1	WAYNE STRUMPFER
2	Acting California Corporations Commissioner
	ALAN S. WEINGER (CA BAR NO. 86717) Acting Deputy Commissioner
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8	Attorneys for Complainant
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10	BEFORE THE DEPARTMENT OF CORPORATIONS
11	OF THE STATE OF CALIFORNIA
12	
13	In the Matter of the Statement of Issues of THE) File No.: 100-2519 CALIFORNIA CORPORATIONS)
14	COMMISSIONER,) STATEMENT OF ISSUES
15	Complainant,
16) VS.)
17)
18	MIKE LOPEZ, CHEX CHECK CASHING,)
	MIKE LOPEZ doing business as CHEX) CHECK CASHING)
19)
20	Respondent.
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22	The Complainant is informed and believes, and based upon such information and belief,
23	alleges and charges Respondent as follows:
24	I
25	INTRODUCTION
26	The proposed order seeks to deny the issuance of a deferred deposit transaction license to
27	Respondent Mike Lopez, Chex Check Cashing, and Mike Lopez Doing Business as Chex Check
28	Cashing pursuant to California Financial Code section 23011, subdivision (a)(3), by reason of

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their numerous and continuing violations of the California Deferred Deposit Transaction Law ("CDDTL".) (California Financial Code §§ 23000 et seq.)

II

THE APPLICATION

Mike Lopez is and was at all relevant times herein, an individual and owner of a business known as Chex Check Cashing. Mike Lopez, Chex Check Cashing, and Mike Lopez dba Chex Check Cashing hereinafter are referred to as "Lopez." On March 11, 2005, Lopez filed an application for a deferred deposit transaction license (File No. 100-2519) with the California Corporations Commissioner ("Complainant" or "Commissioner") pursuant to California Financial Code section 23005. The deferred deposit transaction license application ("application") was for Lopez's business located at 5304-A Monterey Road, San Jose, California 95111.

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DEFERRED DEPOSIT TRANSACTION LAW VIOLATIONS

On or about February 8, 2005, the Commissioner contacted Lopez to determine if Lopez was engaging in unlicensed deferred deposit transaction business. ¹ The Commissioner's review revealed that Lopez had originated approximately 20 deferred deposit transactions per month from the period January 1, through at least July 11, 2005, in violation of California Financial Code section 23005.

Lopez was specifically aware that a CDDTL license was required in order to engage in the business of deferred deposit transactions as Lopez had received a written notice to this effect from the Commissioner on or about February 8, 2005. The February 8, 2005 letter explicitly informed Lopez that he could not engage in the business of deferred deposit transactions unless and until he obtained a CDDTL license from the Commissioner. Lopez is not now nor has he been exempt from the licensing requirements of California Financial Code section 23005.

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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 shall not be deposited until a later date.

Additionally, in response to Lopez's license application filed on March 11, 2005 the Commissioner on April 12, 2005, issued a deficiency letter to Lopez regarding his application, which also reiterated to Lopez that he could not engage in the business of deferred deposit transactions unless and until he obtained a CDDTL license from the Commissioner. On April 12, 2005, the Commissioner's representative spoke directly with Lopez and informed him to cease deferred deposit business until a license was obtained.

To conduct an investigation into unlicensed CDDTL activity by Lopez during 2005, the

To conduct an investigation into unlicensed CDDTL activity by Lopez during 2005, the Commissioner's Corporations Examiners requested access to examine relevant business records in his office at 5304-A Monterey Road, San Jose, California 95111 on May 25, and on July 11, 2005. Lopez failed to provide records requested by the Corporations Examiners even though Lopez reported he had originated at least 20 deferred deposit transactions per month.

On May 25, and on July 11, 2005, Lopez admitted to the Corporations Examiners that he was aware that he had been instructed to cease engaging in deferred deposit transactions but that he had in fact engaged in such transactions. On these and other occasions Lopez was again notified by the Commissioner to cease engaging in the business of deferred deposit transactions unless and until he obtained a CDDTL license from the Commissioner. Notwithstanding numerous written and oral notifications regarding licensure, Lopez continued to engage in the business of deferred deposit transactions.

IV

CONCLUSION

Complainant finds, by reason of the foregoing, that:

- (1) Lopez has committed at least 100 violations of the CDDTL;
- (2) Lopez is incapable of operating his business in compliance with the CDDTL as demonstrated by his flagrant and continuous pattern of violations; and
- (3) It is in the best interests of the public to deny Lopez's application for a CDDTL license.

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2	(a) Upon reasonable notice and the opportunity to be heard, the commissioner may deny the application for any of the following reasons:
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4	(3) The applicant or any officer, director, or general partner, or person owning or controlling, directly or indirectly, 10 percent or more of
5	the outstanding interests or equity securities of the applicant has
6	violated any provision of this division or the rules thereunder or any similar regulatory scheme of the State of California or a
7	foreign jurisdiction.
8	THEREFORE, Complainant asserts that he is justified under California Financial Code
9	section 23011, subdivision (a)(3), in denying Lopez's applications for a CDDTL license.
10	WHEREFORE IT IS PRAYED that the application for a CDDTL license from Mike
11	Lopez, Chex Check Cashing, and Mike Lopez Doing Business as Chex Check Cashing, dated
12	March 11, 2005, be denied.
13	Dated: July 20, 2005
14	San Francisco, CA
15	WAYNE STRUMPFER Acting California Corporations Commissioner
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18	By Joan E. Kerst
19	Senior Corporations Counsel
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California Financial Code section 23011 provides in pertinent part: