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COMMISSIONERS OFFICE

**COMMONWEALTH OF KENTUCKY
PUBLIC PROTECTION CABINET
DEPARTMENT OF FINANCIAL INSTITUTIONS
AGENCY CASE NO. 2014-AH-0068**

RECEIVED
JAN 05 2015
PPC/DFI/DNDI

DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

J & E INVESTMENTS, INC. *et al.*,

RESPONDENTS

AGREED ORDER

* * * * *

1. The Department of Financial Institutions (“DFI”) is responsible for regulating and licensing entities engaged in the business of cashing checks and accepting deferred deposit transactions in accordance with the provisions set forth in KRS Chapter 286.9.

2. J & E Investments, Inc. (“J&E”) is a Kentucky registered corporation with a principal office at 624 North Third Street, Bardstown, Kentucky 40004.

3. Consumer Loan Group, LLC (“Consumer”) is a Kentucky limited liability company originally organized on December 30, 2008, which identified in its Articles of Organization an initial principal office of 624 N. 3d Street, Suite 102, Bardstown, KY 40004, and which was administratively dissolved by the Kentucky Secretary of State on November 3, 2009.

4. Mr. Eddie Wood (“Mr. Wood”) and Mrs. Kimberly Wood (“Mrs. Wood”) are husband and wife.

5. At all times relevant herein, S & W Financial, Inc. (“S&W”) was a Kentucky corporation, registered with the Kentucky Secretary of State, and having a principal place of business at 1304 North Dixie, Elizabethtown, Kentucky. S&W operates at 1304 North Dixie, Elizabethtown, Kentucky a pawn shop commonly known as “Golden Rule Pawn”.

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6. Mr. Juergen Schwan (“Juergen”) is an individual whose last known business address is 1304 North Dixie, Elizabethtown, Kentucky. Juergen is Mr. Wood’s uncle.

7. Ms. Erika Wood (“Erika”) is an individual whose last known business address is 1304 North Dixie, Elizabethtown, Kentucky. Erika is Mr. Wood’s mother.

8. Juergen and Erika are the owners or officers of S&W.

9. J&E was originally organized by Juergen and Erika in 1992. Mr. Wood claims to have purchased J&E in 1998, and the Annual Report filed by J&E with the Kentucky Secretary of State on May 26, 1999, reflects Mr. Wood as being the President of J&E.

10. J&E was issued a deferred deposit license (license number 155-1) for the location at 624 N. 3rd Street, Bardstown, Kentucky in July 1998 (the “Bardstown Location”).

11. J&E was issued a deferred deposit license (license number 155-4) for the location at 1304 North Dixie Highway, Elizabethtown, Kentucky in 1999 (the “Elizabethtown Location”).

12. J&E was issued a deferred deposit license (license number 155-5) for the location at 100 Knox Boulevard, Radcliff, Kentucky in 2000. In 2012, J&E gave notice that the Radcliff license was being relocated to its current location at 913 N. Wilson Road, Radcliff, Kentucky (the “Radcliff Location”).

13. Acting upon its authority pursuant to KRS 286.9-075, DFI initiated an investigation into the J&E’s regulated activities.

14. Based upon that investigation, DFI came to believe that the Radcliff Location was under the control of S&W and/or Erica and Juergen since the licensing of that location in 2000.

15. Based upon the investigation, DFI came to believe that the Elizabethtown location has been under the ownership and/or control of S&W and/or Erica and Juergen.

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16. Based upon the investigation, DFI came to believe that the Bardstown location was under the control of Consumer and that Consumer was, in reality, a partnership of Mr. Wood and Mrs. Wood.

17. On July 25, 2014, DFI filed an Administrative Complaint against J&E, Mr. Wood, Mrs. Wood, Consumer, S&W, Juergen, and Erika (collectively, the "Respondents") which, among other thing, charged J&E with making false statements in an application for a license filed pursuant to KRS 286.9-050, or in the alternative, transferring control of licensed operations without requesting or receiving authorization in violation of KRS 286.9-070.

18. DFI possesses a range of administrative authority in addressing violations of the Act, including license revocation or denial, the imposition of fines in an amount up to \$5,000 per violation. *See* KRS 286.9-110; 286.9-991.

19. On or about August 8, 2014, Respondent, J&E, Mr. Wood, Mrs. Wood, and Consumer, filed an Answer And Request For Administrative Hearing which denied acting improperly and requested an administrative hearing.

20. On or about August 12, 2014, Respondent, S&W, Erika and Juergen filed an Answer And Request For Administrative Hearing which denied acting improperly and requested an administrative hearing.

