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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

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OF THE STATE OF CALIFORNIA

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

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Complainant,

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vs.

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CashStand, Inc.; Repetti Bonding Agency; Simi)
Valley Check Cashing; Virginia Castanon doing)
18 business as Jess Bail Bonds; Francisco Soo)
doing business as Cash Express Check Cashing;)
19 Hernando Munoz doing business as Sherman)
Way Check Cashing; Sharmeen's Enterprises,)
20 Inc. doing business as Short Stop Check)
Cashing; E. Los Angeles Check Cashing;)
21 Francesca Segarini doing business as Tony's)
22 Check Cashing; ABC Check Cashing; Cash)
23 Connection Plus; My Express Services; AA)
Cash AA Check; AAA America 2 Check)
24 Cashing; Check 4 Cash; Eagles No 4 Check)
Cashing; AAA Check Cash; Check Cashers;)
25 Check Cashers II; Tracy Coffman doing)
26 business as Independent Petroleum; and M & F)
Check Cashing,)

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Respondents.

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

3 **I.**

4 **FACTUAL BACKGROUND**

5 1. CashStand, Inc. (“CashStand”), a California corporation, is a deferred deposit
 6 transaction originator with license number 100-4112 since on or around October 7, 2009¹ by the
 7 California Department of Business Oversight, formerly the California Department of Corporations
 8 (“Department”), pursuant to the California Deferred Deposit Transaction Law, commencing at
 9 California Financial Code section 23000 (“CDDTL”). The main office of CashStand is located at
 10 26560 Agoura Road, Calabasas, California 91302.

11 2. At all relevant times herein, John Nutt is the president and chief executive officer of
 12 CashStand with business address located at 26560 Agoura Road, Calabasas, California 91302.

13 3. CashStand applied for, and was issued, 22 additional branch licenses pursuant to
 14 California Financial Code sections 23005(c) and 23006. The branch license numbers, locations, and
 15 dates of issuance are as follows:

	CashStand Branch License No.	CashStand Branch Office Address	Branch License Issue Date	
16	1	100-4115	11233 Valley Blvd., El Monte, CA 91731	10/17/2009
17	2	100-4208	1592 East Los Angeles, Simi Valley, CA 93065	5/12/2010
18	3	100-4237	336 South A St., Oxnard, CA 93030	8/12/2010
19	4	100-4246	1050 Avenida De Los Arboles, Thousand Oaks, CA 91360	9/13/2010
20	5	100-4247	15333 Sherman Way, Suite V, Van Nuys, CA 91406	9/13/2010
21	6	100-4273	15400 Nordhoff St., North Hills, CA 91343	11/4/2010
22	7	100-4285	5050 E. Olympic Blvd., Los Angeles, CA 90022	12/8/2010

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 24
 25
 26
 27
 28 ¹ License number 100-4112 was originally issued to CashMo, Inc., whose name was changed on or about November 24, 2009 to CashStand, Inc. On January 25, 2010, the Department issued an Amended California Deferred Deposit Originator license reflecting the change in name from CashMo, Inc. to CashStand, Inc.

1	8	100-4287	7908 West Lane, Stockton, CA 95210	12/8/2010
2	9	100-4288	2710 Country Club Blvd., Stockton, CA 95204	12/8/2010
3	10	100-4302	707 N. Bristol St., Suite F, Santa Ana, CA 92703	12/20/2010
4	11	100-4311	9961 E. Valley Blvd., Suite A, El Monte, CA 91731	2/7/2011
5	12	100-4312	6582 Van Nuys Blvd., Van Nuys, CA 91401	2/7/2011
6	13	100-4314	1102 5 th St., Eureka, CA 95501	2/7/2011
7	14	100-4320	1123 North Mountain Ave., Ontario, CA 91762	3/2/2011
8	15	100-4321	4149 Tweedy Blvd., #A, South Gate, CA 90280	3/2/2011
9	16	100-4323	704 S. San Jacinto Ave., San Jacinto, CA 92583	3/2/2011
10	17	100-4328	8127 Mulberry Ave., #108, Fontana, CA 92335	3/28/2011
11	18	100-4364	30850 Riverside Dr., Unit A6, Lake Elsinore, CA 92530	8/11/2011
12	19	100-4365	31913 Mission Trail, Lake Elsinore, CA 92530	8/11/2011
13	20	100-4410	1466 E. Foothill Blvd., Suite M, Upland, CA 91786	4/17/2012
14	21	100-4411	14264 Valley Blvd., Suite E, Fontana, CA 92335	4/17/2012
15	22	100-4412	900 Market St., #L, Oakland, CA 94607	4/17/2012

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20 4. Pursuant to California Financial Code section 23001(a), “deferred deposit transaction”

21 (commonly referred to as “payday loans” or “payday advances”) means a transaction whereby a

22 person defers depositing a customer’s personal check until a specific date, pursuant to a written

23 agreement for a fee or other charge. “Personal check” includes the electronic equivalent of a personal

24 check, such as an Automated Clearing House (“ACH”) or debit card transaction.

