

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into as of May 13, 2008, by and between the Complainant, the California Corporations Commissioner ("Commissioner"), and Respondents, Faas Financial, Inc.; Faas Financial, Inc., doing business as FFI Payday Loans; Faas Enterprises, Inc.; Faas Enterprises, Inc., doing business as Cash 4 Checks, also doing business as Check Cashing Center, also doing business as FFI Payday Loans and also doing business as FFI Payday Loans.com, (hereafter collectively, "the Parties" or "Respondents").

RECITALS

This Agreement is made with reference to the following facts:

- A. Leonard A. Faas Jr. ("Leonard Faas") is an individual who is and was at all relevant times herein an officer, director and person in charge of the businesses of all Respondents. Leonard Faas is authorized to enter into this Agreement on behalf of Respondents.
- B. Leonard Faas formed Faas Financial, Inc., which does business as FFI Payday Loans at five principal business offices and obtained five licenses pursuant to the California Deferred Deposit Transaction Law ("CDDTL") (File No. 100-1935, 100-1936, 100-3082, 100-3083, and 100-3085). Leonard Faas filed two (2) applications (File No. 100-3548 and 100-3549) with the Commissioner for two additional CDDTL licenses for Faas Financial, Inc., doing business as FFI Payday Loans. These two CDDTL applications were respectively for the following business addresses: 41125 Winchester Road, Suite B-03B, Temecula, California and 28282 Old Town Front Street, Temecula California.
- C. Leonard Faas on behalf of Faas Financial, Inc., also obtained from the Commissioner five licenses pursuant to the California Finance Lenders Law ("CFLL") (File numbers 603A562, 603A785, 603C636, 603C917, and 603C918). Leonard Faas filed an additional application to obtain another CFLL license (File No. 603C916)
- D. Leonard Faas also formed Faas Enterprises, Inc., which does business as Cash 4 Checks at twelve (12) locations and obtained twelve additional licenses pursuant to the CDDTL (File Nos. 100-1435, 100-1436, 100-1437, 100-1438, 100-1439, 100-1440, 100-1442, 100-1443, 100-1444, 100-1445, 100-1447 and 100-1452). Faas Enterprises, Inc., appeared to be engaged in the business of deferred deposit transactions using the business names "Check Cashing Center," "FFI Payday Loans" and "FFI Payday Loans.com."
- E. On June 22, 2007, the Commissioner issued to Respondents an Accusation and Statement of Issues served to Respondents on June 26, 2007. The foregoing document will hereinafter be referred to as "Administrative Actions"). A copy of the Administrative Actions are attached and incorporated herein as Exhibit I.
- E. It is the intention of the parties to resolve this matter without the necessity of an administrative hearing or other litigation.

NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set forth herein, the parties agree as follows:

TERMS AND CONDITIONS

1. Purpose. The purpose of this Agreement is to resolve the Administrative Actions expeditiously, avoid the expense of a hearing, and possible further court proceedings.
2. Waiver of Hearing Rights. Respondents acknowledge their right to a hearing under the CDDTL in connection with the Administrative Actions and hereby waive that right to a hearing, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the CDDTL, the California Administrative Procedure Act ("APA"), the Code of Civil Procedure, or any other provision of law, as to the Administrative action and by waiving such rights, consent to the agreement becoming final.
3. Independent Legal Advice. Each of the Parties represents, warrants, and agrees that it has received or been advised to seek independent legal advice from its attorneys with respect to the advisability of executing this Agreement. Respondents acknowledge that they consulted with attorney John D. Fischer, prior to entering into this Agreement.
4. Admissions. Respondents admit the FACTS stated that appear in the Administrative Actions below the heading, Roman numeral I Statement of Facts solely for the limited purposes of this Agreement and any future proceeding(s) that may be initiated by or brought before the Commissioner against Respondents or any of the persons named I the Administrative Actions.
5. CFLL Revocation. Respondents hereby voluntarily agree and consent to the issuance by the Commissioner of an Order Revoking Respondents' California Lenders Licenses Pursuant to Financial Code Section 22714 for five licenses, file numbers: 603A562, 603A785, 603C636, 603C917, 603C918 ("CFLL Revocations"). The Revocations preclude Respondents from engaging in any CFLL activities including any with existing clients after the revocations. These revocations do not preclude Respondents from engaging in pure collection activities that permit: (1) receipt of cash from customers for existing transactions entered into before May 13, 2008, (2) forwarding any checks received from Respondents' clients to Respondents' bank for deposit relating to transactions entered into before May 13, 2008, (3) responding to regulatory inquiries from the Department of Corporations or other agencies, (4) making refunds described in paragraph nine (9.) below and (5) otherwise responding to customer inquiries concerning existing transactions. The Revocation Order is attached as Exhibit 2 and incorporated herein by reference.
6. CFLL Denial. Respondents hereby voluntarily agree and consent to the issuance by the Commissioner of an Order Denying California Finance Lenders Application Pursuant to Financial Code section 22109 for one application, file number 603C916, ("CFLL Denial"). The Denial precludes Respondents from engaging in any CFLL activities until licensed but does not preclude responding to regulatory inquiries from the Department of Corporations, other agencies and customers or from filing future applications for CDDTL licensure. The Denial Order is attached as Exhibit 3 and incorporated herein by reference.

