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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

10

OF THE STATE OF CALIFORNIA

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12 In the Matter of THE COMMISSIONER OF) DESIST AND REFRAIN ORDER PURSUANT
BUSINESS OVERSIGHT OF THE STATE OF) TO CALIFORNIA FINANCIAL CODE
13 CALIFORNIA,) SECTION 23050

14 Complainant,

15 vs.

16 Star Group, LLC d.b.a. Star Group Loans)

17 a.k.a.)

18 Stargrouploans.com)

19 Respondent.)

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21 The Commissioner of Business Oversight of the State of California (“Commissioner”),¹ is
22 informed and believes, and based on such information and belief, finds as follows:

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I.

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FACTUAL BACKGROUND

25 1. Star Group, LLC d.b.a. Star Group Loans a.k.a. Stargrouploans.com (“Star Group”) is,
26 and was at all relevant times herein, an entity of unknown form and not registered by the California

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28 ¹ As of July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the
Department of Business Oversight.

1 Secretary of State to do business in the State of California. Star Group operates apparently identical
2 websites, www.stargrouploans.com and www.stargrouploans.net, which list the following contact
3 information: Star Group Loans, 623 Main Street, Hunkins Plaza, Charlestown, Nevis, West Indies;
4 customerservice@stargrouploans.com and customerservice@stargrouploans.net; and telephone
5 number 1-888-228-2894.

6 2. The Commissioner has jurisdiction over deferred deposit transactions as set forth in
7 the California Deferred Deposit Transaction Law (“CDDTL”) (California Financial Code section
8 23000 *et seq.*).

9 3. “Deferred deposit transaction” (commonly referred to as “payday loans” or “payday
10 advances”) means a transaction whereby a person defers depositing a customer’s personal check until
11 a specific date, pursuant to a written agreement for a fee or other charge. “Personal check,” which is
12 referenced in California Financial Code section 23001, subdivision (a), includes the electronic
13 equivalent of a personal check, such as an Automated Clearing House (“ACH”) or debit card
14 transaction.

15 4. Since at least October, 2013, Star Group has engaged in the business of originating or
16 offering to originate deferred deposit transactions via the internet to California residents as described
17 below.

18 5. Star Group states on its websites, www.stargrouploans.com and
19 www.stargrouploans.net, that it offers a “secure and fast approval payday loan” ranging from \$100 to
20 \$600 in less than 24 hours. The payday loan application offered on the websites requires a customer
21 to submit personal information, address and telephone number, social security number, driver’s
22 license state and number, bank information, and employment information.

23 6. In or around October, 2013, at least one California resident submitted a payday loan
24 application via the website, www.stargrouploans.com. On or around October 10, 2013, Star Group
25 deposited \$530.00 into the California resident’s personal bank account via wire transfer. From
26 October, 2013 through January, 2014, Star Group withdrew a total of \$1,128.50 from the California
27 resident’s bank account via biweekly ACH transactions.

28 7. In or around February, 2014, the “Loan Transaction History” on the website,

1 www.stargrouploans.com, reflected that the principal loan amount was \$550. Only \$105 out of the
2 \$1,128.50 paid by the California resident had gone toward paying off the principal.

3 8. Star Group has not been issued a deferred deposit transaction originator license by the
4 Commissioner pursuant to the CDDTL. As such, Star Group is not authorized to engage in payday
5 lending, or to offer, originate, or make a deferred deposit transaction, arrange a deferred deposit
6 transaction for a deferred deposit originator, act as an agent for a deferred deposit originator, or assist
7 a deferred deposit originator in the origination of a deferred deposit transaction in California or to
8 California residents.

9 II.

10 **DESIST AND REFRAIN ORDER**

11 The California Department of Business Oversight (“Department”) is responsible for enforcing
12 provisions of the CDDTL found in California Financial Code commencing at section 23000. The
13 Commissioner is authorized to pursue administrative actions and remedies against persons who
14 engage in violations of the CDDTL.

15 California Financial Code section 23050 provides, in pertinent part:

16 Whenever, in the opinion of the commissioner, any person is engaged in
17 the business of deferred deposit transactions . . . without a license from the
18 commissioner, or any licensee is violating any provision of this division,
19 the commissioner may order that person or licensee to desist and to refrain
20 from engaging in the business or further violating this division. If within
30 days, after the order is served, a written request for a hearing is filed
and no hearing is held within 30 days thereafter, the order is rescinded.

21 California Financial Code section 23005, subdivision (a) provides in pertinent part:

22 (a) No person shall offer, originate, or make a deferred deposit transaction,
23 arrange a deferred deposit transaction for a deferred deposit originator, act
24 as an agent for a deferred deposit originator, or assist a deferred deposit
25 originator in the origination of a deferred deposit transaction without first
26 obtaining a license from the commissioner and complying with the
provisions of this division.

27 California Financial Code section 23035, subdivision (a) limits the face amount of
28 the check in a deferred deposit transaction to three hundred dollars (\$300). California

1 Financial Code section 23036, subdivision (a) limits fees to 15% of the face amount of
2 the deferred deposit transaction.

3 The foregoing facts establish violations of the CDDTL by Star Group, LLC d.b.a. Star Group
4 Loans a.k.a. Stargrouploans.com, including: 1) engaging in the business of originating or offering to
5 originate deferred deposit transactions without having first obtained a license to do so from the
6 Commissioner, in violation of section 23005, subdivision (a); 2) offering or originating deferred
7 deposit transactions with face amounts greater than \$300, in violation of section 23035, subdivision
8 (a); and 3) charging excessive transaction fees in violation of section 23036, subdivision (a).

9 Pursuant to Financial Code section 23050 Star Group, LLC d.b.a. Star Group Loans a.k.a.
10 Stargrouploans.com is hereby ordered to desist and refrain from violating Financial Code sections
11 23005, 23035, and 23036. This Order is necessary for the protection of consumers and consistent
12 with the purposes, policies, and provisions of the CDDTL. This Order shall remain in full force and
13 effect until further order of the Commissioner.

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15 Dated: June 2, 2014
16 Los Angeles, California

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JAN LYNN OWEN
Commissioner of Business Oversight

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By: _____
MARY ANN SMITH
Deputy Commissioner

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