

gab/wc  
SIBA

STATE OF ALABAMA  
STATE BANKING DEPARTMENT  
BUREAU OF LOANS

STATE OF ALABAMA	)	
STATE BANKING DEPARTMENT	)	
	)	
Complainant,	)	
	)	
v.	)	License No. DP-21746
	)	
DON'S PAWN AND JEWELRY,	)	
	)	
Respondent.	)	

**FINAL ORDER**

Having reviewed the entire record of the above-named proceeding, and the documents filed with the Alabama Banking Department regarding this matter (including the Recommended Order), the Supervisor, Bureau of Loans, makes the following rulings, findings, conclusions, determinations, and dispositions:

**PROCEDURAL BACKGROUND**

On or about July 5, 2016, the Alabama Banking Department ("the Department") conducted an examination of Don's Pawn and Jewelry and discovered numerous violations of the Deferred Presentment Services Act. The Department sent a Notice of Intent to Revoke License to Don's Pawn and Jewelry and its President, Walter Martin ("Martin") on August 17, 2016.

On September 20, 2016, Administrative Law Judge Randy C. Sallé held an administrative hearing on behalf of the Department on its intent to revoke the license of Don's Pawn and Jewelry. The Department was represented by Anne W. Gunter, Esq., Associate

Counsel for the Department. Examiner Peter Martin testified on behalf of the Department.

Walter Martin appeared *pro se* and testified on behalf of Don's Pawn and Jewelry.

The ALJ entered a Recommended Order on Findings of Fact and Conclusions of Law on October 3, 2016. The Order held that the Respondents failed to adhere to the Deferred Presentment Services Act and recommended the revocation of Don's Pawn and Jewelry's Deferred Presentment Services license.

#### FINDINGS OF FACT

The Findings of Fact as set forth in ALJ Sallé's October 3, 2016 Recommended Order are approved, adopted, and incorporated herein by reference.

#### CONCLUSIONS OF LAW

The Conclusions of Law as set forth in ALJ Sallé's October 3, 2016 Recommended Order are approved, adopted, and incorporated herein by reference.

#### DISPOSITION

Accordingly, the Supervisor, Bureau of Loans accepts the recommendation of ALJ Sallé and hereby revokes the license of Don's Pawn and Jewelry (License No. DP-21746).

THEREFORE, the Department having determined that this Order is necessary and appropriate, The Supervisor of the Bureau of Loans, hereby REVOKES Don's Pawn and Jewelry's Deferred Presentment Services license.

Upon the effective date of this Order, Don's Pawn and Jewelry's status in the Veritec Statewide Database shall be changed to Restricted Status for 90 days. After 90 days Don's Pawn and Jewelry's access to the Veritec Statewide Database will be terminated. Any remaining open loans will be administratively closed by the Department at the end of the 90 days.

The provisions of this Order shall be binding upon Don's Pawn and Jewelry, any affiliated parties, and any successors and assigns thereof, effective immediately.

DONE and ORDERED by the Supervisor of the Bureau of Loans on the 16th day of September, 2016.

/s/ Scott Corscadden  
Scott Corscadden  
Supervisor, Bureau of Loans

BEFORE THE STATE OF ALABAMA  
 STATE BANKING DEPARTMENT  
 BUREAU OF LOANS

STATE OF ALABAMA	)
STATE BANKING DEPARTMENT,	)
	)
Complainant,	)
	)
v.	)
	)
DON'S PAWN & JEWELRY,	)
	)
Respondent.	)

**RECOMMENDED ORDER ON FINDINGS OF FACT  
 AND CONCLUSIONS OF LAW**

**Procedural History**

On or about July 5, 2016, Alabama State Banking Department (“Department”) Examiner Peter D. Martin (“Peter”) conducted a compliance examination of Don’s Pawn & Jewelry (“Respondent”). During his examination, Peter discovered Respondent completed four deferred presentment loans without verifying borrower eligibility on the statewide database; failed to maintain accurate customer documentation; charged an impermissible late fee; failed to maintain records of a loan; used two different social security numbers for one borrower; failed to timely close two loans; and failed to properly refund fees to borrower Judy Billingsley after being instructed by the Department to do so.<sup>1</sup>

---

<sup>1</sup> Department Exhibit I.

