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

TO: VIRTUAL E, INC.
DBA CHECKMATE
101 S. Coast Hwy.
Oceanside, CA 92054

CITATIONS
AND
DESIST AND REFRAIN ORDER
(Pursuant to California Financial Code sections 23050 and 23058)
ORDER VOIDING DEFERRED DEPOSIT TRANSACTIONS
(Pursuant to California Financial Code Section 23060)

The California Corporations Commissioner finds that:

1. Virtual E, Inc. dba Checkmate, hereinafter “Licensee” is, and was at all relevant times herein, a corporation authorized to conduct business in California with its principal place of business located at 101 S. Coast Highway, Oceanside, CA 92054 (“Location 1”). Licensee has additional licensed business locations as follows:

- Location 2. 9211 Clairmont Mesa Blvd., San Diego, CA 92121
- Location 3. 6906 Miramar Rd., #C, San Diego, CA 92121
- Location 4. 1202 E. Valley Pkwy, Escondido, CA 92025
- Location 5. 897 E. Vista Way, Vista, CA 92084
- Location 6. 642 E. San Ysidro Boulevard, #50, San Ysidro, CA 92173
- Location 7. 83244 Hwy 111, Indio, CA 92201
- Location 8. 825 Imperial Avenue, Calexico, CA 92231
- Location 9. 200 N. Imperial, El Centro, CA 92243

1 2. On or about December 31, 2004, Licensee obtained licenses from the California
2 Corporations Commissioner (“Commissioner”) to engage in the business of deferred deposit
3 transactions at Location 1, 2, 3, 4, 5,6, 7 and 8.

4 3. An examination of Licensee conducted by the Commissioner on December 11, 2007
5 at locations 2, 3, 4, 6, 7, 8, and 9 disclosed the following violations at locations 2 and 9.

6 Citation A, Location 2. Licensee made one loan totaling \$300 with an Annual Percentage
7 Rate (“APR”) that exceeded 36% to a customer who was an active member of the military in
8 violation of Financial Code section 23038 (a). Financial Code section 23038(a) provides that any
9 person who violates any provision of Section 670 of the John Warner National Defense
10 Authorization Act for Fiscal Year 2007 or any provision of Section 232 of Title 31 of the Code of
11 Federal Regulations, as published on August 31, 2007, in Volume 72 of the Federal Register,
12 violates the California Deferred Deposit Transaction Law.

13 Citation B, Location 9. Licensee made one loan totaling \$300 with an APR that exceeded
14 36% to the dependent of an active member of the military in violation of Financial Code section
15 23038 (a). Financial Code section 23038(a) provides that any person who violates any provision of
16 Section 670 of the John Warner National Defense Authorization Act for Fiscal Year 2007 or any
17 provision of Section 232 of Title 31 of the Code of Federal Regulations, as published on August 31,
18 2007, in Volume 72 of the Federal Register, violates the California Deferred Deposit Transaction
19 Law.

20 Pursuant to California Financial Code section 23058, Licensee is hereby ordered to pay to the
21 Commissioner an administrative penalty in the total amount of \$5,000 for the following Citations
22 within 30 days from the date of these Citations.

23 Citation A, Location 2.	\$2,500
24 Citation B, Location 9.	\$2,500

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

28

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

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

8
9 California Financial Code section 23058 provides, in relevant part:

10 (a) If, upon inspection, examination or investigation, based upon a
11 complaint or otherwise, the department has cause to believe that a person
12 is engaged in the business of deferred deposit transactions without a license,
13 . . . the department may issue a citation to that person in writing, describing
14 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)

15 . . .
16 (c) If within 30 days from the receipt of the citation of the person cited fails
17 to notify the department that the person intends to request a hearing as
described in subdivision (d), the citation shall be deemed final.

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

20 California Financial Code section 23050 provides:

21 Whenever, in the opinion of the commissioner, any person is engaged in the
22 business of deferred deposit transactions, as defined in this division, without
23 a license from the commissioner, or any licensee is violating any provision
24 of this division, the commissioner may order that person or licensee to desist
25 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.

26 **ORDER VOIDING DEFERRED DEPOSIT TRANSACTIONS**

27 Licensee willfully violated California Financial Code section 23038 (a) by making one loan
28 totaling \$300 with an APR exceeding 36% to an active military member and making one loan

1 totaling \$300 with an APR in excess of 36% to a dependent of an active military member in
2 violation of Financial Code section 23038. (a). California Financial Code section 23060 states:

3
4 (a) If any amount other than, or in excess of, the charges or fees permitted by this
5 division is willfully charged, contracted for, or received, a deferred deposit
6 transaction contract shall be void, and no person shall have any right to collect or
7 receive the principal amount provided in the deferred deposit transaction, any
8 charges, or fees in connection with the transaction.

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

13 Pursuant to Financial Code section 23060, subdivision (b), the two deferred deposit
14 transactions described above totaling at least \$600, shall be declared void, and no person shall have
15 any right to collect or receive any amount provided in the deferred deposit transactions or any
16 charges or fees in connection with these consumer transactions and is hereby ordered to immediately
17 return any amount and all charges and fees received for these transactions.

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

19 Steven Thompson
20 Special Administrator
21 California Deferred Deposit Transaction Law
22 Department of Corporations
23 320 West 4th Street, Ste. 750
24 Los Angeles, California 90013-2344
25 (213) 576-7610

26 Dated: May 20, 2008
27 Los Angeles, CA

28 PRESTON DUFAUCHARD
California Corporations Commissioner

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