



3300 W. Sahara Avenue, Suite 250  
Las Vegas, Nevada 89102  
(702) 486-4120

**STATE OF NEVADA**  
**DEPARTMENT OF BUSINESS AND INDUSTRY**  
**FINANCIAL INSTITUTIONS DIVISION**

1830 E College Parkway, Suite 100  
Carson City, Nevada 89706  
(775) 684-2970

In Re:

Paycheck Auto, LLC,

Respondent.

**ORDER TO CEASE AND DESIST  
VIOLATIONS OF NRS 604A AND NAC  
604A; APPEAL RIGHTS**

**ORDER TO CEASE AND DESIST  
VIOLATIONS OF NRS 604A AND NAC 604A ACTIVITIES**

The State of Nevada, Department of Business and Industry, Financial Institutions Division (hereinafter, "Division") hereby orders Paycheck Auto (hereinafter, "Respondent") to cease and desist from any and all activities that are in violation of Chapter 604A of the Nevada Revised Statutes ("NRS") and the Nevada Administrative Code ("NAC").

**JURISDICTION**

1. Deferred deposit loan services, high interest loan services, title loan services and check cashing services in the State of Nevada are governed by NRS Chapter 604A and NAC Chapter 604A. The Division has primary jurisdiction for the licensing and regulation of persons operating and/or engaging in deferred deposit loan service, high interest loan service, title loan service and check cashing service activities or persons seeking to evade the application of NRS Chapter 604A. See generally NRS 604A.020-.030, 604A.050-.060, 604A.080, 604A.095-.110, 604A.200, 604A.300, 604A.400, 604A.600 and 604A.710.

2. The Division also has primary jurisdiction for the licensing and regulation of persons engaging in the business of lending in the State of Nevada where such lending is not governed by NRS Chapter 604A. See NRS 675.060. Under NRS 675.060, a person is

1 engaged in the business of lending in this state under NRS Chapters 604A and 675 if he (a)  
2 solicits loans in this State or makes loans to persons in this State, unless these are isolated,  
3 incidental or occasional transactions; or (b) is located in this State and solicits loans outside  
4 of this State or makes loans to persons located outside of this State, unless these are  
5 isolated, incidental or occasional transactions.

6 3. Pursuant to the authority vested by NRS Chapters 604A and 675, the Division  
7 hereby makes the following Findings of Fact, Conclusions of Law, and Order.

8 **FINDINGS OF FACT**

9 4. On or about June 5, 2015, Respondent was granted a license pursuant to NRS  
10 Chapter 604A authorizing Respondent to provide title loans, deferred deposit loans, high-  
11 interest loans, and/or check cashing services (hereinafter, "lending activities") in the State of  
12 Nevada.

13 5. Steven W. Klomp and Adam P. Katschke are the owners of the Respondent.

14 6. On or about December 2, 2014, the Division granted Respondent an exemption  
15 from NRS 604A.655, which permitted Respondent to operate its lending activities at the  
16 same location of Respondent's other businesses provided that Respondent did not  
17 commingle its lending activities with its other businesses.

18 7. Respondent is registered under the laws of the State of Nevada, and its resident  
19 agent is Steven W. Klomp, DMD, located at 450 E. Main Street, Box 308, Panaca, Nevada  
20 89042.

21 8. Respondent is licensed to conduct its lending activity at the following location:  
22 820 N. Spring Street, Suite A, Caliente, Nevada 89008.

23 9. Respondent is a Nevada corporation with its address located in the State of  
24 Nevada, and is therefore doing business in the State of Nevada. Additionally, at all times  
25 relevant herein, Respondent held a license pursuant to NRS Chapter 604A and is therefore  
26 subject to the jurisdiction of the Division.

27 10. On or about April 5, 2017, the Division commenced an examination into the  
28 business practices of Respondent. Respondent's business location was not opened to the

1 public during normal business hours, and as a result, the Division was not able to conduct  
2 an on-site examination. Instead, the Respondent provided the Division with the seven loan  
3 files which the Respondent allegedly currently has on file.

