

1 4. A deferred deposit transaction is a written transaction whereby one person gives funds
2 to another person upon receipt of a personal check and it is agreed that the personal check shall
3 not be deposited until a later date. These loans are sometimes referred to as “payday advances”
4 or “payday loans.”

5 5. The Cash Center and Margaret Diego were aware that a CDDTL license was required
6 to lawfully engage in the business of deferred deposit transactions. In fact, in documents given
7 to at least thirteen consumers of the Cash Center, Margaret Diego falsely stated that the “Cash
8 Center, Inc. is licensed by the California Department of Corporations” in violation of Financial
9 Code section 23037, subdivision (f).

10 6. On January 31, 2007, the Commissioner’s examiner visited the Cash Center and posed
11 as a potential customer to Margaret Diego, who informed the examiner that funds could be obtained
12 for a deferred deposit transaction but a new customer would not be eligible for more than \$200.

13 7. The Commissioner’s examiner later identified herself as an examiner with the
14 Department and asked Margaret Diego if the Cash Center was licensed. Ms. Diego first stated
15 she was not aware that there was any requirement to have a license and later stated that her
16 accountant had indicated the Cash Center was licensed but there was a problem with a surety
17 bond.

18 8. On January 31, 2007, the owner of the Cash Center, Margaret Diego admitted to the
19 Commissioner’s examiner that Cash Center, doing business as Cash Center, Inc., The Loan
20 Center and TLC, engaged in the business of deferred deposit transactions at the Cash Center’s
21 location in Reseda, California. Ms. Diego stated she did not conduct any other type of business
22 at that location.

23 9. To date the Department has no record of the Cash Center or Ms. Diego or anyone else
24 ever filing on their behalf for a CDDTL license from the Department.

25 10. Ms. Diego responded to the questions asked by the Commissioner’s examiner and
26 stated that the Cash Center had been engaged in deferred deposit transactions since August 2005.
27 When the Commissioner’s examiner requested records, Ms. Diego stated that she was not
28 familiar with new software but she could provide her customer files.

1 11. Margaret Diego produced fourteen customer files which were for customers who had a
2 recent or current loan. Margaret Diego stated that she frequently destroys copies of loan
3 agreements, which is in violation of Financial Code section 23024 and California Code of
4 Regulations section 2025, subdivision (c) (1).

5 12. When the Commissioner’s Corporations examiner reviewed the Cash Center’s records
6 provided by Margaret Diego she found the Cash Center made at least thirteen (13) deferred deposit
7 transactions from August 17, 2005, to January 31, 2007, that involved multiple loans to customers
8 while existing loans were outstanding, in violation of Financial Code section 23036, subdivision
9 (c), that the Cash Center used the same check for subsequent deferred deposit transactions in
10 violation of Financial Code section 23037, subdivision (a) and that the Cash Center charged fees for
11 extending the due date of a loan in violation of section 23036, subdivision (b).

12 13. Notwithstanding knowledge regarding the licensure requirement, Cash Center willfully
13 and knowingly engaged in deferred deposit business without a license from the Commissioner and
14 engaged in deferred deposit transactions that violated various statutory provisions of the CDDTL,
15 as described above.

16 **CITATIONS**

17 California Financial Code section 23058 states:

18 (a) If, upon inspection, examination or investigation, based upon a
19 complaint or otherwise, the department has cause to believe that a person
20 is engaged in the business of deferred deposit transactions without a
21 license, or a licensee or person is violating any provision of this division
22 or any rule or order thereunder, the department may issue a citation to that
23 person in writing, describing with particularity the basis of the citation.
24 Each citation may contain an order to desist and refrain and an assessment
25 of an administrative penalty not to exceed two thousand five hundred
26 dollars (\$ 2,500). All penalties collected under this section shall be
27 deposited in the State Corporations Fund.

28 (b) The sanctions authorized under this section shall be separate from, and
in addition to, all other administrative, civil, or criminal remedies.

(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.

1 (d) Any hearing under this section shall be conducted in accordance with
2 Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of
3 Title 2 of the Government Code, and in all states the commissioner has
all the powers granted therein.

4 (e) After the exhaustion of the review procedures provided for in this
5 section, the department may apply to the appropriate superior court for a
6 judgment in the amount of the administrative penalty and order
7 compelling the cited person to comply with the order of the department.
8 The application, which shall include a certified copy of the final order of
the department, shall constitute a sufficient showing to warrant the
issuance of the judgment and order.

9 14. **Citation A.** On or about the following dates: December 29, 2006, and January
10 12, 2007, the Cash Center originated deferred deposit transactions with a customer (G.C.) in the
11 amount of \$300 each, in violation of the following provisions of the CDDTL:

- 12 (a) The Cash Center falsely represented itself to be licensed when it was not, in
13 violation of Financial Code section 23037, subdivision (f);
- 14 (b) The Cash Center failed to maintain records as required in violation of
15 Financial Code section 23024 and California Code of Regulations section
16 2025, subdivision (c) (1);
- 17 (c) The Cash Center engaged in multiple transactions with this customer while
18 existing transactions were outstanding, in violation of Financial Code section
19 23036, subdivision (c);
- 20 (d) The Cash Center used the same check for subsequent deferred deposit
21 transactions in violation of Financial Code section 23037, subdivision (a);
22 and,
- 23 (e) The Cash Center charged fees for extending the due date of a loan in violation
24 of section 23036, subdivision (b);

25 15. **Citation B.** On or about the following dates: December 22, 2006, and January 5
26 and January 23, 2007, the Cash Center originated deferred deposit transactions with a customer
27 (T.N.) in the amount of \$300 each, in violation of the following provisions of the CDDTL:

- 28 (a) The Cash Center falsely represented itself to be licensed when it was not, in

1 violation of Financial Code section 23037, subdivision (f);

2 (b) The Cash Center failed to maintain records as required in violation of
3 Financial Code section 23024 and California Code of Regulations section
4 2025, subdivision (c) (1);

5 (c) The Cash Center engaged in multiple transactions with this customer while
6 existing transactions were outstanding, in violation of Financial Code section
7 23036, subdivision (c);

8 (d) The Cash Center used the same check for subsequent deferred deposit
9 transactions in violation of Financial Code section 23037, subdivision (a); and,

10 (e) The Cash Center charged fees for extending the due date of a loan in violation
11 of section 23036, subdivision (b).

12 16. **Citation C.** On or about the following dates: December 29, 2006, and January 13,
13 January 29, and February 12, 2007, the Cash Center originated deferred deposit transactions with a
14 customer (L.L.) in the amount of \$300 each, in violation of the following provisions of the CDDTL:

15 (a) The Cash Center falsely represented itself to be licensed when it was not, in
16 violation of Financial Code section 23037, subdivision (f);

17 (b) The Cash Center failed to maintain records as required in violation of
18 Financial Code section 23024 and California Code of Regulations section
19 2025, subdivision (c) (1);

20 (c) The Cash Center engaged in multiple transactions with this customer while
21 existing transactions were outstanding, in violation of Financial Code section
22 23036, subdivision (c);

23 (d) The Cash Center used the same check for subsequent deferred deposit
24 transactions in violation of Financial Code section 23037, subdivision (a); and,

25 (e) The Cash Center charged fees for extending the due date of a loan in violation
26 of section 23036, subdivision (b).

27 17. **Citation D.** On or about the following dates: December 29, 2006, and January
28 16, 2007, the Cash Center originated consumer deferred deposit transactions with a customer

1 (B.C.) in the amount of \$300 each, in violation of the following provisions of the CDDTL:

- 2 (a) The Cash Center falsely represented itself to be licensed when it was not, in
3 violation of Financial Code section 23037, subdivision (f);
- 4 (b) The Cash Center failed to maintain records as required in violation of
5 Financial Code section 23024 and California Code of Regulations section
6 2025, subdivision (c) (1);
- 7 (c) The Cash Center engaged in multiple transactions with this customer while
8 existing transactions were outstanding, in violation of Financial Code section
9 23036, subdivision (c);
- 10 (d) The Cash Center used the same check for subsequent deferred deposit
11 transactions in violation of Financial Code section 23037, subdivision (a); and,
- 12 (e) The Cash Center charged fees for extending the due date of a loan in violation
13 of section 23036, subdivision (b).

