

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF:)	
)	
DC Holdings, LLC,)	FINDINGS OF FACT
d/b/a Direct Check,)	CONCLUSIONS OF LAW
510 Broadway #A,)	AND
Scottsbluff, Scotts Bluff County, Nebraska)	CONSENT AGREEMENT

THIS MATTER comes before the Nebraska Department of Banking and Finance (“DEPARTMENT”), by and through its Director, pursuant to its authority under the Delayed Deposit Services Licensing Act, Neb. Rev. Stat. §§ 45-901 to 45-929 (Reissue 2004; Cum. Supp. 2006; Supp. 2007) (“the Act”). Pursuant to Neb. Rev. Stat. § 45-920 (Supp. 2007), the DEPARTMENT has examined the books, accounts, and records of DC Holdings, LLC, d/b/a Direct Check, 510 Broadway #A, Scottsbluff, Scotts Bluff County, Nebraska (“DIRECT CHECK”). As a result of such examination, and being duly advised and informed in the matter, the Director and DIRECT CHECK enter into the following Findings of Fact, Conclusions of Law, and Consent Agreement.

FINDINGS OF FACT

1. DIRECT CHECK holds a delayed deposit services business license under the Act. License #1911 was originally granted June 25, 2001, and has been renewed annually on May 1st since that time pursuant to Neb. Rev. Stat. § 45-910 (Cum. Supp. 2006).
2. On October 27, 2006, DC Holdings, LLC assumed control of Money Central of Nebraska, Inc., d/b/a Direct Check. The DEPARTMENT’s approval of the change of control was conditioned upon DC Holdings, LLC assuming responsibility for any violations noted in

the 2006 Money Central of Nebraska, Inc., d/b/a Direct Check ("Money Central"), Reports of Examination.

3. On August 16, 2006, the DEPARTMENT commenced an examination of Money Central pursuant to Neb. Rev. Stat. § 45-920 (Supp. 2007). This examination included an on-site visitation of Money Central's Scottsbluff, Scotts Bluff County, Nebraska location.

4. The August 16, 2006 Report of Examination ("Report") of Money Central was forwarded to DIRECT CHECK on November 27, 2006. The Report noted a number of violations of the Act. DIRECT CHECK submitted responses received by the DEPARTMENT on January 16, 2007 and April 26, 2007.

5. The three previous regular examinations of DIRECT CHECK conducted June 18, 2003 ("2003 Exam"), July 14, 2004 ("2004 Exam"), and May 3, 2005 ("2005 Exam"), also revealed a number of violations of the Act. The findings of the 2003 Exam resulted in a Consent Agreement between DIRECT CHECK and the DEPARTMENT, effective April 6, 2004. As part of the April 2004 Consent Agreement, DIRECT CHECK agreed to review the Act with all current employees and upon hiring of any future employees. DIRECT CHECK also agreed to retain signed, dated statements from these employees attesting that they have reviewed the Act. The findings of the 2004 Exam resulted in a Consent Agreement between DIRECT CHECK and the DEPARTMENT, effective May 16, 2005. The findings of the 2005 Exam resulted in a Consent Agreement between DIRECT CHECK and the DEPARTMENT, effective March 27, 2006. Repeat violations of the Act will be noted below.

6. References in this Consent Agreement to customers of Money Central will be by way of initials, in order to protect the privacy of such customers. DIRECT CHECK knows

or should know the identity of these customers. If DIRECT CHECK is unable to ascertain the identity of these customers, the DEPARTMENT will provide a list of these customers upon receipt of a written request.

7. The Report noted that DIRECT CHECK had a pamphlet available to customers in the store which indicated, in part, that DIRECT CHECK was offering "Short Term Loans." The licensee was reminded in the Report that the word "loan or loans" cannot be used when advertising delayed deposit transactions.

8. DIRECT CHECK's April 26, 2007 response addressed this issue by stating:

The pamphlet that you reference in you (sic) second paragraph is a pamphlet that was used company wide for Money Central, in Money Central locations in South Dakota, North Dakota, and Montana the word loan is still used for payday advances, also in South Dakota Money Central offered Title Loans. Here in Nebraska we do not offer Title Loans and use the word advance. We have had new pamphlets made which do not use the words "Loan", "Title Loan" or "Prepaid debit Card". These new Pamphlets are in use at all the Nebraska locations.

9. DIRECT CHECK's use of the term "loan" in connection with pamphlets available to customers in the store referencing delayed deposit services transactions at its Scotts Bluff County location suggests that DIRECT CHECK could not meet the conditions of Neb. Rev. Stat. § 45-908 (Reissue 2004).

10. The Report revealed sixteen instances where checks were held for more than thirty-one days, for customers WJ, RR, MA, TB, TC, LE, KK, DL, RL, VO, RR, RR, CR, SR, CV, and AW.

11. DIRECT CHECK's January 16, 2007 response addressed this issue by stating:

In all of these cases with the exception of items d and f these checks were held for over 31 days, Ms. Fraedrich no longer works for Direct Check so I was unable to contact her about the reasons for these mistakes. I did however discuss this audit with the new manager and am very confident that this will not happen again at this location. Indeed it should not

happen again because our new internal policy will be to present checks by the 31st day instead of the new ruling of 34 days. This policy in combination with our new policy of checking the holds due report each morning and flagging each file that is approaching the 31st day should put an end to this problem.