4 11. Violations of NRS Chapter 604A and NAC Chapter 604A were discovered  
5 during the examination.

6 12. If any finding of fact is more properly characterized as a conclusion of law, it  
7 shall be construed as such.

### 8 CONCLUSIONS OF LAW

9 13. During the aforementioned examination, Respondent was discovered to have  
10 violated the following statutes and regulations:

11 a. NRS 604A.655 for conducting its lending activities in association or conjunction with  
12 its two other businesses by failing to maintain separate books and records and commingling  
13 funds.

14 b. NRS 604A.410(2)(d) for failing to disclose on the loan agreement the right of the  
15 customer to rescind the loan;

16 c. NRS 604A.410(2)(f) for failing to disclose on the loan agreement the opportunity to  
17 enter into a repayment plan if the customer defaults on the loan;

18 d. NRS 604A.485 for including a statement in the loan agreement purporting to allow  
19 Respondent to collect interest in excess of the amounts allowed under the statute in the event  
20 of a default;

21 e. NRS 604A.445 for originating title loans with terms that exceed the allowable  
22 statutory terms;

23 f. NRS 604A.450 for issuing title loans that exceed the fair market value, failing to  
24 consider a customer's ability to repay, and failing to obtain statutorily required affidavits from  
25 consumers regarding the consumer's ability to repay the loan.;

26 g. NRS 604A.405 and NAC 604A.140 for failing to conspicuously post at the licensed  
27 location the notice to consumers in compliance with the requirements of said Statute and  
28 Regulation; and,

1 h. NRS 604A.710 for failing to provide access to the Division for the purpose of the  
2 examination.

3 14. The procedure for discipline of a licensee is established in NRS Chapter 604A.

4 15. Pursuant to NRS 604A.810, the Division has the statutory authority to order that  
5 Respondent cease and desist from any and all activity in violation of NRS Chapter 604A and  
6 NAC Chapter 604A. The procedures for taking disciplinary action are as follows:

7 NRS 604A.810 Order to desist and refrain; action to enjoin  
8 violation; appointment of receiver.

9 1. Whenever the Commissioner has reasonable cause to believe  
10 that any person is violating or is threatening to or intends to violate  
11 any provision of this Chapter, he may, in addition to all actions  
12 provided for in this Chapter and without prejudice thereto, enter an  
13 order requiring the person to desist or to refrain from such  
14 violation.

15 2. The Attorney General or the Commissioner may bring an  
16 action to enjoin a person from engaging in or continuing a violation  
17 or from doing any act or acts in furtherance thereof. In any such  
18 action, an order or judgment may be entered awarding a  
19 preliminary or final injunction as may be deemed proper.

20 3. In addition to all other means provided by law for the  
enforcement of a restraining order or injunction, the court in which  
an action is brought may impound, and appoint a receiver for, the  
property and business of the defendant, including books, papers,  
documents and records pertaining thereto, or so much thereof as  
the court may deem reasonably necessary to prevent violations of  
this Chapter through or by means of the use of property and  
business. A receiver, when appointed and qualified, has such  
powers and duties as to custody, collection, administration,  
winding up and liquidation of such property and business as may  
from time to time be conferred upon him by the court.

21 NRS 604A.820 Procedure for taking disciplinary action; authorized  
22 disciplinary action; grounds.

23 1. If the Commissioner has reason to believe that grounds for  
24 revocation or suspension of a license exist, he shall give 20 days'  
written notice to the licensee stating the contemplated action and,  
in general, the grounds therefore and set a date for a hearing.

25 2. At the conclusion of a hearing, the Commissioner shall:

26 (a) Enter a written order dismissing the charges, revoking the  
27 license or suspending the license for a period of not more than 60  
28 days, which period must include any prior temporary suspension.  
The Commissioner shall send a copy of the order to the licensee  
by registered or certified mail.