25 5. On or about May 8, 2012, the Department commenced a regulatory examination

26 pursuant to California Financial Code section 23046 of the business activities of CashStand under its

27 main license, 100-4112, and its 22 abovementioned branch licenses.

28 6. The regulatory examination disclosed that from in or around May 2010 through at

1 least May 2012, CashStand engaged in the business of offering and originating deferred deposit
 2 transactions through the use of unaffiliated business entities at each of its branch locations pursuant to
 3 a document entitled, “Management Agreement,” which provided the following:

- 4 a) CashStand appoints the unaffiliated business entity as the “Manager” who operates
 5 and manages CashStand’s business at the licensed branch location and provides
 6 services as set forth in a document entitled, “Schedule 1,” which lists only “Payday
 7 advances.”
- 8 b) CashStand set forth in a document entitled, “Schedule 2-A,” that CashStand “shall
 9 pay manager a commission for payday advances in an amount equal to 30%
 10 multiplied by the Net Fees collected by manager from payday advances during
 11 each calendar month.”
- 12 c) CashStand deemed the unaffiliated business entity to be an “independent
 13 contractor,” who “shall not be treated as an employee, agent, franchisee, joint
 14 venture, partner or owners” of CashStand.
- 15 d) The unaffiliated business entity “shall comply with all applicable Federal, state
 16 and local laws, ordinances, rules, and regulations applicable to the Services
 17 including, without limitation, all applicable consumer protection, anti-fraud,
 18 deceptive practices, franchise and securities laws.”

19 7. CashStand posted its branch license at each of its respective branch locations. The
 20 license displayed the name of the licensed entity as “CashStand, Inc.,” branch license number, and
 21 the address of the branch location.

22 8. The names of the unaffiliated business entities who were designated as Managers
 23 pursuant to the executed Management Agreements at CashStand’s licensed branch locations
 24 (hereinafter referred to as “Managers”) are as follows:

	CashStand Branch License No.	Name of Managers
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26		
27	1	100-4115
28	2	100-4208
		Repetti Bonding Agency
		Simi Valley Check Cashing

1	3	100-4237	Virginia Castanon doing business as Jess Bail Bonds
2	4	100-4246	Francisco Soo doing business as Cash Express Check Cashing
3	5	100-4247	Hernando Munoz doing business as Sherman Way Check Cashing
4	6	100-4273	Sharmeen's Enterprises, Inc. doing business as Short Stop Check Cashing
5	7	100-4285	E. Los Angeles Check Cashing
6	8	100-4287	Francesca Segarini doing business as Tony's Check Cashing
7	9	100-4288	Francesca Segarini doing business as Tony's Check Cashing
8	10	100-4302	ABC Check Cashing
9	11	100-4311	Cash Connection Plus
10	12	100-4312	My Express Services
11	13	100-4314	AA Cash AA Check
12	14	100-4320	AAA America 2 Check Cashing
13	15	100-4321	Check 4 Cash
14	16	100-4323	Eagles No 4 Check Cashing
15	17	100-4328	AAA Check Cash
16	18	100-4364	Check Cashers
17	19	100-4365	Check Cashers II
18	20	100-4410	Tracy Coffman doing business as Independent Petroleum
19	21	100-4411	Tracy Coffman doing business as Independent Petroleum
20	22	100-4412	M & F Check Cashing

21 9. From in or around May 2010 through at least May 2012, the above-mentioned
 22 Managers offered, originated, or made a deferred deposit transaction, arranged a deferred deposit
 23 transaction for CashStand by designating CashStand as the lender, acted as an agent for CashStand,
 24 or assisted CashStand in the origination of a deferred deposit transaction pursuant to the Management
 25 Agreement and specific written instructions on originating deferred deposit transactions.

26 10. Pursuant to terms of the document entitled, "Schedule 2-A," of the Management
 27 Agreement, CashStand paid the Managers a commission of 30% of the Net Fees collected from
 28 payday advances during each calendar month. These payments were paid by checks issued by
 CashStand to the Managers.

1 11. At all relevant times herein, none of the Managers were licensed by the Commissioner
2 to engage in the business of deferred deposit transactions pursuant to the CDDTL.

3 **II.**

4 **DESIST AND REFRAIN ORDER**
5 **UNFAIR, UNLAWFUL, OR DECEPTIVE CONDUCT IN CONNECTION WITH THE**
6 **BUSINESS OF DEFERRED DEPOSIT TRANSACTIONS IN VIOLATION OF**
7 **CALIFORNIA FINANCIAL CODE SECTION 23037**
8 **(Against CashStand, Inc.)**

9 The Department is responsible for enforcing provisions of the CDDTL found in the California
10 Financial Code commencing at section 23000. The Commissioner is authorized to pursue
11 administrative actions and remedies against persons who engage in violations of the CDDTL.

12 California Financial Code section 23050 provides:

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

21 California Financial Code section 23018(a) provides, “[a] license, along with any currently
22 effective order of the commissioner approving a different name pursuant to Section 23023, shall be
23 conspicuously posted in the place of business authorized by the licensee.”

24 California Financial Code section 23018(b) provides, in pertinent part, “[a] license is not
25 transferable or assignable.”

26 California Financial Code section 23037 provides, in pertinent part: “In no case shall a
27 licensee do any of the following: . . . (f) Engage in any unfair, unlawful, or deceptive conduct, or
28 make any statement that is likely to mislead in connection with the business of deferred deposit
transactions.”

The foregoing facts establish violations of California Financial Code section 23037(f) in that
the use of unlicensed business entities to manage, operate, and assist in the offer and origination of

1 deferred deposit transactions at 22 licensed branch offices where non-transferable, non-assignable
2 licenses issued to CashStand, Inc. were posted, constitutes unfair, unlawful, or deceptive conduct in
3 connection with the business of deferred deposit transactions.

4 Pursuant to California Financial Code section 23050 CashStand, Inc. is hereby ordered to
5 desist and refrain from violating California Financial Code section 23037. This Order is necessary
6 for the protection of consumers and consistent with the purposes, policies, and provisions of the
7 CDDTL. This Order shall remain in full force and effect until further order of the Commissioner.

8 **III.**

9 **DESIST AND REFRAIN ORDER**
10 **UNLICENSED OFFERS OF OR ASSISTANCE IN**
11 **ORIGINATION OF DEFERRED DEPOSIT TRANSACTIONS IN VIOLATION OF**
12 **CALIFORNIA FINANCIAL CODE SECTION 23005**
13 **(Against Managers)**

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

15 (a) No person shall offer, originate, or make a deferred deposit transaction,
16 arrange a deferred deposit transaction for a deferred deposit originator, act
17 as an agent for a deferred deposit originator, or assist a deferred deposit
18 originator in the origination of a deferred deposit transaction without first
19 obtaining a license from the commissioner and complying with the
20 provisions of this division

21 The foregoing facts establish violations of California Financial Code section 23005(a) by
22 Repetti Bonding Agency; Simi Valley Check Cashing; Virginia Castanon doing business as Jess Bail
23 Bonds; Francisco Soo doing business as Cash Express Check Cashing; Hernando Munoz doing
24 business as Sherman Way Check Cashing; Sharmeen’s Enterprises, Inc. doing business as Short Stop
25 Check Cashing; E. Los Angeles Check Cashing; Francesca Segarini doing business as Tony's Check
26 Cashing; ABC Check Cashing; Cash Connection Plus; My Express Services; AA Cash AA Check;
27 AAA America 2 Check Cashing; Check 4 Cash; Eagles No 4 Check Cashing; AAA Check Cash;
28 Check Cashers; Check Cashers II; Tracy Coffman doing business as Independent Petroleum; and
M & F Check Cashing.

1 Pursuant to California Financial Code section 23050 Repetti Bonding Agency; Simi Valley
2 Check Cashing; Virginia Castanon doing business as Jess Bail Bonds; Francisco Soo doing business
3 as Cash Express Check Cashing; Hernando Munoz doing business as Sherman Way Check Cashing;
4 Sharmeen’s Enterprises, Inc. doing business as Short Stop Check Cashing; E. Los Angeles Check
5 Cashing; Francesca Segarini doing business as Tony's Check Cashing; ABC Check Cashing; Cash
6 Connection Plus; My Express Services; AA Cash AA Check; AAA America 2 Check Cashing;
7 Check 4 Cash; Eagles No 4 Check Cashing; AAA Check Cash; Check Cashers; Check Cashers II;
8 Tracy Coffman doing business as Independent Petroleum; and M & F Check Cashing are hereby
9 ordered to desist and refrain from violating California Financial Code section 23005. This Order is
10 necessary for the protection of consumers and consistent with the purposes, policies, and provisions
11 of the CDDTL. This Order shall remain in full force and effect until further order of the
12 Commissioner.

13 Dated: August 8, 2013
14 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

17 By: _____
18 MARY ANN SMITH
19 Deputy Commissioner
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