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

TO: MANDALAY FINANCIAL SERVICES CORP.
11510 Telegraph Road
Santa Fe Springs, CA 90670

CITATIONS
AND
DESIST AND REFRAIN ORDER
(Pursuant to California Financial Code section 23050 and 23058)

The California Corporations Commissioner finds that:

1. Mandalay Financial Services Corp. hereinafter “Licensee” is, and was at all relevant times herein, a corporation authorized to conduct business in this state with its principal place of business located at 11510 Telegraph Road, Santa Fe Springs, CA 90670.

2. On or about January 3, 2007, Licensee obtained a license from the California Corporations Commissioner (“Commissioner”) to engage in the business of deferred deposit transactions at 11510 Telegraph Road, Santa Fe Springs, CA 90670.

3. An examination of Licensee conducted by the Commissioner on May 6, 2008 disclosed the following violations at 11510 Telegraph Road, Santa Fe Springs, CA 90670. .

Citation A. Licensee failed to conspicuously post its license in its place of business in violation of California Financial Code section 23018.

Citation B. Licensee failed to conduct deferred deposit transaction business under the name in the license in violation of California Financial Code section 23023.

Citation C. Licensee failed to post the required notice in the unobstructed view of the public at its licensed location in violation of California Financial Code section 23035 (d) and 23019.

Citation D. Licensee failed to distribute the notice with the required disclosures to the Customer prior to entering into the deferred deposit agreement in violation of California Financial Code section 23035 (c).

1 Citation E. Licensee failed to include disclosure that customer cannot be prosecuted or
2 threatened with prosecution to collect a deferred deposit transaction in the Agreement in violation of
3 Californian Financial Code section 23035 (e) (9).

4 Citation F. Licensee failed to include disclosure in Agreement that licensee cannot make a
5 deferred deposit transaction contingent on the purchase of another product or service in the
6 Agreement in violation of California Financial Code section 23035 (e) (11).

7 Citation G. Licensee failed to maintain records demonstrating minimum net worth of
8 \$25,000 in compliance with California Financial Code section 23007, including quarterly unaudited
9 balance sheets, in violation of California Code of Regulations section 2025 (b).

10 Pursuant to California Financial Code section 23058, Licensee is hereby ordered to pay to the
11 Commissioner an administrative penalty in the total amount of \$11,500 for the following Citations
12 within 30 days from the date of these Citations.

13

14 Citation A	\$500
15 Citation B	\$500
16 Citation C	\$2,500
17 Citation D	\$2,500
18 Citation E	\$1,500
19 Citation F	\$1,500
20 Citation G	\$2,500

21 Pursuant to California Financial Code section 23050, Licensee is hereby ordered
22 to desist and refrain from engaging in the business of deferred deposit transactions in the State of
23 California in violation of the above referenced sections.

24 These Citations and Desist and Refrain Order are necessary, in the public interest, for the
25 protection of consumers and is consistent with the purposes, policies and provisions of the
26 California Deferred Deposit Transaction Law. These Citations and Desist and Refrain Order
27 shall remain in full force and effect until further order of the Commissioner.

28 These Citations and Desist and Refrain Order are separate from any further action that may

1 include other administrative, civil or criminal remedies that the Commissioner may take based upon
2 the violations of law cited herein or otherwise.

3
4 California Financial Code section 23058 provides, in relevant part:

5 (a) If, upon inspection, examination or investigation, based upon a
6 complaint or otherwise, the department has cause to believe that a person
7 is engaged in the business of deferred deposit transactions without a license,
8 . . . the department may issue a citation to that person in writing, describing
9 with particularity the basis of the citation. Each citation may contain . . . an
assessment of an administrative penalty not to exceed two thousand five hundred
dollars (\$2,500)
. . .