12. Money Central's holding of checks from customers WJ, RR, MA, TB, TC, LE, KK, DL, RL, VO, RR, RR, CR, SR, CV, and AW in excess of thirty-one days represents sixteen (16) separate violations of Neb. Rev. Stat. § 45-919(1)(c) (Reissue 2004). The initiated transaction was completed before the effective date of the 2006 change in statute expanding the holding period to thirty-four days. These violations are repeat violations, having been noted in the 2003 Exam, the 2004 Exam, and the 2005 Exam.

13. The DEPARTMENT could conclude that the actions of DIRECT CHECK as successor to Money Central warrant the commencement of administrative proceedings to determine whether it should impose an administrative fine in an amount up to five thousand dollars per violation, plus investigation costs, pursuant to Neb. Rev. Stat. § 45-925 (Cum. Supp. 2006).

14. The DEPARTMENT incurred a minimum of two hundred fifty dollars in investigation costs in this matter.

CONCLUSIONS OF LAW

1. Neb. Rev. Stat. § 45-908 (Reissue 2004) provides that in order to issue a delayed deposit services business license, the Director must determine that the character and general fitness of the applicant and its officers, directors, and shareholders are such as to warrant a belief that the business will be operated honestly, fairly, efficiently, and in accordance with the Act. To operate efficiently, a licensee must ensure that signage and any advertising referencing a delayed deposit services transaction is accurate

2. Neb. Rev. Stat. § 45-919 (Cum. Supp. 2006) sets forth acts which are prohibited to a licensee. These acts include agreeing to hold a check for more than thirty-four days pursuant to Section 45-919(1)(c). At the time the violations at issue occurred, Section 45-919(1)(c) (Reissue 2004) prohibited holding a check for more than thirty-one days.

3. Neb. Rev. Stat. § 45-925 (Cum. Supp. 2006) provides that if the Director finds, after notice and opportunity for hearing, that any person has violated the Act, the Director may order such person to pay an administrative fine of not more than five thousand dollars for each separate violation and the costs of an investigation.

4. The facts listed in the above Findings of Fact constitute a sufficient basis for the Director to have determined that DIRECT CHECK as successor to Money Central has violated the Act, and that an administrative fine in an amount of not more than five thousand dollars for each separate violation plus costs of investigation should be imposed in accordance with Neb. Rev. Stat. § 45-925 (Cum. Supp. 2006).

5. Under the Act's statutory framework, the Director has the legal and equitable authority to fashion significant remedies.

6. It is in the best interest of DIRECT CHECK, and it is in the best interest of the public, for DIRECT CHECK and the DEPARTMENT to resolve the issues included herein.

CONSENT AGREEMENT

The DEPARTMENT and DIRECT CHECK agree as follows:

Stipulations: In connection with this Consent Agreement, DIRECT CHECK and the Director stipulate to the following:

1. The DEPARTMENT has jurisdiction as to all matters herein.

2. This Consent Agreement shall resolve all matters raised by the DEPARTMENT's August 16, 2006 examination of Money Central. Should future circumstances warrant, the facts from this matter may be considered in a future administrative action by the DEPARTMENT.

3. This Consent Agreement shall be in lieu of all other proceedings available to the DEPARTMENT, except as specifically referenced in this Consent Agreement.

DIRECT CHECK further represents as follows:

1. DIRECT CHECK is aware of its right to a hearing on these matters at which it may be represented by counsel, present evidence, and cross examine witnesses. The right to such a hearing, and any related appeal, is irrevocably waived.

2. DIRECT CHECK is acting free from any duress or coercion of any kind or nature.

3. This Consent Agreement is executed to avoid further proceedings and constitutes an admission of violations of the Act solely for the purpose of this Consent Agreement and for no other purpose.

IT IS, THEREFORE AGREED as follows:

1. Within ten (10) days after the effective date of this Consent Agreement, DIRECT CHECK shall pay a fine of one hundred dollars (\$100.00) for the instance where advertising referencing delayed deposit services transactions was not accurate.

2. Within ten (10) days after the effective date of this Consent Agreement, DIRECT CHECK shall pay a fine of one thousand dollars (\$1,000.00) for each of the sixteen repeat violations of Neb. Rev. Stat. § 45-919 (1)(c), where checks were held more than thirty-one days.

3. Within ten (10) days after the effective date of this Consent Agreement, DIRECT CHECK shall pay the DEPARTMENT's investigation costs in the amount of two hundred fifty dollars (\$250.00).

4. The total amount of the fine, sixteen thousand one hundred dollars (\$16,100.00), plus the total amount of investigation costs, two hundred fifty dollars (\$250.00), shall be payable in one check or money order in the amount of sixteen thousand three hundred fifty dollars (\$16,350.00) to the DEPARTMENT.

5. In the event DIRECT CHECK fails to comply with any of the provisions of this Consent Agreement, the DEPARTMENT may commence such action regarding DIRECT CHECK as it deems necessary and appropriate in the public interest.

6. If, at any time, the DEPARTMENT determines DIRECT CHECK has committed any other violations of the Act, the DEPARTMENT may take any action available to it under the Act.

7. The effective date of this Consent Agreement will be the date of the Director's signature.

DATED this 21st day of March, 2008.

**DC HOLDINGS, LLC,
D/B/A DIRECT CHECK**


By: _____


Thomas Johnson, Director of Operations

510 Broadway #A
Scottsbluff, Nebraska 69361
(308) 635-5041

DATED this 2nd day of April, 2008.

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND FINANCE**

By: 
John Munn, Director

Commerce Court, Suite 400
1230 "O" Street
Lincoln, Nebraska 68508
(402) 471-2171