14 18. **Citation E.** On or about the following dates: January 2, 2007, and January 15,
15 January 31, 2007, the Cash Center originated deferred deposit transactions with a customer (P.S.)
16 in the amount of \$300 each, in violation of the following provisions of the CDDTL:

- 17 (a) The Cash Center falsely represented itself to be licensed when it was not, in
18 violation of Financial Code section 23037, subdivision (f);
- 19 (b) The Cash Center failed to maintain records as required in violation of
20 Financial Code section 23024 and California Code of Regulations section
21 2025, subdivision (c) (1);
- 22 (c) The Cash Center engaged in multiple transactions with this customer while
23 existing transactions were outstanding, in violation of Financial Code section
24 23036, subdivision (c);
- 25 (d) The Cash Center used the same check for subsequent deferred deposit
26 transactions in violation of Financial Code section 23037, subdivision (a); and,
- 27 (e) The Cash Center charged fees for extending the due date of a loan in violation
28 of section 23036, subdivision (b).

1 **19. Citation F.** On or about the following dates: January 15, 2007, and January 31,
2 2007, the Cash Center originated deferred deposit transactions with a customer (V.C.) in the
3 amount of \$300 each, in violation of the following provisions of the CDDTL:

- 4 (a) The Cash Center falsely represented itself to be licensed when it was not, in
5 violation of Financial Code section 23037, subdivision (f);
- 6 (b) The Cash Center failed to maintain records as required in violation of
7 Financial Code section 23024 and California Code of Regulations section
8 2025, subdivision (c) (1);
- 9 (c) The Cash Center engaged in multiple transactions with this customer while
10 existing transactions were outstanding, in violation of Financial Code section
11 23036, subdivision (c);
- 12 (d) The Cash Center used the same check for subsequent deferred deposit
13 transactions in violation of Financial Code section 23037, subdivision (a); and,
- 14 (e) The Cash Center charged fees for extending the due date of a loan in violation
15 of section 23036, subdivision (b).

16 **20. Citation G.** On or about the following dates: October 20, November 8, November
17 27, December 15, and December 29, 2006, January 12, 2007, and January 26, 2007, the Cash
18 Center originated deferred deposit transactions with a customer (T.A.) in the amount of \$300
19 each, in violation of the following provisions of the CDDTL:

- 20 (a) The Cash Center falsely represented itself to be licensed when it was not, in
21 violation of Financial Code section 23037, subdivision (f);
- 22 (b) The Cash Center failed to maintain records as required in violation of
23 Financial Code section 23024 and California Code of Regulations section
24 2025, subdivision (c) (1);
- 25 (c) The Cash Center engaged in multiple transactions with this customer while
26 existing transactions were outstanding, in violation of Financial Code section
27 23036, subdivision (c);
- 28 (d) The Cash Center used the same check for subsequent deferred deposit

1 transactions in violation of Financial Code section 23037, subdivision (a); and,
2 (e) The Cash Center charged fees for extending the due date of a loan in violation
3 of section 23036, subdivision (b).

4 21. **Citation H.** On or about the following dates: October 13, October 28, November 17,
5 November 30, December 15, and December 29, 2006, and January 12, 2007, the Cash Center
6 originated deferred deposit transactions with a customer (K.A.) in the amount of \$300 each, in
7 violation of the following provisions of the CDDTL:

- 8 (a) The Cash Center falsely represented itself to be licensed when it was not, in
9 violation of Financial Code section 23037, subdivision (f);
- 10 (b) The Cash Center failed to maintain records as required in violation of
11 Financial Code section 23024 and California Code of Regulations section
12 2025, subdivision (c) (1);
- 13 (c) The Cash Center engaged in multiple transactions with this customer while
14 existing transactions were outstanding, in violation of Financial Code section
15 23036, subdivision (c);
- 16 (d) The Cash Center used the same check for subsequent deferred deposit
17 transactions in violation of Financial Code section 23037, subdivision (a); and,
18 (e) The Cash Center charged fees for extending the due date of a loan in violation
19 of section 23036, subdivision (b).