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

13 (d) Any hearing held under this section shall be conducted in accordance with
14 Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2
of the Government Code

15 California Financial Code section 23050 provides:

16 Whenever, in the opinion of the commissioner, any person is engaged in the
17 business of deferred deposit transactions, as defined in this division, without
18 a license from the commissioner, or any licensee is violating any provision
19 of this division, the commissioner may order that person or licensee to desist
20 and to refrain from engaging in the business or further violating this division.
If, within 30 days, after the order is served, a written request for a hearing is
filed and no hearing is held within 30 days thereafter, the order is rescinded.

21 The request for a hearing may be made by delivering or mailing a written request to:

22 Steven Thompson
23 Special Administrator
24 California Deferred Deposit Transaction Law
25 Department of Corporations
26 320 West 4th Street, Ste. 750
27 Los Angeles, California 90013-2344
28 (213) 576-7610

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Dated: May 19, 2009
Los Angeles, CA

PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
Steven C. Thompson
Special Administrator
California Deferred Deposit Transaction Law

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT (“Agreement”) is entered into as of June 10, 2009 by and between the California Corporations Commissioner (“Commissioner”), on the one hand, and Mandalay Financial Services Corp. (“Mandalay”) on the other hand, (hereinafter collectively “the Parties”).

RECITALS

This Agreement is made with reference to the following facts:

- A. Mandalay is licensed as a corporation that is authorized to conduct business in this State. Mandalay has its principal place of business located at 11510 Telegraph Road, Santa Fe Springs, CA 90760.
- B. Zaw Maung (“Maung”) is, and was at the time of the issuance of the Order described in paragraph D below, president of Mandalay and is authorized to enter into this Agreement on behalf of Mandalay.
- C. Mandalay holds license number 100-3443 from the Commissioner under the California Deferred Deposit Transaction Law (“CDDTL”) pursuant to California Financial Code sections 23005, 23008 and 23009.
- D. On May 19, 2009, the Commissioner issued Citation(s) and Desist and Refrain Order (the “Order”) to Mandalay for violations of the CDDTL, a copy of which is attached and incorporated herein as Exhibit “1.” Mandalay was served with this Order on or about May 20, 2009.
- E. It is the intention and desire of the parties to resolve this matter without the necessity of a hearing and/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 settle and resolve the matters between the parties hereto, for judicial economy and expediency, and to avoid the expense of a hearing, and possible further court proceedings.
2. **Waiver of Hearing Rights.** Mandalay and Maung acknowledge the right of Mandalay to a hearing under the CDDTL in connection with the Order 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, the California Code of Civil Procedure, or any other provision of law, and by waiving such rights, consent to the Order becoming final.

3. Advice of Counsel. Maung further acknowledges that he was advised to consult with counsel prior to entering into this Settlement Agreement and has decided not to consult with counsel.
4. Admissions. Mandalay admits the findings contained in the Order. The admissions of Mandalay are solely for the limited purposes of this proceeding.
5. Citations. Mandalay hereby agrees to pay to the Commissioner citations totaling THREE THOUSAND DOLLARS (\$3,000) (the "Citations"). Mandalay shall pay the Citations by way of 10 equal installment payments of THREE HUNDRED DOLLARS (\$300) to be paid on the first day of each month to commence on July 1, 2009. In the event the payment due date falls on a weekend or holiday, the payment shall be due the next business day. Mandalay shall make the checks for the payments payable to the California Department of Corporations and mail the checks to the attention and address of the Department of Corporations person listed in paragraph 20. Notices.
6. Future Actions by the Commissioner. The Commissioner reserves the right to bring any future action(s) against Mandalay or Maung or employees of Maung for any and all unknown or future violations of the CDDTL. This Agreement shall not serve to exculpate Mandalay, Maung, or employees of Mandalay from liability for any and all unknown or future violations of the CDDTL.
7. Failure to Timely Remit Citations and Refund. Mandalay and Maung acknowledge that failure to timely pay any payment installment under this Agreement shall be a breach of this Agreement and shall be cause for the Commissioner to immediately revoke any licenses held by, and/or deny any pending application(s) of Mandalay, its successors and assigns, by whatever names they might be known, and/or any company owned or controlled by Maung and Mandalay. Mandalay and Maung hereby waive any notice and hearing rights to contest such revocations and/or denial(s) which may be afforded under the CDDTL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection therewith.
8. Effective Date. This Agreement shall not become effective until signed, and delivered by all parties.
9. Settlement Agreement Coverage. The parties hereby acknowledge and agree that this Agreement is intended to constitute a full, final and complete resolution of this matter. The parties further acknowledge and agree that nothing contained in this Agreement shall operate to limit the Commissioner's ability to assist any other agency, (county, state or federal) with any prosecution, administrative, civil or criminal, brought by any such agency against Mandalay based upon any of the activities alleged in this matter or otherwise.