1 The Commissioner shall send a copy of the order to the licensee  
by registered or certified mail.

2 (b) Impose upon the licensee an administrative fine of not more  
3 than \$10,000 for each violation by the licensee of any provision of  
this chapter or any regulation adopted pursuant thereto.

4 (c) If a fine is imposed pursuant to this section, enter such order as  
is necessary to recover the costs of the proceeding, including his  
5 investigative costs and attorney's fees.

6 3. The grounds for revocation or suspension of a license are that:

7 (a) The licensee has failed to pay the annual license fee;

8 (b) The licensee, either knowingly or without any exercise of due  
care to prevent it, has violated any provision of this chapter or any  
9 lawful regulation adopted pursuant thereto;

10 (c) The licensee has failed to pay a tax as required pursuant to the  
provisions of chapter 363A of NRS;

11 (d) Any fact or condition exists which would have justified the  
Commissioner in denying the licensee's original application for a  
license pursuant to the provisions of this chapter; or

12 (e) The licensee:

13 (1) Failed to open an office for the conduct of the business  
authorized by his license within 180 days after the date his license  
was issued; or

14 (2) Has failed to remain open for the conduct of the business for a  
period of 180 days without good cause therefore.

15 4. Any revocation or suspension applies only to the license  
granted to a person for the particular office for which grounds for  
revocation or suspension exist.

16 5. An order suspending or revoking a license becomes effective 5  
days after being entered unless the order specifies otherwise or a  
17 stay is granted.

18 NRS 604A.830 Additional grounds for disciplinary action. In  
addition to any other lawful reasons, the Commissioner may  
19 suspend or revoke a license if the licensee has engaged in any act  
that would be grounds for denying a license pursuant to this  
20 chapter.

21 NRS 604A.930 Civil action.

22 1. Subject to the affirmative defense set forth in subsection 3, in  
addition to any other remedy or penalty, if a person violates any  
23 provision of NRS 604A.400, 604A.410 to 604A.500, inclusive,  
604A.610, 604A.615, 604A.650 or 604A.655 or any regulation  
24 adopted pursuant thereto, the customer may bring a civil action  
against the person for:

25 (a) Actual and consequential damages;

26 (b) Punitive damages, which are subject to the provisions of NRS  
42.005;

27 (c) Reasonable attorney's fees and costs; and

28 (d) Any other legal or equitable relief that the court deems  
appropriate.

1 2. Subject to the affirmative defense set forth in subsection 3, in  
2 addition to any other remedy or penalty, the customer may bring a  
3 civil action against a person pursuant to subsection 1 to recover an  
4 additional amount, as statutory damages, which is equal to \$1,000  
5 for each violation if the person knowingly:

6 (a) Operates a check-cashing service, deferred deposit loan  
7 service, high-interest loan service or title loan service without a  
8 license, in violation of NRS 604A.400;

9 (b) Fails to include in a loan agreement a disclosure of the right of  
10 the customer to rescind the loan, in violation of NRS 604A.410;

11 (c) Violates any provision of NRS 604A.420;

12 (d) Accepts collateral or security for a deferred deposit loan, in  
13 violation of NRS 604A.435, except that a check or written  
14 authorization for an electronic transfer of money shall not be  
15 deemed to be collateral or security for a deferred deposit loan;

16 (e) Uses or threatens to use the criminal process in this State or  
17 any other state to collect on a loan made to the customer, in  
18 violation of NRS 604A.440;

19 (f) Includes in any written agreement a promise by the customer  
20 to hold the person harmless, a confession of judgment by the  
21 customer or an assignment or order for the payment of wages or  
22 other compensation due the customer, in violation of NRS  
23 604A.440;

24 (g) Violates any provision of NRS 604A.485;

25 (h) Violates any provision of NRS 604A.490; or

26 (i) Violates any provision of NRS 604A.442.

27 3. A person may not be held liable in any civil action brought  
28 pursuant to this section if the person proves, by a preponderance  
of evidence, that the violation:

(a) Was not intentional;

(b) Was technical in nature; and

(c) Resulted from a bona fide error, notwithstanding the  
maintenance of procedures reasonably adapted to avoid any such  
error.