20 22. **Citation I.** On or about the following dates: August 17, August 20, September 8,
21 September 16, October 5, October 17, November 14, November 28, December 2, and December
22 28, 2005, and January 3, January 20, February 1, February 16, March 7, March 17, April 7,
23 April 17, May 4, June 2, July 1, August 12, September 6, November 1, and December 2, 2006,
24 January 2 and January 18, 2007, the Cash Center originated deferred deposit transactions with a
25 customer (R.N.) in the amount of \$300 each, in violation of the following provisions of the
26 CDDTL:

- 27 (a) The Cash Center falsely represented itself to be licensed when it was not, in
28 violation of Financial Code section 23037, subdivision (f);

- 1 (b) The Cash Center failed to maintain records as required in violation of
- 2 Financial Code section 23024 and California Code of Regulations section
- 3 2025, subdivision (c) (1);
- 4 (c) The Cash Center engaged in multiple transactions with this customer while
- 5 existing transactions were outstanding, in violation of Financial Code section
- 6 23036, subdivision (c);
- 7 (d) The Cash Center used the same check for subsequent deferred deposit
- 8 transactions in violation of Financial Code section 23037, subdivision (a); and,
- 9 (e) The Cash Center charged fees for extending the due date of a loan in violation
- 10 of section 23036, subdivision (b).

11 23. **Citation J.** On or about the following dates: December 29, 2006, and January 11
12 and January 25, 2007, the Cash Center originated deferred deposit transactions with a customer
13 (J.G.) in the amount of \$300 each, in violation of the following provisions of the CDDTL:

- 14 (a) The Cash Center falsely represented itself to be licensed when it was not, in
- 15 violation of Financial Code section 23037, subdivision (f);
- 16 (b) The Cash Center failed to maintain records as required in violation of
- 17 Financial Code section 23024 and California Code of Regulations section
- 18 2025, subdivision (c) (1);
- 19 (c) The Cash Center engaged in multiple transactions with this customer while
- 20 existing transactions were outstanding, in violation of Financial Code section
- 21 23036, subdivision (c);
- 22 (d) The Cash Center used the same check for subsequent deferred deposit
- 23 transactions in violation of Financial Code section 23037, subdivision (a); and,
- 24 (e) The Cash Center charged fees for extending the due date of a loan in violation
- 25 of section 23036, subdivision (b).

26 24. **Citation K.** On or about the following dates: January 20, May 5, May 22, June 7,
27 June 20, July 6, August 18, September 22, October 9, October 24, November 9, November 23,
28 December 6, December 29, 2006, and January 3, January 18, 2007, and January 31, 2007, the Cash

1 Center originated deferred deposit transactions with a customer (A. B.) in the amount of \$300 each,
2 and on February 11, February 27, March 13, 2006, originated deferred deposit transactions in the
3 amount of \$176 each, in violation of the following provisions of the CDDTL:

- 4 (a) The Cash Center falsely represented itself to be licensed when it was not, in
5 violation of Financial Code section 23037, subdivision (f);
- 6 (b) The Cash Center failed to maintain records as required in violation of
7 Financial Code section 23024 and California Code of Regulations section
8 2025, subdivision (c) (1);
- 9 (c) The Cash Center engaged in multiple transactions with this customer while
10 existing transactions were outstanding, in violation of Financial Code section
11 23036, subdivision (c);
- 12 (d) The Cash Center used the same check for subsequent deferred deposit
13 transactions in violation of Financial Code section 23037, subdivision (a); and,
- 14 (e) The Cash Center charged fees for extending the due date of a loan in violation
15 of section 23036, subdivision (b).

16 25. **Citation L.** On or about the following dates: December 19, 2006, and January 4
17 and January 17, 2007, the Cash Center originated deferred deposit transactions with a customer
18 (S.M.) in the amount of \$300 each, in violation of the following provisions of the CDDTL:

- 19 (a) The Cash Center falsely represented itself to be licensed when it was not, in
20 violation of Financial Code section 23037, subdivision (f);
- 21 (b) The Cash Center failed to maintain records as required in violation of
22 Financial Code section 23024 and California Code of Regulations section
23 2025, subdivision (c) (1);
- 24 (c) The Cash Center engaged in multiple transactions with this customer while
25 existing transactions were outstanding, in violation of Financial Code section
26 23036, subdivision (c);
- 27 (d) The Cash Center used the same check for subsequent deferred deposit
28 transactions in violation of Financial Code section 23037, subdivision (a); and,

1 (e) The Cash Center charged fees for extending the due date of a loan in violation
2 of section 23036, subdivision (b).

