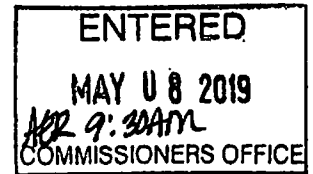


**COMMONWEALTH OF KENTUCKY  
PUBLIC PROTECTION CABINET  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
AGENCY CASE NO. 2019-AH-00022**



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMPLAINANT

vs.

QC FINANCIAL SERVICES, INC. d/b/a Quik Cash

RESPONDENT

**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. QC Financial Services d/b/a Quik Cash. ("Respondent") is authorized to do business in Kentucky as a deferred deposit and check cashing licensee pursuant to KRS Chapter 286.9. Their principal corporate office is located in Lenexa, Kansas.

3. Respondent has eleven (11) licensed branches located in the Commonwealth of Kentucky. The locations of these branches are as follows:

- 7230 Preston Highway, Louisville, KY 40219 (Lic. #CC13649)
- 462 New Circle Road, Lexington, KY 40505 (Lic. #238-1)
- 3101 Richmond Road, Suite 314, Lexington, KY 40509 (Lic. #238-4)
- 934D Louisville Road, Frankfort, KY 40601 (Lic. #238-2)
- 2301 Dixie Highway, Louisville, KY 40216 (Lic. #238-5)
- 7101 South Side Drive, Louisville, KY 40214 (Lic. #CC6917)

- 760 Campbell Lane, Suite 104, Bowling Green, KY 42104 (Lic. CC#14130)
- 5704 Outerloop, Louisville, KY 40214 (Lic. #CC9264)
- 4316 Cane Run Road, Louisville, KY 40216 (Lic. #238-6)
- 2101 Hikes Lane, Louisville, KY 40218 (Lic. #238-7)
- 16492 Ft. Campbell Blvd., Oak Grove, KY 42262 (Lic. #238-3)

4. On April 3rd, 2018, DFI conducted a routine examination of the office located at 4316 Cane Run Road, Louisville, KY 40258 (License #238-6). During that examination, it was discovered that the licensee deposited a customer's check, and then accepted a cash payment before the check was returned. The licensee did not close the transaction when the customer made the cash payment resulting in misreporting to the database and to the market/industry. It was also discovered that the licensee entered an incorrect social security number for a customer in the Veritec database. The customer then entered into another deferred deposit transaction using the correct social security number, and thus exceeded the five hundred dollar (\$500) limit. It was also discovered that the licensee entered into a transaction with a customer without having that customer and/or licensee sign the agreement. This violation was noted in a previous exam.

5. On September 24, 2018, DFI conducted a routine examination of the office located at 7230 Preston Highway, Louisville, KY (License #CC13649). During that examination, it was discovered that licensee deposited a customer's check, and then accepted a cash payment before the check was returned.

6. On December 5, 2018, DFI conducted a routine examination of the office located at 7101 Southside Drive, Louisville, KY 40214 (License #CC6917). During that

examination, it was discovered that licensee deposited a customer's check, and then accepted a cash payment before the check was returned.

7. On December 13, 2018, DFI conducted a routine examination of the office located at 934 D Louisville Road, Frankfort, KY (License #238-2). During that examination, it was discovered that in (3) transactions the licensee deposited a customer's check, and then accepted a cash payment before the check was returned. It was also discovered that the licensee entered an incorrect social security number for a customer in the Veritec database. The customer then entered into another deferred deposit transaction using the correct social security number, and thus exceeded the five hundred dollar (\$500) limit. This violation was noted in a previous exam.

