

STATE OF ALABAMA  
STATE BANKING DEPARTMENT  
BUREAU OF LOANS

STATE OF ALABAMA	)	
STATE BANKING DEPARTMENT	)	
	)	
Complainant,	)	
	)	Case No. DP-2018-004
v.	)	License No. DP-22508
	)	
MR. QUICK	)	
	)	
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 June 13, 2018, the Alabama Banking Department (“the Department”) conducted a routine examination of Mr. Quick and discovered substantial and significant violations of the Alabama Deferred Presentment Act. The Department sent a Notice of Intent to Revoke License to Mr. Quick and its manager, Courtney Hargrove, on July 25, 2018.

On September 26, 2018, Administrative Law Judge Randy C. Sallé held an administrative hearing on behalf of the Department on its intent to revoke the license of Mr. Quick. The Department was represented by Anne W. Gunter, Esq., Associate Counsel for the Department. Examiner Ashley Hanback and Examinations Coordinator Patricia Kirby testified

on behalf of the Department. Courtney Hargrove and Charles Hill, owner of Mr. Quick, appeared *pro se* and testified on behalf of Mr. Quick.

The ALJ entered a Recommended Order on Findings of Fact and Conclusions of Law on October 17, 2018. The Order held that the Respondents failed to adhere to the Deferred Presentment Services Act and recommended the revocation of Mr. Quick's Deferred Presentment Services license.

#### FINDINGS OF FACT

The Findings of Fact as set forth in ALJ Sallé's October 17, 2018 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 17, 2018 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 Mr. Quick (License No. DP-22508).

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

Upon the effective date of this Order, Mr. Quick's status in the Veritec Statewide Database shall be changed to Restricted Status for 90 days. After 90 days Mr. Quick'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 Mr. Quick, any affiliated parties, and any successors and assigns thereof, effective immediately.

DONE and ORDERED by the Supervisor of the Bureau of Loans on the 19th day of October, 2018.

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

**BEFORE THE ALABAMA STATE BANKING DEPARTMENT  
BUREAU OF LOANS**

**ALABAMA STATE BANKING )  
DEPARTMENT, )  
 )  
    **Complainant,** )  
 )  
v. )  
 )  
**MR. QUICK,** )  
 )  
    **Respondent.** )**

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

**Procedural History**

In October 2016, the Alabama State Banking Department (“Department”) received information from the Falkville Police Department that Mr. Quick, a convenience store located in Falkville, Alabama, might be engaging in unlicensed loan activity. Mr. Quick began the deferred presentment application process on or about May 2017. On December 13, 2017, the Department received an Application for Original License from Mr. Quick to engage in the business of deferred presentment services.<sup>1</sup> Mr. Quick’s application was ultimately approved in March 2018. On June 13, 2018, Ashley Hanback (“Hanback”), an examiner for the Department, conducted an examination of Mr. Quick’s deferred presentment

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<sup>1</sup> See Department Exhibit 4.

activities. During her examination, Hanback discovered multiple violations of the Alabama Deferred Presentment Services Act (“the Act”).<sup>2</sup>

On July 25, 2018, the Department sent a letter to Courtney Hargrove (“Hargrove”), Manager of Mr. Quick, indicating the Department’s intent to revoke the Deferred Presentment License for Mr. Quick based upon multiple violations.<sup>3</sup>

On September 26, 2018, the undersigned hearing officer, on behalf of the Department, held an administrative hearing for the purpose of hearing the Department’s evidence and allowing Hargrove to present such evidence and any response that she might have concerning the Department’s intent to revoke Mr. Quick’s Deferred Presentment License.

Hargrove and her father Charles Hill (“Hill”), owner of Mr. Quick, appeared and testified on behalf of Mr. Quick. The Department was represented by Anne W. Gunter, Esq., Associate Counsel.

The Department offered five 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,

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<sup>2</sup> Department Exhibit 5.

<sup>3</sup> Department Exhibit 1.

the undersigned finds the greater weight of the evidence supports the following findings of fact:

1. The Department has jurisdiction under the Act, ALA. CODE § 5-18A-1, *et seq.* The Department acted within that jurisdiction and its authority in the June 13, 2018 examination and subsequent issuance of the Notice of Intent to revoke Mr. Quick's license.

2. Hill is the owner of Mr. Quick. Hargrove is the manager for Mr. Quick and was named the responsible party for issues regarding licensing in Mr. Quick's Application for Original License.<sup>4</sup> Hargrove was properly registered to use the Veritec database.<sup>5</sup>

3. During a routine examination of Mr. Quick on June 13, 2018, Hanback found multiple violations of the Act.<sup>6</sup>

4. After a review of Mr. Quick's records, Hanback found that at least six transactions were keyed into the Veritec database at least one day, and in several instances two days, after completion of the deferred presentment agreements. Hanback found, at a minimum, two contracts that were not properly signed by the borrower or an employee of Mr. Quick. Hanback reviewed 11 files that did not have

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<sup>4</sup> Department Exhibit 4, p. 2.