On August 17, 2016, the Department sent a letter to Walter Martin (“Walter”), owner of Don’s Pawn & Jewelry, indicating the Department’s intent to revoke the Deferred Presentment license for Respondent based upon multiple violations.<sup>2</sup>

On September 20, 2016, the undersigned hearing officer, on behalf of the Department, held an administrative hearing for the purpose of hearing the Department’s evidence and allowing Walter to present such evidence and any response that he might have concerning the Department’s intent to revoke Respondent’s Deferred Presentment license.

Walter appeared and testified on behalf of Respondent. The Department was represented by Anne W. Gunter, Esq., Associate Counsel.

The Department offered sixteen exhibits which were admitted into the record.

### **Findings of Fact**

Having reviewed the documentary evidence, having heard the witnesses’ testimony, having observed the witnesses’ demeanor and assessed their credibility, the undersigned finds the greater weight of the evidence supports the following findings of fact:

1. The Department has jurisdiction under the Alabama Deferred Presentment Services Act, ALA. CODE § 5-18A-1, *et seq.* The Department acted

---

<sup>2</sup> Department Exhibit 16.

within that jurisdiction and its authority in the July 5, 2016 examination and subsequent issuance of the Notice of Intent to assess civil money penalties.

2. Walter is the owner of Don's Pawn & Jewelry in Heflin, Alabama.

3. During a routine examination of Don's Pawn & Jewelry on July 5, 2016, Peter found four deferred presentment loans executed by Respondent without verifying the borrowers' eligibility *via* the Veritec database.<sup>3</sup>

4. Don's Pawn & Jewelry was properly registered to use the Veritec database.

5. A loan was made to Terry Vise on January 9, 2016. The loan was never entered into the Veritec database.<sup>4</sup>

6. A loan was made to James McGraw on January 8, 2016. The loan was never entered into the Veritec database.<sup>5</sup>

7. A loan was made to Judy Billingsley on May 26, 2016. The loan was entered into the Veritec database a day later on May 27, 2016.<sup>6</sup>

8. A loan was made to Otha Burton on March 23, 2016. The loan was entered into the Veritec database five days later on March 28, 2016.<sup>7</sup>

---

<sup>3</sup> Testimony of Peter and Department Exhibits 1-14.

<sup>4</sup> Department Exhibit 4. Compare Department Exhibit 4 with Department Exhibit 5.

<sup>5</sup> Department Exhibit 4. Compare Department Exhibit 4 with Department Exhibit 6.

<sup>6</sup> Department Exhibit 4. Compare Department Exhibit 4 with Department Exhibit 7.

<sup>7</sup> Department Exhibit 4. Compare Department Exhibit 4 with Department Exhibit 8.

9. One customer, Kimberly Hollis, had loans under two different social security numbers.<sup>8</sup> Peter did not find any documentation in the customer's file establishing her correct social security number. Walter testified he kept that information in a separate file; however, the file was not provided to the examiner at the time of the inspection.

10. Peter noted a late fee charged to customer Kimberly Hollis.<sup>9</sup> Walter told the examiner that his software automatically generates late fees, but he does not collect them. The check attached to the exhibit did not include the \$10.00 late fee. The total amount of the principal and interest was \$587.50. Hollis's check to Don's Pawn and Jewelry was written for \$587.50.

11. Respondent's records showed that two loans were not closed timely. Kimberly Hollis entered into an agreement on January 11, 2016. Respondent's paperwork showed Hollis's loan was still open as of the date of the examination on July 5, 2016. The loan had actually been renewed for Hollis using an incorrect social security number on January 26, 2016, and that loan was closed on February 18, 2016.<sup>10</sup> Furthermore, George Ivey entered into an agreement on May 7, 2016. The

---

<sup>8</sup> Department Exhibit 10.