21. In the interest of economically and efficiently resolving the alleged violation(s) described in the Administrative Complaint and without any of the Respondents admitting or denying the statement of facts and legal conclusions set forth herein, DFI and J&E agree as follows:

- a. J&E agrees to a fine assessment in the amount of sixteen thousand dollars (\$16,000.00) (the "Fine Amount") for the alleged violation(s) described herein);

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b. J&E agrees to and shall pay the total fine assessed herein of sixteen thousand dollars (\$16,000.00), which shall be paid pursuant to the following terms. Four thousand dollars (\$4,000.00) shall be due upon entry of the Agreed Order. The Respondent shall make twelve (12) monthly payments of one thousand (\$1,000.00) commencing on January 1, 2015 and due on the first of each month thereafter until all payments are met. The payment shall be in the form of a certified check or money order made payable to "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Non-Depository Division, 1025 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601;

c. J&E shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in KRS Chapter 286.9.

d. J&E shall provide quarterly reports to the DFI for a period of two (2) years commencing on January 1, 2015 to document Respondent's operations as being in compliance with all regulatory requirements. These reports shall include quarterly financial statements, broken down by license; quarterly bank statements with reconciliations for each license; quarterly copies of all cancelled payroll checks; annual tax returns; annual financial statements, specifically an accountant compilation report prepared by an independent certified public accountant, containing a statement of assets, liability and equity and the related statement of revenue and expense; copies of management agreements in place with each manager, submitted initially and any time there is a new manager; lease agreements for each license, submitted initially and for any location changes. These reports will be due on April 15, July 15, October 15 and January 15 of their respective years, and with the first report due by April 15, 2015. If the 15th

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falls on a Saturday, Sunday or legal holiday, the due date is extended to the first business day thereafter that the DFI is open to the public for business.

e. If payments or quarterly reports are not timely submitted on their due dates, and J&E has not sought permission for late filing from DFI prior to the due date, this Order shall be set aside and the commissioner shall enter an emergency order of suspension pursuant to KRS 286.9-125. If the DFI finds any quarterly report timely submitted to be deficient, it will give J&E a written notice of the deficiency and at least fourteen (14) days from receipt of the notice to cure the same.

f. The Administrative Complaint against Mr. Wood, Mrs. Wood, Consumer, S&W, Juergen, and Erika is dismissed as resolved in accordance with this Agreed Order.

23. J&E waives its right to demand a hearing in this administrative matter at which it would be entitled to legal representation, to confront and cross examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside this Order.

24. J&E consents to and acknowledges the jurisdiction of DFI over this matter and that this Agreed Order is a matter of public record and may be disseminated as such.

25. In consideration of execution of this Agreed Order, DFI and J&E hereto for themselves, and for their successors and assigns, hereby releases and forever discharges the other party, and each of their respective members, agents, and employees in their individual capacities, from any and all manner of actions, causes of action, suits, debts, judgments, executions, claims and demands whatsoever, known and unknown, in law or equity, that either party ever had, now has, may have or claim to have against any or all of the persons or entities named in this paragraph arising out of or by reason of this investigation, this disciplinary action, this settlement or its administration.

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26. By signing below, the parties acknowledge they have read the foregoing Agreed Order, know and fully understand its contents, and that they are authorized to enter into and execute this Agreed Order and legally bind their respective parties.

27. This Agreed Order shall constitute the Final Order in this matter.

IT IS SO ORDERED on this the 7th day of JANUARY, ²⁰¹⁵ 2014.



CHARLES A. VICE
COMMISSIONER

[Consent Signature Lines On Following Page]

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[Consent Signature Lines To Agreed Order In Agency Case No. 2014-AH-0068]

Consented to:

This 5th day of January, 2015

This 31 day of DECEMBER, 2014.

Tammy R. Scruggs
Tammy Scruggs, Director
Division of Non-Depository Institutions
Department of Financial Institutions

Eddie Wood
Eddie Wood, as President of
J&E Investments, Inc.

ACKNOWLEDGEMENT

STATE OF KENTUCKY)
)
COUNTY OF HARDIN)

On this the 31 day of DECEMBER, 2014, before me Bill Wood, the undersigned, **Eddie Wood**, in his capacity as President of J&E Investments, Inc., did personally appear and acknowledge himself to be so, being authorized to do so on behalf of J&E Investments, Inc., entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: MARCH 8, 2016

Bill Wood
Notary Public

Certificate of Service

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 7 day of January, 2015, by certified mail, return receipt requested, to the following:

Dwight Preston
Adam Cart
Lewis & Preston
102 W Dixie Ave
Elizabethtown, KY 42701

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M. Thurman Senn
Morgan a& Pöttinger
601 W Main St
Louisville, KY 40202

And by hand delivery to the following:

Katherine W. Ross
1025 Capital Center Drive, Suite 200
Frankfort, KY 40601
Counsel for the Department of Financial Institutions


Christina Hayden
Department of Financial Institutions