3 26. **Citation M.** Between August 2005 and January 31, 2007, the Cash Center
4 offered to originate a consumer deferred deposit transaction with a customer (B.G.) in violation
5 of the following provision of the CDDTL:

6 (a) The Cash Center falsely represented itself to be licensed when it was not, in
7 violation of Financial Code section 23037, subdivision (f);

8 27. **Citation N.** In November 2005 and continuing thereafter Margaret Diego and
9 the Cash Center agreed to buy a consumer's (J.N.) outstanding loans obtained from other CDDTL
10 companies by offering a "consolidation option" wherein the consumer would make one payment
11 of \$45 of which \$25 would apply to the loan balance. This consumer made weekly and bi-weekly
12 payments ranging from \$235 to \$255 to the Cash Center that allowed the consumer to extend or
13 rollover the loan in violation of the following provisions of the CDDTL:

14 (a) The Cash Center falsely represented itself to be licensed when it was not, in
15 violation of Financial Code section 23037, subdivision (f);

16 (b) The Cash Center failed to maintain records as required in violation of
17 Financial Code section 23024 and California Code of Regulations section
18 2025, subdivision (c)(1);

19 (c) The Cash Center engaged in multiple transactions with customers while
20 existing transactions were outstanding, in violation of Financial Code section
21 23036, subdivision (c);

22 (d) The Cash Center used the same check for subsequent deferred deposit
23 transactions in violation of Financial Code section 23037, subdivision (a); and,

24 (e) The Cash Center charged fees for extending the due date of a loan in violation
25 of section 23036, subdivision (b).

26 **CITATIONS**

27 Pursuant to Financial Code section 23058, the Cash Center, Inc. doing business as The
28 Loan Center and TLC and Margaret Diego are hereby ordered to pay to the Commissioner within

1 30 days from the date of these Citations an administrative penalty of two thousand five hundred
2 dollars (\$2,500) for the citations listed below for the total amount of thirty-five thousand dollars
3 (\$35,000).

4 CITATION A. - \$2,500

5 CITATION B. - \$2,500

6 CITATION C. - \$2,500

7 CITATION D. - \$2,500

8 CITATION E. - \$2,500

9 CITATION F. - \$2,500

10 CITATION G. - \$2,500

11 CITATION H. - \$2,500

12 CITATION I. - \$2,500

13 CITATION J. - \$2,500

14 CITATION K. - \$2,500

15 CITATION L. - \$2,500

16 CITATION M. - \$2,500

17 CITATION N. - \$2,500

18 **DESIST AND REFRAIN ORDER**

19 By reason of the foregoing, the Cash Center, Inc. doing business as The Loan Center and
20 TLC and Margaret Diego have engaged in the business of deferred deposit transactions without
21 having first obtained a license from the Commissioner in violation of the California Financial
22 Code section 23005.

23 California Financial Code section 23050 provides in pertinent part:

24 Whenever, in the opinion of the commissioner, any person is engaged in the
25 business of deferred deposit transactions, as defined in this division, without
26 a license from the commissioner, or . . . violating any provision of this
27 division, the commissioner may order that person or licensee to desist and to
28 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.

1 Pursuant to Financial Code section 23050, the Cash Center, Inc. doing business as The Loan
2 Center and TLC and Margaret Diego are hereby ordered to desist and refrain from engaging in the
3 business of deferred deposit transactions in the State of California without licensure or exemption
4 and from violations of Financial Code sections 23024, 23036 and 23037. This Order is necessary
5 for the protection of consumers and consistent with the purposes, policies and provisions of the
6 CDDTL. This Order shall remain in full force and effect until further order of the Commissioner.

7 **ORDER VOIDING DEFERRED DEPOSIT TRANSACTIONS**

8 The Cash Center, Inc. doing business as The Loan Center and TLC and Margaret Diego
9 willfully violated section 23023, 23024, 23037 and 23037 of the CDDTL by entering into at least
10 eighty-seven (87) consumer deferred deposit transactions without a license. California Financial
11 Code section 23060 states:

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

17 (b) If any provision of this division is willfully violated in the making or
18 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,
21 any charges, or fees in connection with the transaction.

22 Pursuant to Financial Code section 23060, subdivision (b), all 87 of the above described
23 deferred deposit transactions totaling at least \$21,870 shall be declared void, and no person shall
24 have any right to collect or receive any amount provided in the deferred deposit transaction or the
25 charges or fees of at least \$3,858 in connection with those transactions.

26 Dated: June 29, 2007
27 Los Angeles, California

28 PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division