<sup>5</sup> Department Exhibit 4, pp. 5-7.

<sup>6</sup> Testimony of Hanback and Department Exhibits 1-5.

a contract in the file for the loan. Hanback also found approximately 15 loans that were never keyed into the Veritec database. Hanback found multiple blank contracts that were signed by the borrower, other incomplete contracts, five letters that threatened prosecution by the local District Attorney, and improper social security numbers entered into the Veritec database for routine customers. Hanback also found files where counter checks were used by borrowers and instances where Mr. Quick charged excessive interest on loans.<sup>7</sup>

5. Hanback testified that Mr. Quick's recordkeeping was insufficient. There were some loans that were rolled over; however, the contracts in the files did not include rollover language.<sup>8</sup>

6. Hargrove and Hill acknowledged Mr. Quick engaged in the business of deferred presentment services during 2016 and 2017, well before being properly licensed by the Department in 2018.

7. Hargrove operated deferred presentment services for Mr. Quick. Hargrove testified she had the Alabama Deferred Presentment Agreement form she intended to use for Mr. Quick approved by Frank Long ("Long"), Loan Examinations Specialist, Senior. Hargrove's proposed agreement and an email to Long is included in Department Exhibit 4. Long approved a two-page contract, with

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<sup>7</sup> Testimony of Hanback and a review of Department Exhibit 5.

<sup>8</sup> Department Exhibit 5, p. 142.

rollover language on the top of page 2. However, in the borrower files reviewed by Hanback, only one-page contracts, if any, were in the files. Page 2 of the approved contract that contained the rollover language was not in the borrower files.

8. Hargrove testified that prior to Hanback's examination, she was not aware of all the rules and regulations that governed deferred presentment services. Hargrove testified she assumed that after applying for a license, any necessary rules would be sent to her by the Department. Hargrove did not use any outside resources for education. Her only training was through Veritec.

9. Patricia Kirby ("Kirby"), Exam Coordinator for the Bureau of Loans, reviewed Hanback's findings. Kirby testified that in her 12 years of experience with the Department, she has never seen this number of violations in one report. Kirby was also troubled that Mr. Quick continued to enter into loan agreements after Hill was advised the business needed to be licensed to conduct this type business in 2016. Mr. Quick did not actually receive a license until March 2018. Kirby testified that if Hargrove was trained on how to use the Veritec system properly and followed those rules, there would not be rule violations of this nature.

### **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.

Mr. Quick executed multiple transactions without entering information into the Veritec database before entering the agreement. This constitutes significant violations of Regulation 155-2-4-.09.

In addition to those violations, at a minimum, Mr. Quick also violated the following provisions under the Act:

(1) § 5-18A-2 by accepting a counter check in lieu of a check from a valid checking account;

(2) § 5-18A-3(a) by engaging in the business of deferred presentment services without a valid license;

(3) § 5-18A-11 by failing to retain appropriate records for a two-year period;

(4) § 5-18A-13 by failing to utilize the Veritec database prior to entering into an agreement; permitting a customer to enter into an agreement on behalf of another person; failing to obtain appropriate signatures on contracts; failing to have

appropriate contracts with proper disclosures; threatening prosecution for customers with returned checks; accepting customer checks that are blank and undated; and failing to post a 20-inch by 20-inch schedule of fees pertinent to the Act; and

(5) § 5-18A-4 by charging a higher interest rate than permitted by the Act.

§ 5-18A-15(3) of the Act permits revocation of license for violations under the chapter. In addition to that specific provision, the Act also states revocation is appropriate if a "... licensee has knowingly or through lack of due care ... demonstrated incompetence or untrustworthiness to act as a licensee."<sup>9</sup>

### **Recommendation**

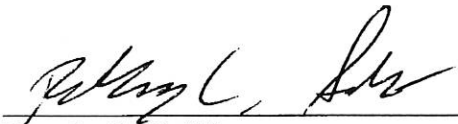
The undersigned has carefully considered all the evidence in this case. Hargrove and Hill failed to appropriately research and review applicable laws and rules of the Act before Mr. Quick engaged in the business of deferred presentment services. Even after they were notified in 2016 that Mr. Quick was not properly licensed to conduct business under the Act, they continued to make loans until Mr. Quick became licensed in 2018. Once properly licensed, Hargrove and Hill failed to observe the rules and regulations of the Department. Failure of a business to adhere to the laws of the Department jeopardizes the interests and welfare of the State's consumers. Failure to follow the deferred presentment rules exposes customers to exploitation and liability. The Department cannot condone such

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<sup>9</sup> See § 5-18A-15(5).

behavior from a business. Based upon Hargrove and Hill's failure to adhere to the laws and rules of the Department, revocation of Mr. Quick's Deferred Presentment License is appropriate. Pursuant to the rules of the Department, the administrative staff's decision to **REVOKE** Mr. Quick's license is appropriate and should be upheld.

Done, this 17<sup>th</sup> day of October 2018.



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