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

TO: Loan Shop
13696 104th Ave.,
Surrey, BC Canada V3R 1V9

DESIST AND REFRAIN ORDER

(For violations of section 23005 of the California Financial Code)

The California Corporations Commissioner finds that:

1. At all relevant times herein, Loan Shop is, or was, an entity whose legal status is unknown. Loan Shop originates or offers payday loans to California residents over the Internet through Internet based companies that purportedly match borrowers with lenders.

2. Loan Shop engages in the business of originating, or offering to originate deferred deposit transactions (commonly referred to as “payday loans”) over the Internet to the general public, including California residents.

3. A deferred deposit transaction is a written transaction whereby one person gives funds to another person upon receipt of a personal check, and it is agreed that the personal check would not be deposited until a later date. “Personal check” referenced in Financial Code section 23001 includes “the electronic equivalent of a personal check”.

4. Since at least March 2008, and continuing thereafter, Loan Shop has originated or offered to originate deferred deposit transactions to at least one California resident. Under Loan Shop’s Internet-based deferred deposit transactions, the borrower provides details of his or her account, which s/he authorizes the lender to debit electronically on the due date.

5. In or about March 2008, Loan Shop originated a deferred deposit transaction with a California resident, which authorized Loan Shop to electronically debit the borrower’s account by means of an Automated Clearing House with the loan amount, fees and charges, on the due date.

