

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: COMMUNITY PAYDAY ADVANCE, LLC
1959 West Manchester Avenue
Los Angeles, CA 90047

CITATIONS
AND
DESIST AND REFRAIN ORDER
(Pursuant to California Financial Code section 23058)

The California Corporations Commissioner finds that:

1. Community Payday Advance, LLC hereinafter “Licensee” is, and was at all relevant times herein, a limited liability company, with its principal place of business located at 1959 West Manchester Avenue, Los Angeles, CA 90047.

2. On or about October 24, 2006, Licensee obtained a license from the California Corporations Commissioner (“Commissioner”) to engage in the business of deferred deposit transactions at 1959 West Manchester Avenue, Los Angeles, CA 90047.

3. An examination of Licensee conducted by the Commissioner on November 8, 2007 disclosed the following violations at 1959 West Manchester Avenue, Los Angeles, CA 90047.

Citation A. Licensee failed to include disclosure that the customer cannot be criminally prosecuted in a criminal action in conjunction with a deferred deposit transaction for a returned check or be threatened with criminal prosecution in notice required to be distributed to the customer prior to entering into deferred deposit transaction in violation of Financial Code section 23035 (c) (3).

Citation B. Licensee failed to include disclosure that the check is being negotiated as part of a deferred deposit transaction pursuant to section 23035 of the Financial Code and is not subject to the provisions of 1719 of the Civil Code and that no customer shall be required to pay treble damages if the check does not clear in the notice distributed to the customer prior to entering into the

1 agreement in violation of Financial Code section 23035 (c) (6).

2 Citation C. Licensee failed to include disclosure that customer cannot be prosecuted or
3 threatened with prosecution to collect a deferred deposit transaction in the Agreement in violation of
4 California Financial Code section 23035 (e) (9).

5 Citation D. Licensee failed to include disclosure that licensee cannot make a deferred
6 deposit transaction contingent on the purchase of another product or service in the Agreement in
7 violation of California Financial Code section 23035 (e) (11).

8 Pursuant to California Financial Code section 23058, Licensee is hereby ordered to pay to the
9 Commissioner an administrative penalty in the total amount of \$6,000 for the following Citations
10 within 30 days from the date of these Citations.

11 Citation A. \$1,500

12 Citation B. \$1,500

13 Citation C. \$1,500

14 Citation D. \$1,500

15 Pursuant to California Financial Code section 23050, Licensee is hereby ordered
16 to desist and refrain from engaging in the business of deferred deposit transactions in the State of
17 California in violation of the above referenced sections.

18 These Citations and Desist and Refrain Order are necessary, in the public
19 interest, for the protection of consumers and is consistent with the purposes, policies and
20 provisions of the California Deferred Deposit Transaction Law. These Citations and Desist and
21 Refrain Order shall remain in full force and effect until further order of the Commissioner.

22 These Citations and Desist and Refrain Order are separate from any further action that may
23 include other administrative, civil or criminal remedies that the Commissioner may take based upon
24 the violations of law cited herein or otherwise.

25
26 California Financial Code section 23058 provides, in relevant part:

- 27 (a) If, upon inspection, examination or investigation, based upon a
28 complaint or otherwise, the department has cause to believe that a person
is engaged in the business of deferred deposit transactions without a license,
. . . the department may issue a citation to that person in writing, describing

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

with particularity the basis of the citation. Each citation may contain . . . an assessment of an administrative penalty not to exceed two thousand five hundred dollars (\$2,500)

. . .

(c) If within 30 days from the receipt of the citation of the person cited fails to notify the department that the person intends to request a hearing as described in subdivision (d), the citation shall be deemed final.

(d) Any hearing held under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code

California Financial Code section 23050 provides:

Whenever, in the opinion of the commissioner, any person is engaged in the business of deferred deposit transactions, as defined in this division, without a license from the commissioner, or any licensee is violating any provision of this division, the commissioner may order that person or licensee to 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.

The request for a hearing may be made by delivering or mailing a written request to:

Steven Thompson
Special Administrator
California Deferred Deposit Transaction Law
Department of Corporations
320 West 4th Street, Ste. 750
Los Angeles, California 90013-2344
(213) 576-7610

Dated: December 28, 2007
Los Angeles, CA

PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
Steven C. Thompson
Special Administrator
California Deferred Deposit Transaction Law