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Acting California Corporations Commissioner
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6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

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11 In the Matter of the Statement of Issues of THE) File Nos.: 100-2527; 100-2528; 100-2529; &
CALIFORNIA CORPORATIONS) 100-2530
12 COMMISSIONER,)
13) FIRST AMENDED STATEMENT OF ISSUES
Complainant,)
14)
15 vs.)
16 SAVERIO LANNI doing business as CHECK)
EXCHANGE,)
17)
18 Respondent.)

19 The Complainant is informed and believes, and based upon such information and belief,
20 alleges and charges Respondent as follows:

21 I
22 INTRODUCTION

23 The proposed orders seek to deny the issuance of deferred deposit transaction licenses to
24 Saverio Lanni, an individual, doing business as Check Exchange ("Lanni") pursuant to California
25 Financial Code section 23011(a)(3) in that Lanni has (i) made false statements of material fact in his
26 license applications filed with the Commissioner, (ii) has committed numerous violations of the
27 California Deferred Deposit Transaction Law (“CDDTL”), and (iii) has violated a Desist and Refrain
28 Order.

II

THE APPLICATIONS

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3 On March 14, 2005, Lanni filed four (4) applications for deferred deposit transaction licenses
4 (File Nos. 100-2527; 100-2528; 100-2529; and 100-2530 hereinafter "applications") with the
5 California Corporations Commissioner ("Complainant" or "Commissioner") pursuant to the CDDTL
6 (Financial Code sections 23000 *et. seq.*), in particular, California Financial Code section 23005. The
7 applications were for locations situated at 14050 Cherry Avenue, Suite M, Fontana, California
8 92337; 43384 E. Florida Avenue, Suite F, Hemet, California 92544; 1015 E. Florida Avenue,
9 Hemet, California 92544; and 2148 ½ W. Lomita Boulevard, Lomita, California 90717.

10 The initial application at Question #7 asked specifically: "Has the applicant ever been subject
11 to an administrative action in California or any other state? If so, please provide details and attach a
12 copy of any action. Lanni answered in the negative. Lanni executed the application under penalty of
13 perjury that all of the information submitted in his application was true and correct.

14 Pursuant to California Financial Code section 23005(b) and California Code of Regulations,
15 title 10, sections 2020 and 2021 an application for a CDDTL license, initial and subsequent
16 locations, is required to contain a completed statement of identity and questionnaire ("SIQ") for all
17 individual applicants, partners, stockholders, directors, officers, trustees, managers, and other
18 persons owning or controlling 10% or more of the applicant.

19 The initial application filed by Lanni included a SIQ for Lanni. There was no SIQ filed for
20 Lanni on the additional location applications as such applications were all filed on the same day as
21 the initial application. The SIQ at Question #4 asked specifically: "Have you ever been refused a
22 license to engage in any business in this state or any other state, or has any such license been
23 suspended or revoked? Lanni answered in the negative. Lanni executed the SIQ under penalty of
24 perjury that all of the information submitted in his SIQ was true and correct.

III

FALSE STATEMENTS IN APPLICATION

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27 Further information obtained since the issuance of the June 29, 2005 Statement of Issues in
28 this matter revealed that the salesperson license issued to Lanni by the Department of Real Estate

1 was revoked on January 2, 1980. Accordingly, Lanni’s answers to Question #7 in the initial
2 application and Question #4 in the SIQ were false.

3 IV

4 DEFERRED DEPOSIT TRANSACTION LAW VIOLATIONS

5 On or about May 16, 2005, the Commissioner commenced an examination of Lanni to
6 determine if Lanni was engaging in unlicensed deferred deposit transaction business. The
7 examination revealed that Lanni had originated at least 2,583 deferred deposit transactions from
8 January 1, 2005 through at least June 3, 2005 in violation of California Financial Code section
9 23005.

10 Lanni was specifically aware that a CDDTL license was required in order to engage in
11 the business of deferred deposit transactions as Lanni had received a written notice to this effect
12 from the Commissioner on or about February 8, 2005. The February 8, 2005 letter specifically
13 informed Lanni that he could not engage in the business of deferred deposit transactions unless
14 and until he obtained a CDDTL license(s) from the Commissioner.

15 Moreover, as noted above, Lanni had applied with the Commissioner for four (4) CDDTL
16 licenses on March 14, 2005. On or about April 12, 2005, the Commissioner issued a deficiency
17 letter to Lanni regarding his applications. This April 12, 2005 letter was sent to Lanni again via
18 facsimile on or about May 16, 2005. The April 12, 2005 letter again reiterated to Lanni that he
19 could not engage in the business of deferred deposit transactions unless and until he obtained a
20 CDDTL license(s) from the Commissioner.

21 On or about June 7, 2005, Lanni was notified by the Commissioner to cease engaging in
22 the business of deferred deposit transactions unless and until he obtained a CDDTL license(s)
23 from the Commissioner. Notwithstanding numerous written and oral notifications regarding
24 licensure, Lanni stated that he would continue to engage in the business of deferred deposit
25 transactions.

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V

DESIST AND REFRAIN ORDER VIOLATIONS

On or about June 29, 2005, the Commissioner issued a Desist and Refrain Order against Lanni for engaging in unlicensed, non-exempt deferred deposit transaction business (“Order”). The Order was personally served on Lanni on July 6, 2005 and remains in effect.

On or about August 5, 2005, the Commissioner commenced a further examination of Lanni to determine if Lanni was continuing to engage in unlicensed deferred deposit transaction business. The examination revealed that Lanni had originated at least 487 deferred deposit transactions since he was served with the Order in violation of both California Financial Code section 23005 and the Order.

VI

CONCLUSION

Complainant finds, by reason of the foregoing, that:

- (1) Lanni has committed over 3,000 violations of the CDDTL;
- (2) Lanni has made false statements of material fact in his application and SIQ;
- (3) Lanni has violated the Desist and Refrain Order on at least 487 occasions;
- (4) Lanni is incapable of operating his business in compliance with the CDDTL as demonstrated by his flagrant and continuous pattern of violations; and

(5) It is in the best interests of the public to deny Lanni’s applications for CDDTL licenses.

California Financial Code section 23011 provides in pertinent part:

- (a) Upon reasonable notice and the opportunity to be heard, the commissioner may deny the application for any of the following reasons:
 - (1) Any false statement of a material fact has been made in an application.
 - (3) The applicant or any officer, director, or general partner, or person owning or controlling, directly or indirectly, 10 percent or more of the outstanding interests or equity securities of the applicant has violated any provision of this division or the rules thereunder or any similar regulatory scheme of the State of California or a foreign jurisdiction.

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THEREFORE, Complainant asserts that he is justified under California Financial Code section 23011 in denying Lanni’s applications for CDDTL licenses.

WHEREFORE IT IS PRAYED that the applications for CDDTL licenses filed by Lanni on March 14, 2005 be denied.

Dated: August 11, 2005
Los Angeles, CA

WAYNE STRUMPFER
Acting California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel