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10 BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

11
12 In the Matter of the California Corporations)
Commissioner,)OAH No. 2008020258
13)
14 Complainant,)Agency Nos. 100-2682
100-2683
15 vs.)
16 Nadia K. Haddad doing business as Cash It)ACCUSATION IN SUPPORT OF
Quick,)REVOCATION OF CALIFORNIA
17)DEFERRED DEPOSIT TRANSACTION
18 Respondent.)LICENSES
19)

20 Complainant, the California Corporations Commissioner, (“Commissioner”) is informed and
21 believes, and based upon such information and belief, alleges and charges Respondent as follows:

22 **I. INTRODUCTION**

23 The Commissioner of the California Department of Corporations (“Department”) is
24 responsible for enforcing all provisions of the of the California Deferred Deposit Transaction Law
25 (“CDDTL”) set forth in California Financial Code sections 23000 *et seq.* (all section references
26 herein are to the Financial Code unless indicated otherwise).

27 A deferred deposit transaction is a written transaction whereby one person gives funds to
28 another person upon receipt of a personal check with an agreement that the personal check shall

1 not be deposited until a later date. These transactions are also referred to as “payday advances”
2 or “payday loans.”

3 On July 24, 2008, the Commissioner issued a final decision ordering Nadia K. Haddad
4 doing business as Cash It Quick (hereinafter referred to as “Respondent”) to desist and refrain from
5 violating multiple provisions of the CDDTL. Respondent was further ordered to pay citations in the
6 amount of \$12,000.00 to the Department of Corporations. To date, Respondent has failed to pay
7 the citations ordered.

8 By reason of Respondent’s failure to comply with the July 24, 2008 final decision and order
9 of the Commissioner, and in consideration of Respondent’s recidivist history of violating the
10 CDDTL, the Commissioner intends to issue an order revoking the deferred deposit transaction
11 originator licenses of Respondent pursuant to Financial Code section 23052.

12 **II. FACTUAL AND PROCEDURAL BACKGROUND**

13 The Department of Corporations first took enforcement action against Respondent in 2005.
14 On June 2, 2005, the Commissioner ordered Respondent to desist and refrain from engaging in the
15 business of offering, originating, and making deferred deposit transactions without possessing a
16 license in violation of Financial Code section 23005.

17 On or about July 15, 2005, Respondent applied for a license from the Department to
18 engage in the business of deferred deposit transactions pursuant to section 23005. On or about
19 October 27, 2005, Respondent was issued two deferred deposit transaction licenses. License
20 number 100-2682 was issued to Respondent’s principal place of business located at 43535 North
21 Gadsden Avenue, #F, Lancaster, California 93534. License number 100-2683 was issued for
22 Respondent’s additional Cash It Quick store located at 18503 Victory Boulevard, Reseda,
23 California 91335.

24 The application that Respondent filed with the Department for a license to make deferred
25 deposit transactions included a signed declaration, designated as “Exhibit K” to the application,
26 wherein Respondent attested under penalty of perjury:

27 I (we) have obtained and read copies of the California Deferred Deposit Transaction
28 Law (Division 10 of the California Financial Code) and the Rules (Chapter 3, Title,
10, California Code of Regulations) and am familiar with their content: and,

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I (we) agree to comply with all the provision[s] of the California Deferred Deposit Transaction Law, including any rules or orders of the Commissioner of Corporations.

Respondent also signed under penalty of perjury another required declaration, designated as “Exhibit L” to the application, which states:

1. The applicant will comply with all federal and state laws and regulations (including Division 10, commencing with Section 23000, of the Financial Code), if it offers, arranges, acts as an agent for, or assists a deferred deposit originator in the making of a deferred deposit transaction (Financial Code Section 23037(i.).)

Additionally, the letters that were enclosed with the licenses that the Department sent Respondent informed of the following facts:

[T]here are certain obligations and responsibilities that a licensee must comply with. The following information about a licensee’s obligations and responsibilities regarding certain requirements of the California Deferred Deposit Transaction Law is provided for your reference . . . a licensee should review and become familiar with all provisions of the law and rules and regulations. . . .