8. KRS 286.9-010(6) provides: "Closed" or "close" means that one (1) of the following has occurred in connection with a deferred deposit service transaction concerning the customer's payment instrument:
- a. The payment instrument is redeemed by the customer by payment to the licensee of the face amount of the payment instrument in cash;
  - b. The payment instrument is exchanged by the licensee for a cashier's check or cash from the customer's financial institution;
  - c. The payment instrument is deposited by the licensee, and the licensee has evidence that the person has satisfied the obligation;
  - d. The payment instrument is collected by the licensee or its agent through any civil remedy available under the laws of this state; or
  - e. Any other reason that the commissioner may deem to be proper under this subtitle;

9. 808 KAR 9:010, Section 1 provides: The following shall be additional definitions of “closed” or “close” under KRS 286.9-010(6)(e):
- a. The customer’s payment instrument was unpaid and the licensee has sold the underlying debt to a non-affiliated third party without recourse;
  - b. The underlying debt represented by the customer’s payment instrument has been discharged in bankruptcy;
  - c. The database provider has designated the deferred deposit transaction concerning the customer’s payment instrument as closed pursuant to KRS 286.9-140(7); or
  - d. The licensee has reported to the database provider that the deferred deposit transaction concerning the customer’s payment instrument is closed following being held open pursuant to KRS 286.9-140(7).
10. KRS 286.9-100(7) provides that: No licensee shall engage in unfair or deceptive acts, practices, or advertising in the conduct of the licensed business.
11. KRS 286.9-100(9) provides that: A licensee shall not have more than two (2) deferred deposit transactions from any one (1) customer at any one time. The total proceeds received by the customer from all of the deferred deposit transactions shall not exceed five hundred dollars (\$500).
12. KRS 286.9-100(13) provides that: Each deferred deposit transaction shall be made according to a written agreement that shall be dated and signed

by the customer and the licensee or an authorized agent of the licensee at the licensed location, and made available to the commissioner upon request. The customer shall receive a copy of this agreement.

13. KRS 286.9-100(14) provides that: A licensee or its affiliate shall not for a fee renew, roll over, or otherwise consolidate a deferred deposit transaction for a customer.

14. KRS 286.9-140(1) provides, in part:

...A deferred deposit service business licensee shall accurately and promptly submit such data before entering into each deferred deposit transaction in such format as the commissioner may require by rule or order, including the customer's name, Social Security number or employment authorization alien number, address driver's license number amount of the transaction, date of the transaction, date that the completed transaction is closed, and any additional information required by the commissioner.

15. 808 KAR 9:010 (3), provides: "A licensee shall not cause a closed deferred deposit transaction to be reopened in the database unless all of the following conditions are satisfied:

a. The deferred deposit transaction was closed by reason of clerical error by the licensee;

b. The licensee causes the deferred deposit transaction to be reopened on or before the close of business on the business day after the transaction was closed; and

c. Reopening the transaction would not cause the consumer to exceed the transaction limits set forth in KRS 286.9-100(9).

16. DFI has alleged Respondent violated certain provisions of KRS Chapter 286.9 including KRS 286.9-010(6), KRS 286.9-100(7), KRS 286.9-100(9), KRS 286.9-140(1).

17. In the interest of economically and efficiently resolving the violations described herein, and legal conclusions herein, DFI and Respondent agree as follows:

- a. Respondent will "close" accounts in accordance with the requirements of KRS 286.9-010(6) and 808 KAR 9:010, by immediately closing transactions upon receipt of cash;
- b. Until procedures are implemented to avoid potential overpayments, and to stop the reopening of the database, Respondent will cease the practice of taking cash payments after a payment instrument has been introduced into the collection process through presentment to the customer's bank.
- c. Respondent will implement the following procedures when, and if, a cash payment is taken after the payment instrument had been deposited for collection through the bank account;
  1. Respondent shall obtain and maintain documentation that the payment instrument collection has been stopped through a "Stop Payment" order from the customer's bank, specifically identifying the payment instrument, prior to accepting a cash payment or:
  2. Respondent shall obtain and maintain documentation from the customer or the depository institution, that the payment

instrument has been presented to the bank and has been denied (NSF) and is, or has been, returned to the Licensee;

