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9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of THE COMMISSIONER OF )  
13 BUSINESS OVERSIGHT OF THE STATE OF ) DESIST AND REFRAIN ORDER  
CALIFORNIA, ) PURSUANT TO CALIFORNIA  
14 ) FINANCIAL CODE SECTION 23050; and  
Complainant, )  
15 ) ORDER VOIDING TRANSACTIONS  
16 vs. ) PURSUANT TO CALIFORNIA  
RED LEAF VENTURES, LLC, doing business ) FINANCIAL CODE SECTION 23060  
17 as RED LEAF LENDING; and )  
18 www.REDLEAFLENDING.com )  
19 )  
20 Respondents. )  
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1 Complainant, the Commissioner of Business Oversight (“Commissioner”)<sup>1</sup>, is informed and  
2 believes, and based on such information and belief, finds as follows:

3 **I.**

4 **FACTUAL BACKGROUND**

5 1. Red Leaf Ventures, LLC, doing business as Red Leaf Lending (“Red Leaf”) is, and  
6 was at all relevant times herein, a company of unknown status located outside of the United States.  
7 It has a purported business address of Hunkins Waterfront Plaza, Main Street, Suite 556,  
8 Charlestown, Nevis, West Indies. Red Leaf transacts business by way of the Internet at  
9 www.redleaf lending.com.

10 2. Since at least March 2013, Red Leaf has engaged in the business of offering,  
11 originating, or making deferred deposit transactions in California, as defined by the California  
12 Deferred Deposit Transaction Law (“CDDTL”), as set forth in California Financial Code section  
13 23000 et seq. and described below. In these deferred deposit transactions, Red Leaf defers making  
14 an Automated Clearing House (“ACH”) deduction for the loan repayment until a specific date  
15 pursuant to a written agreement for a fee or other charge.

16 3. A deferred deposit transaction is a written transaction whereby one person gives  
17 funds to another person upon receipt of a personal check, and it is agreed that the personal check  
18 will not be deposited until a later date. “Personal check,” referenced in California Financial Code  
19 section 23001, includes “the electronic equivalent of a personal check,” such as an ACH or debit  
20 card transaction.

21 4. Red Leaf offers deferred deposit transactions or “payday loans” to California  
22 residents by way of telephone at (855) 733-7310 and through its website address at  
23 www.redleaf lending.com, as described below.

24 5. Red Leaf borrowers submit an online loan application through the company’s website  
25 at www.redleaf lending.com. Borrowers are required to provide their checking account information  
26 from which Red Leaf automatically debits payments, fees, and interest from the borrowers. But Red  
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<sup>1</sup> As of July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight.

1 Leaf then uses the borrowers’ bank account information to deduct additional charges, sometimes  
2 doubling or tripling the amount of the original loan, beyond what the CDDTL allows.

3 6. The Commissioner has jurisdiction over deferred deposit transactions as set forth in  
4 the CDDTL.

5 7. The Commissioner has not issued a deferred deposit originator license to Red Leaf  
6 pursuant to the CDDTL. As such, Red Leaf is not authorized to engage in payday lending, or to  
7 offer, originate, or make a deferred deposit transaction, arrange a deferred deposit transaction for a  
8 deferred deposit originator, act as an agent for a deferred deposit originator, or assist a deferred  
9 deposit originator in the origination of a deferred deposit transaction in California or to California  
10 residents, pursuant to California Financial Code section 23005.

11 **II.**

12 **DESIST AND REFRAIN ORDER**

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

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

18 Whenever, in the opinion of the commissioner, any person is engaged  
19 in the business of deferred deposit transactions . . . without a license  
20 from the commissioner, or any licensee is violating any provision of  
21 this division, the commissioner may order that person or licensee to  
22 desist and to refrain 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.

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

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

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1 The foregoing facts establish that Red Leaf engaged in the business of originating or offering  
2 to originate deferred deposit transactions through the website www.redleafending.com without  
3 having first obtained a license to do so from the Commissioner in violation of California Financial  
4 Code section 23005, subdivision (a).

5 Pursuant to California Financial Code section 23050, Red Leaf Ventures, LLC, doing  
6 business as Red Leaf Lending and www.redleafending.com, is hereby ordered to desist and refrain  
7 from engaging in the business of offering, originating, or making a deferred deposit transaction,  
8 arranging a deferred deposit transaction for a deferred deposit originator, acting as an agent for a  
9 deferred deposit originator, or assisting a deferred deposit originator in the origination of a deferred  
10 deposit transaction in the State of California without a license.

11 This Order is necessary, in the public interest, for the protection of consumers and is  
12 consistent with the purposes, policies and provisions of the CDDTL.

13 This order shall remain in full force and effect until further order of the Commissioner.

14 **III.**

15 **ORDER VOIDING CALIFORNIA DEFERRED DEPOSIT TRANSACTIONS**

16 California Financial Code section 23060 provides, in pertinent part:

17 (b) If any provision of this division is willfully violated in the making  
18 or collection of a deferred deposit transaction, the deferred deposit  
19 transaction contract shall be void, and no person shall have any right to  
20 collect or receive any amount provided in the deferred deposit  
transaction, any charges, or fees in connection with the transaction.

21 Red Leaf willfully violated the CDDTL by originating deferred deposit transactions with  
22 California customers without a license in violation of California Financial Code section 23005,  
23 subdivision (a). Therefore, Red Leaf is not entitled to collect or receive any amount provided in the  
24 deferred deposit transactions, any charges or fees in connection with the transactions.

25 Pursuant to California Financial Code section 23060, any and all deferred deposit  
26 transactions contracted with California customers or in the State of California by Red Leaf are  
27 therefore void. Red Leaf Ventures, LLC, doing business as Red Leaf Lending and  
28 www.redleafending.com is hereby ordered to immediately cease collecting all principal amounts,

1 and return all principal amounts, provided in any and all deferred deposit transactions contracted  
2 with California customers or in the State of California, and to disgorge any and all charges or fees  
3 received in connection with those deferred deposit transactions.

4 Dated: August 5, 2014  
5 Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By: \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

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