7. CDDTL Suspension. Respondents hereby agree to the issuance by the Commissioner of an Order Suspending Respondents' California Deferred Deposit Transaction Licenses Pursuant to Financial Code section 23052, file numbers 100-1935, 100-1936, 100-3082, 100-3083, 100-3085 ("CDDTL Suspensions"). The CDDTL Suspensions preclude Respondents' licensed locations file numbers 100-3082, 100-3083, 100-1935, 100-1936, and 100-3085 from engaging in any CDDTL activities during successive one week suspension periods beginning May 18, 2008 and ending July 26, 2008. Each licensed location agrees to refrain from all CDDTL transactions including any with existing clients while suspended. This suspension does not preclude Respondents from engaging in pure collection activities that permit: (1) receipt of cash from customers for existing transactions entered into before their respective suspension period at each location, (2) forwarding any checks received from Respondents' clients to Respondents' bank for deposit relating to transactions entered into before June 1, 2008, (3) responding to regulatory inquiries from the Department of Corporations or other agencies, (4) making refunds described in paragraph nine (9.) below and (5) otherwise responding to customer inquiries concerning existing transactions. The CDDTL Suspension Order is attached as Exhibit 4 and incorporated herein by reference.

8. CDDTL Denials. Respondents hereby voluntarily agree and consent to the issuance by the Commissioner of an Order Denying California Deferred Deposit Transaction Applications Pursuant to Financial Code Section 22011, without prejudice for two applications, file numbers: 100-3548 and 100-3549 ("CDDTL Denials"). The CDDTL Denials preclude Respondents' businesses (file number 100-3548 and 100-3549) from engaging in any CDDTL activities until licensed but does not preclude responding to regulatory inquiries from the Department of Corporations, other agencies, or customer's inquiries or from filing future applications for CDDTL licensure. The Denial Order is attached as Exhibit 5 and incorporated herein by reference.

9. Voiding of Transactions. Respondents hereby agree to void transactions and to forfeit and refund fees or charges in the amount of one hundred twenty-five thousand dollars (\$125,000) relating to fees associated with the CDDTL and CFLL transactions described in the Administrative Actions. Respondents agree to offer refunds to approximately 1,400 of their clients during the month of June 2008, which Respondents' clients may accept at any time before November 30, 2008. Respondents agree to provide evidence satisfactory to the Department that the refunds have been offered and paid to Respondents' clients and that any and all amounts remaining unclaimed by clients on November 30, 2008, shall escheat to the State of California.

10. Desist and Refrain Order and Citations. Respondents hereby agree to the Desist and Refrain Order and Citations attached as Exhibit 6 and incorporated by reference without admitting or denying the facts therein. By May 14, 2008, Respondents agree to make payment of \$15,000 for the citations and \$10,000 to the Department for its cost incurred by the Administrative Actions. If payment for the citations and costs are not received on May 14, 2008, then the licenses described in paragraph seven (7.) above shall be revoked. Respondents' Payment shall be payable to the Department of Corporations and delivered to the attention of the Complainant's counsel who will thereafter acknowledge receipt of the \$25,000 payment to Respondents' counsel.

11. Future Actions by the Commissioner. The Commissioner reserves the right to bring any future actions against Respondents or any of their partners, owners, employees or successors of Respondents for any future or unknown violations of the CFLL or CDDTL. This Agreement shall not serve to exculpate Respondents or any of the partners, owners, employees or successors of Respondents from liability for any and all unknown or future violations of the CFLL or CDDTL. If it is found, after the execution of this Agreement that Respondents thereafter violated any of the statutes and/or rules set forth in the CFLL or CDDTL or Agreement, the Commissioner reserves the right to take further action against Respondents, including but not limited to, imposing penalties and requesting restitution of all CFLL and CDDTL transactions originated in breach of this Agreement. Respondents acknowledge and agree that the Revocations, Suspensions and Denial provided for above shall not be the exclusive remedy available to the Commissioner in pursuing future violations but may be sought and employed in addition to any other remedy available pursuant to the CFLL or CDDTL.

12. Failure to Make Consumer Refunds. Respondents acknowledge that during the month of June 2008 they will offer to make refunds to the consumers referred to in paragraph nine (9.) above, and that failure to do so shall be a breach of this Agreement and shall be cause for the Commissioner to revoke or deny, respectively, any Department license or any pending application of Respondents and any company owned or controlled by Leonard Faas, his successors and assigns, by whatever names they might be known. Respondents waive any notice and hearing rights to contest such revocations or denials, which may be afforded under the Financial Code, the APA, the Code of Civil Procedure, or any other legal provisions.

