

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MARLOU de LUNA (BAR NO. 162259)
Sr. Corporations Counsel
4 320 West 4th Street, Ste. 750
Los Angeles, California 90013-2344
5 Telephone: (213) 576-7606 Fax: (213) 576-7181

6 Attorneys for Complainant

7
8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Accusation of THE) File No.: 100-0195; 100-0196; 100-3180
11 CALIFORNIA CORPORATIONS)
12 COMMISSIONER,) **ACCUSATION TO SUSPEND**
13) **DEFERRED DEPOSIT TRANSACTION**
14 Complainant,) **ORIGINATOR LICENSE; AND**
15 vs.) **CITATIONS**
16)
17 THE JESSCHEX CORPORATION doing)
18 business as JESS CHEX FINANCIAL,)
Respondent.)

19
20
21 Complainant, the California Corporations Commissioner (“Commissioner”) is informed and
22 believes, and based upon such information and belief, alleges and charges Respondent as follows:

23 **I.**

24 **RESPONDENT**

25 At all relevant times herein, Respondent The Jesschex Corporation doing business as Jess
26 Chex Financial (“Jess Chex”) is a deferred deposit transaction originator licensed by the
27 Commissioner pursuant to the California Deferred Deposit Transaction Law (California Financial
28

1 Code § 23000 *et seq.*)¹ (“CDDTL”). Jess Chex has its principal place of business located at 2524 S.
2 Central Ave., Los Angeles, California 90011 (“Location 1”). Jess Chex has two further business
3 locations situated at 2514 E. 1st Street, Los Angeles, California 90033 (“Location 2”) and 7402 E.
4 Florence Ave, Downey, California 90241 (“Location 3”).

5 II.

6 FACTUAL BACKGROUND

7 The Commissioner issued a Citations and Desist and Refrain Order on August 6, 2008 and
8 subsequently issued an Amended Citations and Desist and Refrain Order on September 11, 2008
9 (“Order”) directing Jess Chex to discontinue disclosing incorrect Annual Percentage Rates (“APRs”)
10 in the deferred deposit transaction agreements at all three licensed locations. A settlement agreement
11 was reached between the Commissioner and Jess Chex to resolve the matter without the necessity of
12 a hearing and/or other litigation. Pursuant to the settlement agreement, Jess Chex consented to the
13 Order becoming final and admitted the findings contained in the Order, thus the Order stayed in
14 effect. In addition, Jess Chex agreed to pay to the Commissioner citations totaling seven thousand
15 five hundred dollars (\$7,500).

16 On June 12, 2009, the Commissioner commenced a regulatory examination of the books and
17 records of Jess Chex. The regulatory examination disclosed that Jess Chex, among other things, had
18 failed to comply with the Order directing Jess Chex to discontinue disclosing incorrect APRs in the
19 deferred deposit transaction agreements at all three licensed locations as required by section
20 23035(e)(1). The regulatory examination also disclosed that Jess Chex failed to meet the minimum
21 net worth requirement of \$25,000. Pursuant to section 23007, a licensee, regardless of the number of
22 licensed locations, shall maintain a net worth of at least twenty-five thousand dollars (\$25,000) at all
23 times.

24 By reason of Respondent’s continuing violations of the CDDTL, the Commissioner seeks to
25 suspend the deferred deposit transaction originator license of Jess Chex pursuant to section 23052. In
26 addition, the Commissioner has also issued twenty-six (26) citations in the amount of \$2,500 per
27 _____

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

1 citation pursuant to section 23058.

2 **III.**

3 **CITATIONS**

4 California Financial Code section 23058 provides in pertinent part:

5 (a) If, upon inspection, examination or investigation, based upon a complaint or otherwise, the
6 department has cause to believe that a person is . . . violating any provision of this division or
7 any rule or order thereunder, the department may issue a citation to that person in writing,
8 describing with particularity the basis of the citation. Each citation may contain an order to
desist and refrain and an assessment of an administrative penalty not to exceed two thousand
five hundred dollars (\$2,500)

9 (b) The sanctions authorized under this section shall be separate from, and in addition to, all
other administrative, civil, or criminal remedies.

10 (c) If within 30 days from the receipt of the citation of the person cited fails to notify the
11 department that the person intends to request a hearing as described in subdivision (d), the
12 citation shall be deemed final.

13
14 The regulatory examination conducted by the Commissioner on June 12, 2009 disclosed the
following violations at Locations 1, 2 and 3:

15 (1) **Citation 1** – Location 1: Jess Chex failed to disclose the correct annual percentage
16 rate (“APR”) in a deferred deposit transaction agreement dated January 22, 2009, Store Ck #14196,
17 in violation of section 23058(a) and the Order. Jess Chex was informed of this violation during the
18 previous regulatory examination conducted on June 12, 2009.

