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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of:) CDDTL LICENSE NO.: 100-3227
12 THE COMMISSIONER OF BUSINESS)
13 OVERSIGHT,) STIPULATION
14 Complainant,)
15 v.)
16 CONTINENTAL CURRENCY SERVICES,)
17 INC. doing business as CCS,)
18 Respondent.)
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22 It is hereby stipulated and agreed by and between the Commissioner of Business Oversight
23 (Complainant or Commissioner) and Continental Currency Services, Inc. doing business as CCS
24 (Respondent) (collectively, the Parties) as follows:

25 I.

26 RECITALS

27 A. The Commissioner has jurisdiction over deferred deposit transactions as set forth in the
28 California Deferred Deposit Transaction Law (CDDTL) (Fin. Code, § 23000 et. seq.). The

1 Commissioner is authorized to pursue administrative actions and remedies against persons who
2 engage in violations of the CDDTL.

3 B. Respondent is a California corporation with a principal office located at 1108 East 17th Street,
4 Santa Ana, California, 92701.

5 C. Jeffrey Lum is the General Manager of Respondent and is authorized to enter into this
6 Stipulation on Respondent’s behalf.

7 D. On December 31, 2004, the Commissioner issued to Respondent a deferred deposit
8 transaction originator license (CDDTL License No. 100-3227) pursuant to the CDDTL. Respondent
9 engages in its payday lending business at 56 licensed locations in California...

10 E. On or about December 3, 2013, the Commissioner commenced a regulatory examination of
11 all of Respondent’s licensed California locations (2013 exam). The examination disclosed the
12 following violations of the CDDTL and regulations promulgated thereunder:

13 (i) During the period of November 1, 2013 through March 31, 2014, Respondent failed to
14 maintain in its customer files “evidence of the check” for every deferred deposit transaction, in
15 violation of California Code of Regulations, title 10, section 2025, subdivision (c)(1); and,

16 (ii) During the period commencing on or after the 2013 exam, Respondent failed to keep
17 records that shall enable the Commissioner’s examiner to reconcile each consumer deferred deposit
18 transaction with documentation maintained in the consumer’s deferred deposit transaction file
19 records, in violation of Financial Code section 23024.

20 F. On January 14, 2015, the Commissioner issued to Respondent: Citations Pursuant to
21 Financial Code Section 23058; Desist and Refrain Order Pursuant to Financial Code Section 23058;
22 and, accompanying documents (collectively, Administrative Action). A true and correct copy of the
23 Administrative Action is attached and incorporated by reference as Exhibit A.

24 G. Respondent submitted a timely notice of defense and request for hearing. A hearing has been
25 set on February 11, 2016 before the Office of Administrative Hearings.

26 H. It is the intention and the desire of the Parties at this time to resolve the matter without the
27 need for a hearing.

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I.

TERMS AND CONDITIONS

WHEREFORE, in consideration of the foregoing, and the terms and conditions set forth herein, the Parties agree and stipulate as follows:

1. Purpose. This Stipulation is entered into for the purpose of judicial economy and efficiency, and to avoid the expense of a hearing, and possible other court proceedings.

2. Desist and Refrain Order. Respondent stipulates to the finality of the Desist and Refrain Order issued pursuant to Financial Code section 23058, as set forth as part of the Administrative Action attached hereto as Exhibit A.

3. Citations. Respondent hereby agrees to pay the Commissioner citations in the amount of \$2,500.00 pursuant to Financial Code section 23058, subdivision (c), no later than 30 calendar days after the effective date of this Stipulation, as such date is defined in paragraph 20. The citations payment shall be made in the form of a cashier’s check payable to the “Department of Business Oversight” and mailed to the attention of Senior Counsel Miranda LeKander at 1515 K Street, Suite 200, Sacramento, California, 95814.

4. Waiver of Hearing Rights. Respondent agrees to withdraw its notice of defense and request for hearing, and hereby waives all rights to any hearing or appeal of the Administrative Action.

5. Compliance. Respondent stipulates to undertake all appropriate steps to assure full compliance with California law in the conduct of its business. To address the Commissioner’s concerns arising from the 2013 exam, as specified in paragraph E above, Respondent agrees to implement and adhere to the following policies and procedures:

(a) For every deferred deposit transaction, including every Automated Clearing House transaction, Respondent shall maintain in the customer’s loan file “evidence of the check” in the form of either: (1) a hard copy of the customer’s personal check or bank account statement (Paper Evidence); or (2) the following proxy information: (i) name of account holder; (ii) account type; (ii) amount of the check; (iv) bank name; (v) account number; and (vi) routing number (collectively, Proxy Evidence).

(b) For every deferred deposit transaction where “evidence of the check” is maintained in

1 the form of Proxy Evidence, Respondent will verify that the customer is the account holder and
2 that the account holder is using his or her personal checking account (not a representative payee,
3 custodial, or trust account) by verbally confirming the full bank account number and account type
4 through an agent of the bank or by viewing secured information on the bank's website or an
5 application (App) on the customer's mobile device. Respondent will contemporaneously record in
6 the customer's loan file the name of its Customer Service Representative (CSR) conducting the
7 verification, the date of account verification, the website address viewed by the CSR or the bank
8 telephone number called by the CSR and, at a minimum, the first name of the bank agent with
9 whom the CSR speaks.

10 (c) For every deferred deposit transaction, Respondent will record in the customer's loan file
11 the CSR's method of account verification (e.g., check, bank statement, bank agent, website, or
12 App) and notate the exact account holder name and account type printed on the customer's
13 personal check or bank account statement, stated by the bank's agent, or shown on the bank
14 website or App on the customer's mobile device.

15 (d) Respondent is not required to re-verify account ownership and account type in
16 subsequent deferred deposit transactions where "the evidence of the check" has already been
17 vouched in accordance with the provisions set forth herein.

18 (e) These policies and procedures shall become effective 30 calendar days from the
19 effective date of this Stipulation, as such date is defined in paragraph 20.

20 (f) The policies and procedures outlined in this paragraph are tailored to address the
21 Commissioner's particular concerns arising from the 2013 exam of Respondent's business and are
22 not intended for general application. Should such policies and procedures become outdated or
23 impractical due to changes in the CDDTL or the regulations promulgated thereunder, applicable
24 technology, or other attendant factors, it shall be Respondent's responsibility to apply to the Special
25 Administrator of the CDDTL, at 320 West 4th Street, Suite 750, Los Angeles, California 90013, for
26 modifications to or other relief from these procedures.

27 6. Breach. Respondent acknowledges that failure to comply with any provision of this
28 Stipulation shall be deemed a breach and cause for the Commissioner to immediately revoke any

1 licenses held by, and/or deny any pending application(s) of Respondent, its successors and
2 assigns, by whatever names they might be known. Respondent hereby waives any notice and
3 hearing rights to contest such revocations and/or denial(s) which may be afforded under the
4 CDDTL, the California Administrative Procedure Act, the Code of Civil Procedure, or any other
5 provision of law in connection therewith provided, however, that this waiver shall not apply to a
6 claim by Respondent of factual inaccuracy of the Commissioner's conclusion that Respondent has
7 failed to comply under this Stipulation or to a nonsystemic compliance failure that is caused by
8 human error despite the existence of procedures reasonably designed to prevent such error.

9 7. Application as to Third Parties. This Stipulation seeks to resolve the Commissioner's
10 concerns arising from the regulatory issues cited in the 2013 exam of Respondent's business.
11 Nothing contained in this Stipulation is intended to be admitted in any court, administrative tribunal,
12 or elsewhere as evidence of either: (a) Respondent's wrongdoing or liability as to third parties; or,
13 (b) policies or procedures of general application that may be relied upon by third parties as evidence
14 of compliance with the CDDTL.

