

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

TO: East Side Lenders, LLC
Michael Luxenberg, Manager
299 S. Main Street, Suite 1300 and 314 N. Riverside Drive
Salt Lake City, UT 84111 Espanola, NM 87532

East Side Lenders
2207 Concord Pike #505 and 2711 Centerville Road
Wilmington, DE 19803 Wilmington, DE 19808

Eastside Lenders
9218 Metcalf Ave. #112
Overland Park, KS 66210

DESIST AND REFRAIN ORDER

(For violations of California Financial Code sections 23005, 23035, 23036 and 23037)

1. The California Corporations Commissioner (“Commissioner”) finds that East Side Lenders, LLC, which also does business as East Side Lenders and Eastside Lenders (hereinafter “East Side Lenders”) uses the following addresses and telephone numbers:

- 299 S. Main Street, Suite 1300, Salt Lake City, Utah 84111
- 314 N. Riverside Drive, Espanola, New Mexico 87532
- 2207 Concord Pike #505, Wilmington, Delaware 19803
- 2711 Centerville Road, Wilmington, Delaware 19808
- 9218 Metcalf Ave. #112, Overland Park, Kansas 66210
- www.eastsidelenders.com
- (866) 569-6636 and (800) 689-5603

2. The Commissioner of the Department of Corporations (“Department”) is responsible for enforcing the California Deferred Deposit Transaction Law (“CDDTL”) in California Financial Code sections 23000 *et seq.* The Commissioner has not issued a license to East Side Lenders to engage in the business of deferred deposit transactions and East Side Lenders is not exempt from the licensing requirement of the CDDTL.

1 3. Since at least 2005, East Side Lenders has engaged in the business of deferred
2 deposit transactions by offering, originating and making deferred deposit transactions as described
3 below.

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

8 5. East Side Lenders solicited California consumers offering them “instant approval” of
9 “loans easy to renew” and “money in your account in 24 hours” and toll free support. East Side
10 Lenders used toll free number (866) 569-6636 and, at times, (800) 689-5603 for “collections” calls.

11 6. East Side Lenders would then arrange for an electronic deposit into the consumer’s
12 bank account of the funds between \$400 and \$500 for each payday loan, amounts in violation of
13 California Financial Code section 23035. East Side Lenders required consumers to give them
14 access to withdraw funds from the consumer’s bank account. However, East Side Lenders would
15 repeatedly withdraw funds from the consumer’s bank account by Automated Clearing House
16 (ACH) debits every two weeks, in amounts that exceed the statutory limits found in California
17 Financial Code section 23036. In some cases East Side Lenders would take as much in fees as
18 the amount of the loan.

19 7. East Side Lenders continued to withdraw funds from the consumer’s bank
20 account in excess of the agreed upon amount for repayment of the payday loan. When
21 consumers objected to East Side Lenders’ successive withdrawals of funds from their bank
22 account, East Side Lenders failed to respond to them. Despite the complaint from consumers,
23 East Side Lenders continued to overcharge them. Consumers found it necessary to close their
24 respective bank account to prevent further unauthorized withdrawals by East Side Lenders. After
25 East Side Lenders discovered they could no longer continue to withdraw funds from a
26 consumer’s closed bank account, East Side Lender would send collection letters from its
27 “Collection Department” or threaten consumers with legal action. East Side Lenders’ operations
28 are in violation of California Financial Code section 23037.

1 8. East Side Lenders engaged in deferred deposit business without a license from the
2 Commissioner and engaged in deferred deposit transactions that violated various statutory
3 provisions of the CDDTL including charging excessive fees in violation of California Financial
4 Code sections 23036 and 23037.

5 By reason of the foregoing, East Side Lenders, LLC, East Side Lenders and Eastside
6 Lenders have engaged in the business of deferred deposit transactions without having first obtained
7 a license from the Commissioner and have engaged in deferred deposit transactions in violation of
8 California Financial Code sections 23005, 23035, 23036 and 23037.

9 California Financial Code section 23050 states:

10 Whenever, in the opinion of the commissioner, any person is engaged in
11 the business of deferred deposit transactions, as defined in this division,
12 without a license from the commissioner, or any licensee is violating any
13 provision of this division, the commissioner may order that person or
14 licensee to desist and to refrain from engaging in the business or further
15 violating this division. If within 30 days, after the order is served, a
16 written request for a hearing is filed and no hearing is held within 30 days
17 thereafter, the order is rescinded.

18 Pursuant to Financial Code section 23050, East Side Lenders, LLC, East Side Lenders and
19 Eastside Lenders are hereby ordered to desist and refrain from engaging in the business of deferred
20 deposit transactions in the State of California without licensure or exemption and from violations of
21 California Financial Code sections 23035, 23036 and 23037. This Order is necessary for the
22 protection of consumers and consistent with the purposes, policies and provisions of the CDDTL.
23 This Order shall remain in full force and effect until further order of the Commissioner.

24 Dated: October 22, 2009
25 Los Angeles, California

26 PRESTON DuFAUCHARD
27 California Corporations Commissioner

28 By _____
 ALAN S. WEINGER
 Deputy Commissioner
 Enforcement Division