13. Settlement Agreement Coverage. The parties hereby acknowledge and agree that this Agreement is intended to constitute a full, final and complete resolution of the Administrative Actions, including as to the named persons therein. The parties acknowledge and agree that nothing contained in this Agreement shall operate to limit the Commissioner's ability to assist any other agencies with any prosecution, administrative, civil or criminal, brought by any such agency against Respondents based upon any of the activities alleged in this matter or otherwise. This Agreement shall not become effective until signed by Respondents and delivered by all parties. Each of the parties represents, warrants, and agrees that in executing this Agreement it has relied solely on the statements set forth herein and the advice of its own counsel and has placed no reliance on any statement, representation, or promise of any other party, or any other person or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to make any statement, representation or disclosure of anything whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Agreement.

14. Full Integration. This Agreement with exhibits is the final written expression and the complete, exclusive statement of all the agreements, conditions, promises, representations, and covenants between the parties and supercedes all prior or contemporaneous agreements, negotiations, representations, understandings, and discussions between and among the parties, their respective representatives, and any other person or entity.

15. No Presumption From Drafting. In that the parties have had the opportunity to draft, review and edit the language of this Agreement, no presumption for or against any party arising out of drafting all or any part of this Agreement will be applied in any action relating to, connected, to, or involving this Agreement. Accordingly, the parties waive the benefit of California Civil Code section 1654 and any successor or amended statute, providing that in cases of uncertainty, language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.
16. Effective Date. This Agreement shall not become effective until signed by Respondents and delivered by all parties. The Commissioner shall file this Agreement with the Office of Administrative Hearings after execution by the parties.
17. Counterparts. This Agreement may be executed in any number of counter-parts by the Parties and when each Party has signed and delivered at least one such counterpart to the other Party, each counterpart shall be deemed an original and taken together shall constitute one and the same Agreement.
18. Modifications and Qualified Integration. No amendment, change or modification of this Agreement shall be valid or binding to any extent unless it is in writing and signed by all of the parties affected by it.
19. Headings and Governing Law. The headings to the paragraphs of this Agreement are inserted for convenience only and will not be deemed a part hereof or affect the construction or interpretation of the provisions hereof. This Agreement shall be construed and enforced in accordance with and governed by California law.
20. Authority For Settlement. Each Respondents covenant that they possess all necessary capacity and authority to sign and enter into this Agreement. Each Party warrants and represents that such Party is fully entitled and duly authorized to enter into and deliver this Agreement. In particular, and without limiting the generality of the foregoing, each Party warrants and represents that it is fully entitled to enter into the covenants, and undertake the obligations set forth herein.
21. Public Record. Respondents acknowledge that this Agreement is a public record.
22. Voluntary Agreement. The Parties each represent and acknowledge that he, she or it is executing this Agreement completely voluntarily and without any duress or undue influence of any kind from any source.
23. Notices. Notice shall be provided to each party at the following addresses:

If to Respondents to: John D. Fischer
 Fischer, Zisblatt & Kiss
 1901 Avenue of the Stars, Suite 1020,
 Los Angeles, California 90067

If to the Commissioner to: Steven C. Thompson, Special Administrator
Financial Services Div. Department of Corporations
320 W. 4th Street, Suite 750. Los Angeles, CA 90013-2344

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement on the dates set forth opposite their respective signatures.

Dated: 5/12/08

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division

Dated: _____

By _____
LEONARD FAAS
an individual

FAAS FINANCIAL INC. and FAAS FINANCIAL INC. DOING BUSINESS AS FFI
PAYDAY LOANS

Dated: _____

By _____
LEONARD FAAS
Officer and Director

FAAS ENTERPRISES, INC. and FAAS ENTERPRISES, INC. DOING BUSINESS AS
CASH 4 CHECKS

Dated: _____

By _____
LEONARD FAAS
Officer and Director

IT TO THE COMMISSIONER TO: STEVEN C. THOMPSON, SPECIAL COMMISSIONER
Financial Services Div. Department of Corporations
320 W. 4th Street, Suite 750, Los Angeles, CA 90013-2344

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ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division

Dated: 5-13-08

By _____
LEONARD FAAS
an individual

FAAS FINANCIAL INC. and FAAS FINANCIAL INC. DOING BUSINESS AS PFI
PAYDAY LOANS

Dated: 5-13-08

By _____
LEONARD FAAS
Officer and Director

FAAS ENTERPRISES, INC. and FAAS ENTERPRISES, INC. DOING BUSINESS AS
CASH & CHECKS

Dated: 5-18-08

By _____
LEONARD FAAS
Officer and Director

FAAS ENTERPRISES, INC. and FAAS ENTERPRISES, INC. DOING BUSINESS AS
CHECK CASHING CENTER

Dated: 5-13-08

By _____
LEONARD FAAS
Officer and Director

FAAS ENTERPRISES, INC. and FAAS ENTERPRISES, INC. DOING BUSINESS AS
FFI PAYDAY LOANS

Dated: 5-13-08

By _____
LEONARD FAAS
Officer and Director

FAAS ENTERPRISES, INC. and FAAS ENTERPRISES, INC. DOING BUSINESS AS
FFI PAYDAY LOANS.COM

Dated: 5-13-08

By _____
LEONARD FAAS
Officer and Director

Dated: 5-13-08

Approved as to form by Respondents' counsel

By _____
JOHN D. FISCHER, ESQ.
FISCHER, ZISBLATT & KISS