15 8. Future Actions by Commissioner. The parties hereby acknowledge and agree that this
16 Stipulation is intended to constitute a full, final and complete resolution of this matter. The parties
17 further acknowledge and agree that nothing contained in this Stipulation shall operate to limit the
18 Commissioner's ability to assist any other agency (county, state or federal) with any prosecution,
19 administrative, civil or criminal, brought by any such agency against Respondent based upon any of
20 the activities alleged in this matter or otherwise. This Stipulation shall not limit the ability of the
21 Commissioner to bring any administrative or civil action to enforce compliance with the orders
22 attached hereto or seek penalties for their violation.

23 9. Independent Legal Advice. Respondent represents, warrants, and agrees that it has received
24 independent advice from legal counsel and/or representative with respect to the advisability of
25 executing this Stipulation.

26 10. Coverage. Each of the parties represents, warrants, and agrees that in executing this
27 Stipulation it has relied solely on the statements set forth herein and the advice of its own counsel
28 and/or representative. Each of the parties further represents, warrants, and agrees that in executing

1 this Stipulation it has placed no reliance on any statement, representation, or promise of any other
2 party, or any other person or entity not expressly set forth herein, or upon the failure of any party or
3 any other person or entity to make any statement, representation or disclosure of anything
4 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in
5 any way fraudulently induced to execute this Stipulation; and (2) to preclude the introduction of parol
6 evidence to vary, interpret, supplement, or contradict the terms of this Stipulation.

7 11. Full Integration. This Stipulation is the final written expression and the complete and
8 exclusive statement of all the agreements, conditions, promises, representations, and covenants
9 between the parties with respect to the subject matter hereof, and supersedes all prior or
10 contemporaneous agreements, negotiations, representations, understandings, and discussions between
11 and among the parties, their respective representatives, and any other person or entity, with respect to
12 the subject matter covered hereby.

13 12. No Presumption from Drafting. In that the parties have had the opportunity to draft, review
14 and edit the language of this Stipulation, no presumption for or against any party arising out of
15 drafting all or any part of this Stipulation will be applied in any action relating to, connected, to, or
16 involving this Stipulation. Accordingly, the parties waive the benefit of Civil Code section 1654 and
17 any successor or amended statute, providing that in cases of uncertainty, language of a contract
18 should be interpreted most strongly against the party who caused the uncertainty to exist.

19 13. Counterparts. This Stipulation may be executed in one or more counterparts, each of which
20 shall be an original but all of which, together, shall be deemed to constitute a single document.

21 14. Modifications and Qualified Integration. No amendment, change, or modification of this
22 Stipulation shall be valid or binding to any extent unless in writing and signed by all parties.

23 15. Headings and Governing Law. The headings to the paragraphs of this Stipulation are inserted
24 for convenience only and will not be deemed part hereof or affect the construction or interpretation of
25 the provisions hereof. This Stipulation shall be construed and enforced in accordance with and
26 governed by California law.

27 16. Public Record. Respondent acknowledges that this Stipulation and the Exhibits attached
28 hereto are public records.

1 17. Authority. Each signator hereto covenants that he/she possesses all necessary capacity and
2 authority to sign and enter into this Stipulation.

3 18. Voluntary Agreement. Respondent represents and acknowledges that it is executing this
4 Stipulation completely voluntarily and without any duress or undue influence of any kind from any
5 source.

6 19. Notice. Notice shall be provided to each party at the following addresses:

7 To Respondent: Jeffrey Lum, General Manager
8 Continental Currency Services, Inc.
9 231 East 7th Street
10 Santa Ana, California 92706

11 To the Commissioner: Department of Business Oversight
12 320 West 4th Street, Suite 750
13 Los Angeles, California 90013

14 20. Effective Date. The effective date of this Stipulation shall be the date that the
15 Commissioner's agent serves a fully executed copy of this Stipulation to Respondent's counsel at
16 psoter@sonic.net.

JAN LYNN OWEN
Commissioner of Business Oversight

18 Dated: 1/14/16

19 By _____
20 MARY ANN SMITH
21 Deputy Commissioner
22 Enforcement Division

CONTINENTAL CURRENCY SERVICES, INC.

24 Dated: 1/13/16

25 By _____
26 JEFFREY LUM
27 General Manager