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7 Attorneys for the People of the State of California,

8
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF LOS ANGELES

11 THE PEOPLE OF THE STATE OF) Case No.:
12 CALIFORNIA, BY AND THROUGH THE)
13 CALIFORNIA CORPORATIONS) COMPLAINT FOR CIVIL PENALTIES,
COMMISSIONER,) INJUNCTIVE AND ANCILLARY RELIEF
14)
15 Plaintiff,) (Financial Code sections 23005, 23050 and
16 vs.) 23051)
17)
18 SAVERIO LANNI, individually and doing)
business as CHECK EXCHANGE, and DOES 1)
19 through 10, Inclusive,)
20 Defendants.)

21 Wayne Strumpfer, Acting California Corporations Commissioner, acting to protect the public
22 from unlawful lending practices brings this action in the public interest in the name of the People of
23 the State of California. The People of the State of California allege as follows:

24 **JURISDICTION AND VENUE**

25 1. The Acting California Corporations Commissioner, (“Commissioner”) pursuant to
26 Government Code section 11180 and Financial Code section 23051(a) seeks to enjoin defendants
27 and protect the public from unlawful lending practices which violate the California Deferred Deposit
28 Transaction Law (hereinafter referred to as the “CDDTL”, California Financial Code section 23000

1 et seq.),¹ and the rules promulgated pursuant to it. The Commissioner also seeks civil penalties
2 pursuant to section 23051, subdivision (c).

3 2. At all relevant times, defendants have been transacting business throughout
4 California, including Los Angeles County.

5 **DEFENDANTS**

6 3. Defendant Saverio Lanni (“Lanni”) is, and at all relevant times was, a resident of Los
7 Angeles, Los Angeles County, California. Lanni is, and at all times relevant was, an individual
8 doing business as Check Exchange with its principal place of business located in Los Angeles, Los
9 Angeles County, California.

10 4. The Commissioner is informed and believes, and on such information and belief
11 alleges that, at all times mentioned herein, each defendant is and was, the agent, servant, employee,
12 partner, and/or joint venturer of the other defendants, and that each defendant, in performing the acts
13 alleged in this complaint, was acting within the scope of such agency, service, employment,
14 partnership or joint venture, and with the knowledge, permission, and/or consent of each and every
15 other defendant.

16 5. The Commissioner is informed and believes, and on such information and belief
17 alleges that each defendant alleged to have committed any act, did and committed the same pursuant
18 to a common plan and scheme among all defendants, and did so as the agent for each and all of his
19 co-defendants and pursuant to and in furtherance of the common plan and scheme.

20 6. Defendants Doe 1 through 10, inclusive, are persons, corporations, partnerships or
21 other entities who have done or will do acts otherwise alleged in this complaint. The Commissioner
22 is informed and believes and based upon such information and belief alleges that defendants Doe 1
23 through 10, inclusive, at all times mentioned herein, have acted and are continuing to act in concert
24 with the defendant named in this complaint, and each of them has participated in the acts and
25 transactions referred to below and each of them is responsible for said acts and transactions. The
26 true names and capacities of Doe 1 through 10 whether individual, corporate or otherwise, are
27

28 ¹ All further statutory references are to the Financial Code unless otherwise indicated.

1 unknown to the Commissioner, who therefore sues said defendants under such fictitious names,
2 pursuant to the provisions of Section 474 of the California Code of Civil Procedure. The
3 Commissioner hereby asks leave of the Court to amend this complaint to allege the true names and
4 capacities of such defendants at such time as the same have been ascertained.

5 7. The Commissioner is informed and believes and on such information and belief
6 alleges that at all times relevant, the defendants named herein as officers, directors, partners, agents
7 or employees, acted in such capacities in connection with the acts, practices and scheme of business
8 as set forth below.

9 8. Whenever reference is made in this complaint to "defendants" doing any act, the
10 allegation shall mean the act of each defendant acting individually, jointly and severally and the
11 conspiring of these defendants to do so.

12 9. Whenever reference in this Complaint is made to any "entity defendant(s)" doing any
13 act, the allegation(s) shall mean acts done or authorized by the officers, directors, agents and
14 employees of the entity defendant(s) while actively engaged in the management, direction or control
15 of the affairs of the entity defendants and while acting within the course and scope of their
16 employment.

