

WAC 230-03-212 Defining "regulated lending institution." (1)

"Regulated lending institution" means any state or federally regulated organization primarily in the business of lending money for investment purposes.

(2) "Regulated lending institutions" must:

(a) Register with the Securities and Exchange Commission or any United States federal or state governmental banking or financial regulatory agency.

(b) Be actively regulated by the Securities and Exchange Commission or any other United States federal or state governmental banking or financial regulatory agency. "Active regulation" means:

(i) Reporting annually on lending activities to the regulatory agency; and

(ii) Receiving regular audits or inspections by the regulatory agency.

(c) Act as passive investors in the licensee. "Passive investors" mean investors who have no actual or potential influence over the operations of the licensee. A "passive investor" does not:

(i) Appoint or have the right to appoint officers, directors, consultants, or other positions with the licensee;

(ii) Require the licensee to seek approval or authorization in making business decisions;

(iii) Have full access to the records of the licensee;

(iv) Have the ability to convert debt into shares which would result in the lender becoming a substantial interest holder in the licensee; or

(v) Have any other influence or control over the licensee.

(d) Have nongambling-related businesses as a majority of their outstanding loans receivable.

[Statutory Authority: RCW 9.46.070. WSR 06-24-030 (Order 605), § 230-03-212, filed 11/29/06, effective 1/1/08.]