10. 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.

11. No Other Representation. 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. Each of the parties further represents, warrants, and agrees that in executing this Agreement it 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.

12. 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.

13. Full Integration. This Agreement, including the attached Order, is the final written expression and the complete and exclusive statement of all the agreements, conditions, promises, representations, and covenants between the parties with respect to the subject matter hereof, 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, with respect to the subject matter covered hereby.

14. 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 Settlement 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.

15. 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.

16. 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, the laws of the State of California.

17. Authority For Settlement. 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.

18. Public Record. Mandalay and Maung hereby acknowledge that this Agreement will be a matter of public record.

19. 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.

20. Notices. Notice shall be provided to each party at the following addresses:

If to Mandalay: Zaw Maung
Mandalay Financial Services Corp.
11510 Telegraph Road
Santa Fe Springs, CA 90670

If to the Commissioner to: Steven C. Thompson
Special Administrator
Financial Services Division
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: June 11, 2009

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
STEVEN C. THOMPSON
Special Administrator

Dated: _____

MANDALAY FINANCIAL SERVICES
CORP.

By _____
ZAW MAUNG
President

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 Department of Corporations
320 West 4th Street, Ste. 750
4 Los Angeles, California 90013-2344
Telephone: (213) 576-7610 Fax: (213) 576-7130

5 Attorneys for Complainant
6

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

10 In the Matter of THE CALIFORNIA) File Nos.: 100-3443
CORPORATIONS COMMISSIONER,)
11) ORDER SETTING ASIDE ORDER
Complainant,) REVOKING CALIFORNIA DEFERRED
12) DEPOSIT TRANSACTION LAW LICENSE
vs.) PURSUANT TO FINANCIAL CODE
13) SECTION 23016
14 MANDALAY FINANCIAL SERVICES CORP.)
15)
Respondent.)
16)
17)

18 The California Corporations Commissioner finds that:

19 Mandalay Financial Services Corp. paid its annual assessment as required by California
20 Financial Code Section 23016.

21 THEREFORE, GOOD CAUSE APPEARING, the Order Revoking California Deferred
22 Deposit Transaction License pursuant to Financial Code Section 23016 for failure to pay the annual
23 assessment issued by the Commissioner to Mandalay Financial Services Corp. on August 4, 2011 is
24 hereby set aside effective as of August 22, 2011.

25 /
26 /
27 /
28 /

1 Dated: September 1, 2011
2 Effective Date: August 22, 2011
3 Los Angeles, CA

4
5 Preston DuFauchard
6 California Corporations Commissioner

7
8 By _____
9 Steven C. Thompson
10 Special Administrator
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1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER (CA BAR NO. 86717)
Deputy Commissioner
3 Department of Corporations
320 West 4th Street, Ste. 750
4 Los Angeles, California 90013-2344
Telephone: (213) 576-7610 Fax: (213) 576-7130

