

1 WILLIAM P. WOOD  
California Corporations Commissioner  
2 WAYNE STRUMPFER (CA BAR NO. 160080)  
Deputy Commissioner  
3 ALAN S. WEINGER (CA BAR NO. 86717)  
Supervising Counsel  
4 URSULA L. CLEMONS (CA BAR NO. 162302)  
Corporations Counsel  
5 Department of Corporations  
320 West 4<sup>th</sup> Street, Ste. 750  
6 Los Angeles, California 90013-2344  
Telephone: (213) 576-7586/Fax: (213) 576-7181

7 Attorneys for Complainant  
8

9 BEFORE THE DEPARTMENT OF CORPORATIONS  
10 OF THE STATE OF CALIFORNIA  
11

12 In the Matter of the Statement of Issues of THE ) File No.: 100-1758  
CALIFORNIA CORPORATIONS )  
13 COMMISSIONER, ) STATEMENT OF ISSUES  
14 )  
Complainant, )  
15 )  
16 vs. )  
17 MEGAFU ENTERPRISES dba IN N OUT )  
CASH EXPRESS (aka IN AND OUT CASH )  
18 EXPRESS) )  
19 )  
Respondent.  
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 **INTRODUCTION**

25 The Commissioner seeks to deny the issuance of a deferred deposit transaction license to  
26 Megafu Enterprises dba In N Out Cash Express (aka In and Out Cash Express) pursuant to Section  
27 23011 of the California Deferred Deposit Transaction Law (California Financial Code § 23000 et  
28 seq.) in that the president and sole shareholder, Chuma Megafu, of In N Out Cash Express has been

1 convicted or pled nolo contendere to a crime within the last ten (10) years.

2 **II**

3 **THE APPLICATION**

4 Megafu was issued a check cashiers permit and a deferred deposit transaction permit  
5 (number 2828) as an individual doing business as Megafu Enterprises. The permits were issued by  
6 the Office of the Attorney General, Department of Justice on May 22, 2003. Pursuant to the passage  
7 of Assembly Bill 971 (Chapter 17, Statutes of 2004), anyone intending to engage in the business of  
8 deferred deposits on or after December 31, 2004, must file an application with the Department of  
9 Corporations for a deferred deposit transaction license. Permits issued by the Department of Justice  
10 to engage in the business of deferred deposit transactions are no longer valid after December 31,  
11 2004, jurisdiction having been transferred to the authority of the Department of Corporations.  
12 Financial Code section 23104 states the provisions of this division shall become effective on January  
13 1, 2003, and shall become operative on December 31, 2004.

14 On or about September 30, 2003, Megafu Enterprises dba In N Out Cash Express, a  
15 California Corporation, filed an application for a deferred deposit transaction license with the  
16 Commissioner (File No. 100-1758 hereinafter "application") pursuant to California Financial Code  
17 section 23100. Chuma Megafu ("Megafu") verified the application as president of In N Out Cash  
18 Express. The application identified Megafu as the sole officer, director and shareholder of In N Out  
19 Cash Express. The application was denied on December 24, 2004.

20 **III**

21 **DEFERRED DEPOSIT TRANSACTION LAW VIOLATIONS**

22 Financial Code section 23008 provides that upon the filing of an application pursuant to  
23 section 23005 and the payment of fees pursuant to section 23006, the commissioner shall investigate  
24 the applicant, and its general partners and persons owning or controlling, directly or indirectly, 10  
25 percent or more of the outstanding interests if the applicant is a partnership. Pursuant to Financial  
26 Code section 23011(a)(2) upon reasonable notice and the opportunity to be heard, the commissioner  
27 may deny the application for any of the following reasons:

28 Any officer, director, general partner, or person owning or controlling, directly or  
indirectly, 10 percent or more of the outstanding interests or equity securities of the

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

applicant has, within the last ten years (A) been convicted of or pleaded nolo contendere to a crime, or (B) committed any act involving dishonesty, fraud, or deceit, if the crime or act is substantially related to the qualifications, functions, or duties of a person engaged in business in accordance with this division.

Respondent, Chuma Megafu, president of Megafu Enterprises, has been convicted of a crime within the last ten (10) years for which the Commissioner may deny the application. On or about July 21, 1999, Respondent was convicted of violating Health and Safety Code section 11383(c)(1) (possession with intent to manufacture methamphetamine), a felony.

Respondent’s felony is substantially related to the operation of the deferred deposit transaction business because as a license holder he is entrusted with the duty to deposit customer’s personal checks. Respondent’s crime involved possession and intent to manufacture methamphetamine, which is a lucrative enterprise and a cash business. Given the substantial amount of money that respondent has access to from multiple customers and as the sole signature on the business account, at this point the Department does not have confidence or trust that Respondent will comply with the requirements of a licensee under the law.

**IV**  
**CONCLUSION**

Complainant finds, by reason of the foregoing, that:

- (1) Megafu, the sole officer, director and shareholder of Megafu Enterprises dba In N Out Cash Express has been convicted of a crime within the last ten (10) years.
- (2) The findings set forth above constitute grounds under California Financial Code section 23011 to deny the issuance of a deferred deposit transaction license to Megafu Enterprises dba In N Out Cash Express.

THEREFORE, the Commissioner asserts that he is justified under California Financial Code section 23011(a)(2) in denying the issuance of a deferred deposit transaction license to Megafu Enterprises dba In N Out Cash Express.

//  
//

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, the Commissioner prays that the application for a deferred deposit transaction license filed by Megafu Enterprises dba In N Out Cash Express be denied.

Dated: March 14, 2005  
Los Angeles, California

WILLIAM P. WOOD  
California Corporations Commissioner

By \_\_\_\_\_  
Ursula L. Clemons  
Corporations Counsel

1 WAYNE STRUMPFER  
Acting California Corporations Commissioner  
2 ALAN S. WEINGER (CA BAR NO. 86717)  
Acting Deputy Commissioner  
3 URSULA L. CLEMONS (CA BAR NO. 162302)  
Corporations Counsel  
4 Department of Corporations  
320 West 4<sup>th</sup> Street, Ste. 750  
5 Los Angeles, California 90013-2344  
Telephone: (213) 576-7586 Fax: (213) 576-7181

6 Attorneys for Complainant

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

10  
11 In the Matter of the Statement of Issues of THE ) File Nos.: 100-1758  
CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ORDER DENYING CALIFORNIA  
13 ) DEFERRED DEPOSIT TRANSACTION  
Complainant, ) LICENSE APPLICATION

14 )  
15 vs. )

16 CHUMA MEGAFU and MEGAFU )  
17 ENTERPRISES dba IN N OUT CASH )  
18 EXPRESS (aka IN AND OUT CASH )  
EXPRESS), )

19 Respondent.

20 The California Corporations Commissioner finds:

21 1. On or about September 20, 2003, Chuma Megafu (“Megafu”) on behalf of Megafu  
22 Enterprises doing business as In N Out Cash Express filed an application for a deferred deposit  
23 transaction license (File No. 100-1758 hereinafter "application") with the California Corporations  
24 Commissioner (“Complainant” or “Commissioner”) pursuant to the California Deferred Deposit  
25 Transaction Law (“CDDTL”) (Financial Code sections 23000 et. seq.), in particular, California  
26 Financial Code section 23005. The application was for a location situated at 1296 S. La Brea, Los  
27 Angeles, California 90019.  
28

1           2.       Megafu was aware that a CDDTL license was required in order to engage in the  
2 business of deferred deposit transactions as (i) Megafu had applied with the Commissioner for a  
3 CDDTL license on or about September 30, 2003, (ii) Megafu received a written notice from the  
4 Commissioner dated November 10, 2004 that specifically informed Megafu that he could not  
5 engage in the business of deferred deposit transactions after December 31, 2004, without a  
6 license issued by the Department and (iii) on December 24, 2004, the Commissioner informed  
7 Megafu of its intent to deny the application. Megafu was informed that the denial decision  
8 would be reconsidered if an amended application were submitted within fifteen (15) days.  
9 Nothing was received from Megafu following the December 24, 2004 letter.

10           3.       On June 21, 2005, the Commissioner determined that Megafu was engaging in  
11 unlicensed deferred deposit transaction business. The Commissioner found that In N Out Cash  
12 Express and Megafu had engaged in offering and/or originating deferred deposit transactions  
13 without a license from January 1, 2005 through at least June 21, 2005. A Desist and Refrain  
14 Order was issued on June 24, 2005 against Megafu and In N Out Cash Express for violation of  
15 California Financial Code section 23005. A hearing was not requested.

16           4.       Notwithstanding written notifications regarding licensure, Megafu continued to  
17 engage in the business of deferred deposit transactions.

18           5.       Megafu is incapable of operating his business in compliance with the CDDTL as  
19 demonstrated by his continuous pattern of violations.

20           6.       It is in the best interests of the public to deny Megafu's application for CDDTL  
21 license.

22           7.       Engaging in unlicensed deferred deposit transaction business without a license in  
23 violation of California Financial Code section 23005 is grounds under California Financial Code  
24 section 23011 to deny license application(s) issued under the CDDTL.

25           8.       On March 14, 2005, the Commissioner issued a Notice of Intention to Issue Order  
26 Denying California Deferred Deposit Transaction License Application, Statement of Issues, and  
27 accompanying documents against Megafu based upon the above. Megafu was served with the  
28 documents and requested an administrative law hearing on or about March 24, 2005. The matter

1 was set for hearing on June 24, 2005. The parties appeared at hearing on June 24, 2005 and a First  
2 Amended Statement of Issues was served. The hearing was continued to August 12 and August 15,  
3 2005. On August 4, 2005, Megafu submitted a written petition to withdraw his request for hearing.

4 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the application  
5 for CDDTL licenses filed by Megafu on behalf of Megafu Enterprises doing business as In N Out  
6 Cash Express is hereby denied. This order is effective as of the date hereof.

7 Dated: August 17, 2005  
8 Los Angeles, CA

WAYNE STRUMPFER  
Acting California Corporations Commissioner

9  
10 By \_\_\_\_\_  
11 Steven C. Thompson  
12 Special Administrator  
13 California Deferred Deposit Transaction Law  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28