 24. VIP violated ORS 725A.064(1) by making or renewing a payday loan at a rate
20 of interest exceeding 36 percent per annum, excluding a one-time origination fee for a
21 new loan not to exceed \$30. Each instance VIP made or renewed a payday loan with an
22 Oregon resident at a rate of interest exceeding 36 percent per annum is a separate and
23 distinct violation of ORS 725A.064(1).

24 25. VIP violated ORS 725A.064(3) by making or renewing a payday loan for a
25 term of less than 31 days. Each instance VIP made or renewed a payday loan with an
26 Oregon resident for a term of less than 31 days is a separate and distinct violation of ORS



1 725A.064(3).

2 26. VIP violated the prior Final Order of the Director, PD-11-0108, issued to VIP
3 on May 1, 2012, and the civil penalty of \$15,000 assessed therein remains due and
4 owing.

6 III. ORDERS

7 Now, therefore, the Director proposes to issue the following ORDERS:

8 Order to Cease and Desist

9 27. As authorized by ORS 725A. 082, the Director ORDERS VIP, and all entities
10 owned or controlled by VIP, their successors and assignees, to CEASE AND DESIST
11 from violating any provision of ORS 725A.010 to 725A.092 and 725A.990, or any
12 administrative rule adopted by the Director under those statutes.

13 Order Assessing Civil Penalty

14 28. As authorized by ORS 725A.990, the Director may assess a CIVIL
15 PENALTY in an amount determined by the Director of not more than \$2,500 per
16 violation against any person who violates any provision of ORS 725A.010 to 725A.092
17 and 725A.990. In accordance with this provision, the Director ORDERS that VIP be
18 assessed a CIVIL PENALTY in the amount of \$45,000 (forty-five thousand dollars) as
19 follows:

20 a. A CIVIL PENALTY of \$7,500 (seven thousand five hundred dollars) for
21 three violations of ORS 725A.020(1)(a) by conducting a business in which it made
22 payday loans as defined by ORS 725A.010(5)(a) to three Oregon residents without first
23 obtaining a license under ORS 725A.024;

24 b. A CIVIL PENALTY of \$7,500 (seven thousand five hundred dollars) for
25 violation of ORS 725A.064(1) by making or renewing three payday loans at a rate of
26 interest that exceeds 36 percent per annum, excluding a one-time origination fee of no



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

more than \$30;

c. A CIVIL PENALTY of \$7,500 (seven thousand five hundred dollars) for violation of ORS 725A.064(3) by making or renewing three payday loans, each for terms of less than 31 days; and

d. A CIVIL PENALTY of \$22,500 (twenty-two thousand five hundred dollars) for violation of ORS 725A.990(1) by committing nine violations of the final order issued by the Director on May 12, 2012.

Civil Penalty from Prior Order

29. As authorized by ORS 725A.990 and former ORS 725.910 (2010), VIP owes the civil penalty of \$15,000 levied against it in the Director’s Final Order PD-11-0108 issued May 1, 2012.

IV. DESIGNATION OF RECORD

30. The Director designates the Division’s file on this matter, which includes all materials submitted by the party, as the record in this case. Pursuant to OAR 137-003-0075(3), that record contains sufficient evidence of the existence of facts necessary to support a final order by default should the Director issue such an order.

IT IS SO ORDERED.

Dated this 8th day of April, 2014.

PATRICK M. ALLEN, Director
Department of Consumer and Business Services

/s/ David Tatman
David C. Tatman, Administrator
Division of Finance and Corporate Securities

//
//
//

NOTICE OF RIGHT TO APPEAL

1 You are entitled to seek judicial review of this order in accordance with ORS
2 183.482. You may request judicial review by filing a petition with the Oregon Court of
3 Appeals in Salem, Oregon within 60 days from the date of this order.

4 *[The rest of this section intentionally left blank.]*
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
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