5 Attorneys for Complainant

6
7 BEFORE THE DEPARTMENT OF CORPORATIONS
8 OF THE STATE OF CALIFORNIA

9
10 In the Matter of THE CALIFORNIA) File Nos.: 100-3443
CORPORATIONS COMMISSIONER,)
11) ORDER REVOKING CALIFORNIA
Complainant,) DEFERRED DEPOSIT TRANSACTION LAW
12) LICENSE PURSUANT TO FINANCIAL
vs.) CODE SECTION 23016
13)
14 MANDALAY FINANCIAL SERVICES CORP.)
15)
Respondent.)
16)
17)

18 The California Corporations Commissioner (“Commissioner”) finds that Respondent has
19 not paid the annual assessment as required by California Financial Code Section 23016, although
20 notification to pay the assessment was duly sent on or about May 20, 2010. Respondent was
21 notified on July 9, 2010 by E-Mail that payment of the assessment plus the penalty must be paid
22 no later than July 26, 2010 to avoid revocation of the California Deferred Deposit Transaction
23 Law license.

24 THEREFORE, GOOD CAUSE APPEARING, Respondent’s California Deferred Deposit
25 Transaction Law license is hereby revoked effective August 30, 2010 pursuant to California
26 Financial Code Section 23016 (c), unless the annual assessment plus the penalty is received in
27 good funds by the Department of Corporations Accounting Office located on 1515 K. Street,
28 Suite 200, Sacramento, California 95814, no later than the close of business on August 27, 2010.

1 On the effective date of this ORDER, if the annual assessment plus the penalty has not been paid,
2 you are hereby ordered and directed to discontinue engaging in the business of deferred deposit
3 transactions subject to the California Deferred Deposit Transaction Law.

4 This ORDER is to remain in full force and effect until the further written order of the
5 Commissioner of Corporations.

6
7 California Financial Code section 23016 (c) provides as follows:

8
9 If a licensee fails to pay the assessment on or before the 30th day of June
10 following the day upon which payment is due, the commissioner may by order
11 summarily suspend or revoke the certificate issued to the licensee. If, after an
12 order is made, a request for hearing is filed in writing within 30 days, and a
13 hearing is not held within 60 days thereafter, the order is deemed rescinded as of
14 its effective date. During any period when its certificate is revoked or suspended,
15 a licensee shall not conduct business pursuant to this division except as may be
16 permitted by order of the commissioner. However, the revocation, suspension or
17 surrender of a certificate shall not affect the powers of the commissioner as
18 provided in this division.

19 Dated: August 12, 2010
20 Los Angeles, CA

21 Effective: August 30, 2010

22
23 Preston DuFauchard
24 California Corporations Commissioner

25
26 B y _____
27 Steven C. Thompson
28 Special Administrator
California Deferred Deposit Transaction Law

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Lead Corporations Counsel
4 Department of Corporations
320 West 4th Street, Ste. 750
5 Los Angeles, California 90013-2344

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)	Case No.: 100-3443
11	CALIFORNIA CORPORATIONS)	
12	COMMISSIONER,)	ORDER SETTING ASIDE NOTICE OF
13	Complainant,)	INTENTION TO ISSUE ORDER REVOKING
14	vs.)	DEFERRED DEPOSIT TRANSACTION
15)	LICENSE
16	Mandalay Financial Services Corp.)	
17	Respondent.)	
18)	

19 The California Corporations Commissioner finds that:

20 I

21 Respondent Mandalay Financial Services Copr (“Mandalay Financial”) submitted the names,
22 addresses and telephone numbers of all the individuals who obtained payday loans from April 15,
23 2006 to September 11, 2007 to Applied Management and Planning Group (AMPG) in accordance
24 with the provisions of California Financial Code Section 23057.

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26 THEREFORE, GOOD CAUSE APPEARING, the Notice of Intention to Issue Order
27 Revoking California Deferred Deposit Transaction Law License pursuant to California Financial
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Code Section 23052 issued by the Commissioner to Mandalay Financial on October 4, 2007 is hereby set aside effective this date.

Dated: November 30, 2007
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Steven C. Thompson
Special Administrator