4. For the purposes of subsection 3, a bona fide error includes,  
without limitation, clerical errors, calculation errors, computer  
malfunction and programming errors and printing errors, except  
that an error of legal judgment with respect to the person's  
obligations under this chapter is not a bona fide error.

16. As stated above, Respondent has engaged in at least eight (8) violations of  
NRS Chapter 604A and NAC Chapter 604A.

17. Accordingly, the Commissioner has reasonable cause to believe that Respondent  
is or was violating, or is or was threatening to, or intends or intended to violate provisions of  
NRS Chapter 604A and NAC Chapter 604A.

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ORDER

IT IS HEREBY ORDERED that Respondent shall immediately **CEASE AND DESIST** from operating and/or engaging in deferred deposit loan service, high interest loan service, title loans or other lending activity in violation of NRS Chapters 604A and NAC Chapter 604A. Respondent shall immediately rectify any and all violations of NRS Chapter 604A and NAC 604A, specifically stated herein.

DATED this 6<sup>th</sup> day of March 2018

STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
FINANCIAL INSTITUTIONS DIVISION

By: \_\_\_\_\_

MARY YOUNG  
Acting Deputy Commissioner

1  
2 **APPEAL RIGHTS**

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4 **RESPONDENT HAS THE RIGHT TO REQUEST A HEARING IN THIS MATTER. If**  
5 you wish to request a hearing you must file a request **within thirty (30) calendar days** after  
6 this Order to Cease and Desist was received by the Respondent.

7 Your request for a hearing must be delivered to:

8 FINANCIAL INSTITUTIONS DIVISION  
9 DEPARTMENT OF BUSINESS AND INDUSTRY  
10 3300 W. Sahara Avenue, Suite 250  
11 Las Vegas, Nevada 89102

12 Other important rights you have are listed in Nevada Revised Statutes Chapters 675  
13 and 604A and 233B and the Nevada Administrative Code Chapter 604A.

14  
15 DATED this 6<sup>th</sup> day of March 2018.

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17 STATE OF NEVADA  
18 DEPARTMENT OF BUSINESS AND INDUSTRY  
19 FINANCIAL INSTITUTIONS DIVISION

20 By: \_\_\_\_\_

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MARY YOUNG  
Acting Deputy Commissioner

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2 CERTIFICATE OF SERVICE

3 I certify that I am an employee of the State of Nevada, Department of Business and  
4 Industry, Financial Institutions Division, and that on 6th day of March 2018, I  
5 deposited in the U.S. mail, postage prepaid, via First Class Mail and Certified Return Receipt  
6 Requested, a true and correct copy of the foregoing **ORDER TO CEASE AND DESIST**  
7 **VIOLATIONS OF NRS CHAPTER 604A and NAC 604A; APPEAL RIGHTS**, addressed as  
8 follows:

9  
10 Paycheck Auto, LLC  
11 Attention: Steven W. Klomp and/or Adam P. Katschke  
12 820 N. Spring Street, Suite A  
13 Caliente, Nevada 89008

14 Certified Mail: 7014 2870 0001 8494 7747

15 Paycheck Auto, LLC  
16 Attention Steven W. Klomp and/or Adam P. Katschke  
17 P.O. Box 308  
18 Panaca, Nevada 89042

19 Certified Mail: 7014 2870 0001 8494 7778

20 Paycheck Auto, LLC  
21 Attention: Steven W. Klomp  
22 450 E. Main, Box 308  
23 Panaca, Nevada 89042

Paycheck Auto, LLC  
Attention: Adam P. Katschke  
P.O. Box 253  
Caliente, Nevada 89008

24 Certified Mail: 7014 2870 0001 8494 7754

25 Certified Mail: 7014 2870 0001 8494 7761

26  
27  
28 DATED this 6th day of March 2018

By:  \_\_\_\_\_