Despite the Respondent’s sworn acknowledgment of the CDDTL licensing requirements, Respondent willfully violated several sections of that law. During a regulatory examination that took place on October 17, 2007 at Respondent’s primary place of business, an examiner acting on behalf of the Commissioner found that Respondent violated section 23035, subdivision (c), by failing to include required disclosures in the written notices that the licensee must separately distribute before entering into deferred deposit transaction agreements with customers.

Additionally, the Commissioner’s examiner discovered that Respondent violated subdivision (e) of section 23035 by using written agreements that lacked the required disclosures concerning the use of the criminal process against a consumer to collect deferred deposit transactions and the prohibition against making a deferred deposit transaction contingent on the purchase of another product or service.

On December 28, 2007, Respondent was ordered to desist and refrain from committing multiple violations of the CDDTL under the authority of section 23058. Respondent was also ordered to pay citations to the Department in the sum of \$15,000.00.

Pursuant to Respondent’s request, an administrative hearing took place on March 20, 2008

1 at the Los Angeles Office of Administrative Hearings before Administrative Law Judge Julie
2 Cabos-Owen. Despite having been granted a prior continuance, Respondent failed to appear at the
3 hearing.

4 On April 15, 2008, the Office of Administrative Hearings issued its proposed decision
5 upholding the Commissioner's desist and refrain order. Judge Cabos-Owen further held:

6 Pursuant to California Financial Code section 23058, Respondent is ordered to pay the
7 Commissioner an administrative penalty, totaling \$12,000, within 30 days from the date of
8 this Decision and Order.

9 On July 24, 2008, the proposed decision was adopted by the Commissioner, thereby making
10 the citations due within 30 days of that date. At the same time that Respondent was served the final
11 decision she was advised of her right to file a petition appealing the decision pursuant to
12 Government Code sections 11521 and 11523. As no appeal was filed by August 24, 2008, the
13 Commissioner's decision became final and the citations due and owing.

14 On October 6, 2008, the Department sent a letter to Respondent demanding that she pay the
15 outstanding citations totaling \$12,000.00 pursuant to the Commissioner's final decision and order of
16 July 24, 2008. This letter informed Respondent that failure to comply with the Commissioner's
17 order could result in suspension or revocation of her deferred deposit transaction license pursuant to
18 Financial Code section 23052. As of the date of this filing, Respondent continues to dispute her
19 obligation to pay citations to the Department in compliance with the Commissioner's final order.

20 **III. AUTHORITY SUPPORTING REVOCATION OF RESPONDENT'S CALIFORNIA 21 DEFERED DEPOSIT TRANSACTION LICENSES**

22 Respondent, who possesses two deferred deposit transaction licenses issued by the
23 Department in 2005, is within the definition of a "licensee" under section 23001 of the CDDTL. All
24 licensees are required to comply with the provisions of the CDDTL.

25 Section 23052 of the CDDTL provides:

26 The commissioner may suspend or revoke any license, upon notice and reasonable
27 opportunity to be heard, if the commissioner finds any of the following:

28 (a) The licensee has failed to comply with any demand, ruling, or
requirement of the commissioner made pursuant to and within the authority
of this division.

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(b) The licensee has violated any provision of this division or any rule or regulation made by the commissioner under and within the authority of this division.

(c) A fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

IV.

CONCLUSION AND PRAYER

The Commissioner finds that by refusing to pay the citations as ordered, the Respondent has failed to comply with a demand, ruling, or requirement of the Commissioner in violation of Financial Code section 23052. Based thereon, grounds exist for the Commissioner to revoke Respondent’s deferred deposit transaction licenses.

WHEREFORE, IT IS PRAYED that the deferred deposit transaction licenses of Nadia K. Haddad doing business as Cash It Quick be revoked.

Dated: November 5, 2008
Sacramento, California

Respectfully submitted,

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____

Miranda L. Maison
Senior Corporations Counsel
Attorney for Complainant