19 (2) **Citation 2** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
20 deposit transaction agreement dated May 4, 2009, Store Ck #14402, in violation of section 23058(a).
21 Jess Chex was informed of this violation during the previous regulatory examination conducted on
22 June 12, 2009.

23 (3) **Citation 3** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
24 deposit transaction agreement dated April 30, 2009, Store Ck #14327, in violation of section
25 23058(a) and the Order. Jess Chex was informed of this violation during the previous regulatory
26 examination conducted on June 12, 2009.

27 (4) **Citation 4** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
28 deposit transaction agreement dated February 27, 2009, Store Ck #14240, in violation of section

1 23058(a) and the Order. Jess Chex was informed of this violation during the previous regulatory
2 examination conducted on June 12, 2009.

3 (5) **Citation 5** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
4 deposit transaction agreement dated March 9, 2009, Store Ck #14262, in violation of section
5 23058(a) and the Order. Jess Chex was informed of this violation during the previous regulatory
6 examination conducted on June 12, 2009.

7 (6) **Citation 6** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
8 deposit transaction agreement dated January 10, 2009, Store Ck #14111, in violation of section
9 23058(a) and the Order. Jess Chex was informed of this violation during the previous regulatory
10 examination conducted on June 12, 2009.

11 (7) **Citation 7** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
12 deposit transaction agreement dated January 28, 2009, Store Ck #494, in violation of section
13 23058(a) and the Order. Jess Chex was informed of this violation during the previous regulatory
14 examination conducted on June 12, 2009.

15 (8) **Citation 8** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
16 deposit transaction agreement dated December 3, 2008, Store Ck #13995, in violation of section
17 23058(a) and the Order. Jess Chex was informed of this violation during the previous regulatory
18 examination conducted on June 12, 2009.

19 (9) **Citation 9** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
20 deposit transaction agreement dated February 22, 2009, Store Ck #14280, in violation of section
21 23058(a) and the Order. Jess Chex was informed of this violation during the previous regulatory
22 examination conducted on June 12, 2009.

23 (10) **Citation 10** – Location 1: Jess Chex failed to disclose the correct APR in a deferred
24 deposit transaction agreement dated November 04, 2008, Store Ck #13908, in violation of section
25 23058(a) and the Order. Jess Chex was informed of this violation during the previous regulatory
26 examination conducted on June 12, 2009.

27 (11) **Citation 11** – Location 2: Jess Chex failed to disclose the correct APR in a deferred
28 deposit transaction agreement dated May 29, 2009, in violation of section 23058(a) and the Order.

1 Jess Chex was informed of this violation during the previous regulatory examination conducted on
2 June 12, 2009.

3 (12) **Citation 12** – Location 2: Jess Chex failed to disclose the correct APR in a deferred
4 deposit transaction agreement dated December 30, 2008, in violation of section 23058(a) and the
5 Order. Jess Chex was informed of this violation during the previous regulatory examination
6 conducted on June 12, 2009.

7 (13) **Citation 13** – Location 2: Jess Chex failed to disclose the correct APR in a deferred
8 deposit transaction agreement dated October 03, 2008, in violation of section 23058(a) and the Order.
9 Jess Chex was informed of this violation during the previous regulatory examination conducted on
10 June 12, 2009.

11 (14) **Citation 14** – Location 3: Jess Chex failed to disclose the correct APR in a deferred
12 deposit transaction agreement dated January 30, 2009, in violation of section 23058(a) and the Order.
13 Jess Chex was informed of this violation during the previous regulatory examination conducted on
14 June 12, 2009.

15 (15) **Citation 15**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
16 deposit transaction agreement dated June 03, 2009, in violation of section 23058(a) and the Order.
17 Jess Chex was informed of this violation during the previous regulatory examination conducted on
18 June 12, 2009.

19 (16) **Citation 16**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
20 deposit transaction agreement dated May 29, 2009, in violation of section 23058(a) and the Order.
21 Jess Chex was informed of this violation during the previous regulatory examination conducted on
22 June 12, 2009.

23 (17) **Citation 17**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
24 deposit transaction agreement dated May 11, 2009, in violation of section 23058(a) and the Order.
25 Jess Chex was informed of this violation during the previous regulatory examination conducted on
26 June 12, 2009.

27 (18) **Citation 18**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
28 deposit transaction agreement dated April 20, 2009, in violation of section 23058(a) and the Order.