3. Such documentation shall be made readily available upon each examination if requested;

d. Respondent agrees to a fine assessment in the amount of five thousand (\$5000) for the violations listed herein.

e. Respondent agrees to and shall pay the total fine assessed herein of five thousand dollar (\$5000), which shall be due when Respondent signs and returns the Agreed Order. The Payment shall be in the form of a certified check or money order made payable to the "Kentucky State Treasurer" and mailed to the Department of Financial Institutions, Attn: Non-Depository Division, 1025 Capital Center Drive, Suite 200, Frankfort, KY 40601; and

f. Respondent shall devote the time and resources necessary to ensure continual and full compliance with all statutory requirements set forth in KRS Chapter 286.9.

18. Respondent waives its right to demand a hearing 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.

19. Respondent 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.

20. In consideration of the execution of this Agreed Order, Respondent for itself, and for its successors and assigns, hereby releases and forever discharges the Commonwealth of Kentucky, DFI, Office of Legal Services, and each of their 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 Respondent 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.

21. 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. Pursuant to its authority under KRS Chapter 286.9, DFI reserves the right and ability to assess a civil penalty and other administrative remedies against Respondent should it determine Respondent has failed to follow any portion of this agreed order. Respondent would then be entitled to demand a hearing at which it would have the right to legal representation, to confront and cross-examine witnesses, and to present evidence on its own behalf, or to otherwise appeal or set aside any future civil penalty or other administrative remedy.

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



IT IS SO ORDERED on this the 8<sup>th</sup> day of May, 2019.

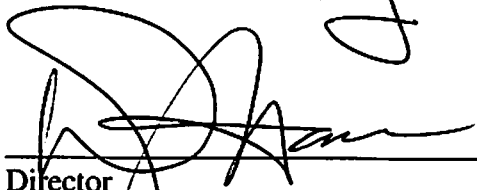
Charles A. Vice  
CHARLES A. VICE  
COMMISSIONER


*C. A. Vice*

**Consented to:**

This 7<sup>th</sup> day of May, 2019.

This 16<sup>th</sup> day of April, 2019.

  
\_\_\_\_\_  
Director  
Division of Non-Depository Institutions  
Department of Financial Institutions

  
\_\_\_\_\_  
Authorized Representative  
QC Financial Services, Inc.  
*Thomas C. Witherspoon*

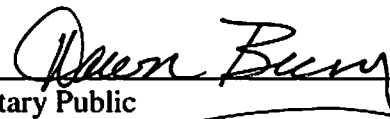
**ACKNOWLEDGEMENT**

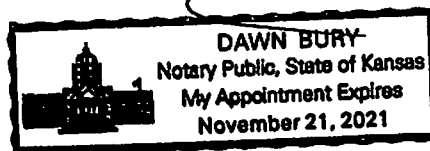
STATE OF Kansas )  
 )  
COUNTY OF Johnson )

On this the 16<sup>th</sup> day of April, 2019, before me Dawn Bury, the undersigned, Thomas C. Witherspoon, did personally appear and acknowledge himself/herself to be the authorized representative of QC Financial Services, Inc. and that he/she, being authorized to do so, entered into and executed the foregoing instrument for the purposes therein contained.

In witness whereof I hereunto set my hand.

My Commission Expires: 11/21/21

  
\_\_\_\_\_  
Notary Public



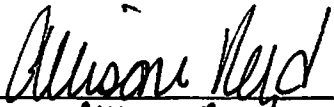
**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing **Agreed Order** was sent on this the 8 day of May, 2019, by certified mail, return receipt requested, to the following:

QC Financial Services, Inc.  
d/b/a Quick Cash  
8208 Melrose Drive  
Lenexa, KS 66214

And by hand-delivery to:

Kathryn Adams Cornett  
Staff Attorney  
Kentucky Department of Financial Institutions  
1025 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601

  
Name: Allison Nield  
Title: Executive Staff Advisor