<sup>9</sup> Department Exhibit 9.

<sup>10</sup> Department Exhibit 10.

loan was due on June 6, 2016. As of the July 5, 2016 examination, the loan remained open.<sup>11</sup>

12. Following an examination conducted by the Department in December, 2015, Respondent was ordered, by letter dated January 12, 2016, to reimburse Judy Billingsley the finance charge for a December 5, 2015 loan. During the July examination, Peter asked Walter about the refund. Walter indicated he reimbursed the fees in cash and had no record of the reimbursement.<sup>12</sup>

16. Walter admitted during his testimony that mistakes were made. Walter was out of the office for surgery from January 3, 2016 through March 6, 2016. Walter's part-time help, Eugene McCormick, was not properly trained to use the Veritec database in Walter's absence. Walter also explained that Kimberly Hollis had two different social security numbers on two separate loans due to a scrivener's error. Walter contended he had a copy of Kimberly Hollis's social security card in a file in his office, however, the file was not with her main file. Walter also explained that George Ivey's loan was kept open because he was trying to work with the customer. Walter testified he left the loan open and allowed the customer to pay a little here and a little there until he was all paid up.

---

<sup>11</sup> Department Exhibit 12.

<sup>12</sup> Department Exhibit 3 and testimony of Peter.



## Conclusions of Law

The State Banking Department Bureau of Loans, Regulation 155-2-4-.09

states, in pertinent part:

(1) In order to comply with the intent of the Act regarding the maximum loan amount for a single customer, the State Banking Department shall implement a common approved database with real-time access through an internet connection. Each licensee shall use the same approved third-party database service provider as determined by the State Banking Department.

...

(4) Licensees must submit accurate and timely information to the database service provider. Failure to do so may result in the assessment of civil money penalties and/or license revocation.

Don's Pawn & Jewelry executed multiple transactions without checking the Veritec database. This constitutes significant violations of Regulation 155-2-4-.09. When Peter reviewed Respondent's information, many of the files were either incomplete or had insufficient supporting documentation. Respondent had prior violations discovered during a December 2015 examination. The Deferred Presentment Services Act permits revocation of license for violations under the chapter.<sup>13</sup> In the Department's January 12, 2016 letter to Respondent, the Department warned: "Repeat violations may be grounds for license revocation."<sup>14</sup>

---

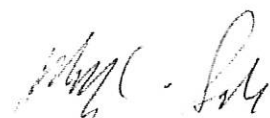
<sup>13</sup> ALA. CODE § 5-18A-15.

<sup>14</sup> Department Exhibit 1.

### Recommendation

The undersigned has carefully considered all the evidence in this case. Respondent failed to use the Veritec database on multiple transactions. Failure of a business to adhere to the laws of the Department jeopardizes the interests and welfare of the State's consumers. Respondent testified he wanted to help his customers and many of his actions were an attempt to assist them. However, failure to follow the Deferred Presentment rules exposes his customers to liability. The Department cannot condone such behavior from a business. Based upon Respondent's failure to adhere to the laws and rules of the Department, revocation of Respondent's Deferred Presentment license is appropriate. Pursuant to the rules of the Department, the administrative staff's decision to **REVOKE** Respondent's license is appropriate and should be upheld.

Done this 3<sup>rd</sup> day of October, 2016.



---

Randy C. Sallé  
Administrative Law Judge  
State Personnel Department  
64 North Union Street  
Montgomery, Alabama 36130  
Phone: (334) 242-8353  
Fax: (334) 353-9901

cc: Scott Corscadden, Supervisor, Bureau of Loans  
Alabama State Banking Department  
Center for Commerce  
401 Adams Avenue  
P. O. Box 4600  
Montgomery, Alabama 36103-4600

Anne W. Gunter, Esq.  
Alabama State Banking Department  
Center for Commerce  
401 Adams Avenue  
P. O. Box 4600  
Montgomery, Alabama 36103-4600

Don's Pawn & Jewelry  
191 Burns Street  
Heflin, Alabama 36264