1 Jess Chex was informed of this violation during the previous regulatory examination conducted on
2 June 12, 2009.

3 (19) **Citation 19**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
4 deposit transaction agreement dated June 11, 2009, in violation of section 23058(a) and the Order.

5 Jess Chex was informed of this violation during the previous regulatory examination conducted on
6 June 12, 2009.

7 (20) **Citation 20**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
8 deposit transaction agreement dated October 03, 2008, in violation of section 23058(a) and the Order.

9 Jess Chex was informed of this violation during the previous regulatory examination conducted on
10 June 12, 2009.

11 (21) **Citation 21**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
12 deposit transaction agreement dated September 29, 2008, in violation of section 23058(a) and the
13 Order. Jess Chex was informed of this violation during the previous regulatory examination
14 conducted on June 12, 2009.

15 (22) **Citation 22**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
16 deposit transaction agreement dated March 02, 2009, in violation of section 23058(a) and the Order.

17 Jess Chex was informed of this violation during the previous regulatory examination conducted on
18 June 12, 2009.

19 (23) **Citation 23**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
20 deposit transaction agreement dated January 17, 2009, in violation of section 23058(a) and the Order.

21 Jess Chex was informed of this violation during the previous regulatory examination conducted on
22 June 12, 2009.

23 (24) **Citation 24**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
24 deposit transaction agreement dated January 02, 2009, in violation of section 23058(a) and the Order.

25 Jess Chex was informed of this violation during the previous regulatory examination conducted on
26 June 12, 2009.

27 (25) **Citation 25**– Location 3: Jess Chex failed to disclose the correct APR in a deferred
28 deposit transaction agreement dated December 03, 2008, in violation of section 23058(a) and the

1 Order. Jess Chex was informed of this violation during the previous regulatory examination
2 conducted on June 12, 2009.

3 (26) **Citation 26:** Jess Chex failed to meet the \$25,000 net worth requirement of section
4 23007 based on its financial statement dated March 31, 2009. Jess Chex was informed of this
5 violation during the previous regulatory examination conducted on June 12, 2009.

6 Pursuant to section 23058, Jess Chex is hereby ordered to pay within thirty (30) days from the
7 date of these citations, an administrative penalty of two thousand five hundred dollars (\$2,500) for
8 each of the twenty-six (26) citations listed below for a total of seventy two thousand five hundred
9 dollars (\$65,000).

- 10 (1) CITATION 1 - \$2,500
- 11 (2) CITATION 2 - \$2,500
- 12 (3) CITATION 3 - \$2,500
- 13 (4) CITATION 4 - \$2,500
- 14 (5) CITATION 5 - \$2,500
- 15 (6) CITATION 6 - \$2,500
- 16 (7) CITATION 7 - \$2,500
- 17 (8) CITATION 8 - \$2,500
- 18 (9) CITATION 9 - \$2,500
- 19 (10) CITATION 10 - \$2,500
- 20 (11) CITATION 11 - \$2,500
- 21 (12) CITATION 12 - \$2,500
- 22 (13) CITATION 13 - \$2,500
- 23 (14) CITATION 14 - \$2,500
- 24 (15) CITATION 15 - \$2,500
- 25 (16) CITATION 16 - \$2,500
- 26 (17) CITATION 17 - \$2,500
- 27 (18) CITATION 18 - \$2,500
- 28 (19) CITATION 19 - \$2,500

- 1 (20) CITATION 20 - \$2,500
- 2 (21) CITATION 21 - \$2,500
- 3 (22) CITATION 22 - \$2,500
- 4 (23) CITATION 23 - \$2,500
- 5 (24) CITATION 24 - \$2,500
- 6 (25) CITATION 25 - \$2,500
- 7 (26) CITATION 26 - \$2,500

8 These Citations shall remain in full force and effect until further order of the Commissioner.

9 **IV.**

10 **SUSPENSION OF DEFERRED DEPOSIT TRANSACTION ORIGINATOR LICENSE**

11 California Financial Code section 23052 provides in pertinent part:

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

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

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

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

21 The Commissioner finds that, by reason of the foregoing, Jess Chex has violated California
22 Financial Code sections 23035(e)(1) and 23007, which are grounds to suspend the deferred deposit
23 transaction license of Jess Chex.

24 ///

25 ///

26 ///

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

WHEREFORE, IT IS PRAYED that the deferred deposit transaction license of Jess Chex for Locations 1, 2 and 3 be suspended for a period of at least two (2) months or until such time as Jess Chex meets its minimum net worth requirement of \$25,000, whichever is longer.

Dated: November 23, 2009
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Deputy Commissioner