17 **STATEMENT OF FACTS**

18 10. Since December 31, 2004, persons engaging in the business of deferred deposit
19 transactions in California are licensed and regulated under the CDDTL, which is administered and
20 enforced by the Commissioner.

21 11. A deferred deposit transaction is a written transaction whereby one person gives
22 funds to another person upon receipt of a personal check and it is agreed that the personal check
23 shall not be deposited until a later date. A deferred deposit transaction is more commonly known
24 as a "payday loan".

25 12. Commencing on approximately January 1, 2005 and continuing through the present,
26 Lanni has engaged in the business of deferred deposit transactions in the State of California by
27 offering and originating deferred deposit transactions.
28

1 were not exempt from the requirement of licensure under Section 23005.

2 21. Lanni and his agents, employees and representatives have engaged in the business of
3 deferred deposit transactions without licensure in violation of Financial Code Section 23005 since at
4 least January 2005, and will continue to engage in such violative activities unless enjoined from
5 doing so by this Court.

6 **SECOND CAUSE OF ACTION**

7 **(Financial Code section 23050 - Violation of Desist & Refrain Order)**

8 **(Defendant Lanni)**

9 22. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 21 of this
10 complaint as though fully set forth herein.

11 23. Section 23050 of the California Financial Code provides in relevant part:

12 Whenever, in the opinion of the commissioner, any person is engaged in
13 the business of deferred deposit transactions, as defined in this division,
14 without a license from the commissioner, . . . the commissioner may order
that person . . . to desist and to refrain from engaging in the business . . .

15 24. Commencing on exact dates unknown to the Commissioner, but in or about January
16 2005, Lanni and his agents, employees and representatives engaged in non-exempt, unlicensed
17 deferred deposit business transactions in this state, which resulted in the Commissioner's issuance on
18 June 29, 2005, pursuant to Section 23050, of the Desist and Refrain Order described in paragraph 14
19 above.

20 25. Notwithstanding the Desist and Refrain Order, Lanni and his agents, employees and
21 representatives continued to engage in the business of deferred deposit transactions without a license
22 or exemption.

23 26. Each of the defendants named in this complaint has engaged, or participated, assisted,
24 aided or abetted in a material way, or directed the engagement in the business of deferred deposit
25 transactions in violation of the Desist and Refrain Order.

26 27. Lanni and his agents, employees and representatives have engaged in the business of
27 deferred deposit transactions in violation of the Desist & Refrain Order since at least July 7, 2005,
28 and will continue to engage in the business of deferred deposit transactions in violation of the Desist

1 & Refrain Order unless enjoined from doing so by this Court.

2 **PRAYER FOR RELIEF**

3 WHEREFORE, The People of the State of California pray for judgment as follows:

4 1. For a preliminary and permanent injunction restraining and enjoining Lanni and all
5 Does, and their officers, directors, successors in interest, controlling persons, agents, employees,
6 attorneys in fact, and all other persons acting in concert or participating with them, or any of them,
7 from directly or indirectly:

8 (1) Engaging in any business of deferred deposit transactions which is not exempt from
9 the licensing requirements of the California Deferred Deposit Transaction Law whether as part of the
10 scheme complained of herein or otherwise, unless and until they shall first have applied for and
11 secured from the Commissioner, a license pursuant to the California Deferred Deposit Transaction
12 Law authorizing the engagement in the business of deferred deposit transactions.

13 (2) Violating any order issued by the Commissioner against defendants or any of them,
14 including, but not limited to, the Order described in this complaint.

15 (3) Destroying, mutilating, concealing, altering, transferring or otherwise disposing of, in
16 any manner, any books, records, documents, correspondence, brochures, manuals, or other
17 documents of any kind relating to the deferred deposit business in the possession, custody or control
18 of any of the defendants until further order of this Court.

19 2. For an Order of Final Judgment, pursuant to Section 23051(c), requiring Lanni and all
20 Does to pay civil penalties for each violation of Section 23005 and the Desist & Refrain Order
21 according to proof, in an amount of at least \$500,000.00.

22 3. For costs and attorney fees according to law.

23 4. For such additional relief as may be requested hereafter and deemed proper by the
24 Court.

25 Dated: August 12, 2005
26 Los Angeles, California

WAYNE STRUMPFER
Acting California Corporations Commissioner

27 By _____

JUDY L. HARTLEY
Senior Corporations Counsel
Attorneys for Plaintiff