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

12 In the Matter of the Orders Issued to:)
13 Iliana Moran,) DESIST AND REFRAIN ORDERS FOR
14 d.b.a.) VIOLATIONS OF CALIFORNIA FINANCIAL
15 A-1 Check Cashing,) CODE SECTIONS 23005 AND 22100
16 Respondent.) PURSUANT TO CALIFORNIA FINANCIAL
17) CODE SECTIONS 23050 AND 22712; and
18) ORDER VOIDING TRANSACTIONS
19) PURSUANT TO CALIFORNIA FINANCIAL
20) CODE SECTIONS 23060 AND 22750
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22 Complainant, the Commissioner of the Department of Corporations (“Commissioner” or
23 “Department”), is informed and believes, and based on such information and belief, finds as follows:

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I.

FACTUAL BACKGROUND

Iliana Moran, d.b.a. A-1 Check Cashing (“A-1”) as of June 25, 2009, is located at 2343 S. Garfield, Monterey Park, California 91754-7219, in Los Angeles County.

A-1 engages in the business of originating, or offering to originate, deferred deposit transactions (commonly referred to as “payday loans”) to the general public at its Los Angeles store location(s). On or about August 25, 2011, A-1 confirmed that they provide payday loans, provided a list of items needed to secure the loan and the fee schedule for the payday loans. A-1 charges \$17.50 for a loan of \$100 over a 2-week period and \$35 for a 1-month period, which is excessive and in violation of California Financial Code (“FC”) section 23036. A-1 also advertises priority payday loans and auto title loans to the public and the ability to obtain \$2600 to \$50,000 cash “really fast.”

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 will not be deposited until a later date.

A-1 has not been issued a deferred deposit transaction originator license by the Commissioner pursuant to the California Deferred Deposit Transaction Law (“CDDTL”). As such, A-1 is not authorized to engage in payday lending, or to offer, originate, or make a deferred deposit transaction, arrange a deferred deposit transaction for a deferred deposit originator, act as an agent for a deferred deposit originator, or assist a deferred deposit originator in the origination of a deferred deposit transaction in California or to California residents. Furthermore, A-1 is not authorized to engage in the business of a finance lender or broker under the California Finance Lenders Law (“CFL”)

II.

CDDTL VIOLATIONS AND ORDERS

The Department is responsible for enforcing all provisions of the CDDTL, including the regulation of deferred deposit transactions.

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2 **A. Desist and Refrain Order**

3 The Commissioner is statutorily authorized to order any person to desist and refrain from
4 engaging in violations of the CDDTL. FC section 23050 provides, in pertinent part:

5 Whenever, in the opinion of the commissioner, any person is engaged in
6 the business of deferred deposit transactions, as defined in this division,
7 without a license from the commissioner,...the commissioner may order
8 that person...to desist and to refrain from engaging in the business or
9 further violating this division. If within 30 days, after the order is served,
10 a written request for a hearing is filed and no hearing is held within 30
11 days thereafter, the order is rescinded.

12 The foregoing facts establish violations of the CDDTL by A-1, including engaging in the
13 business of originating or offering to originate deferred deposit transactions without having first
14 obtained a license to do so from the Commissioner in violation of FC section 23005(a). The issuance
15 of a Desist and Refrain Order, therefore, is necessary for the protection of consumers and is
16 consistent with the purposes, policies, and provisions of the CDDTL.

17 Pursuant to FC section 23050, Iliana Moran, d.b.a. A-1 Check Cashing is hereby ordered to
18 desist and refrain from engaging in the business of originating or offering to originate deferred
19 deposit transactions without having first obtained a license to do so from the Commissioner in
20 violation of FC section 23005(a). This Order shall remain in full force and effect until further order
21 of the Commissioner.

22 **B. Order Voiding California Deferred Deposit Transactions**

23 FC section 23060, subdivision (a) and (b), state:

24 (a) If any amount other than, or in excess of, the charges or fees permitted
25 by this division is willfully charged, contracted for, or received, a
26 deferred deposit transaction contract shall be void, and no person shall
27 have any right to collect or receive the principal amount provided in the
28 deferred deposit transaction, any charges, or fees in connection with the
transaction.

 (b) If any provision of this division is willfully violated in the making or
collection of a deferred deposit transaction, the deferred deposit
transaction contract shall be void, and no person shall have any right to

1 collect or receive any amount provided in the deferred deposit
2 transaction, any charges, or fees in connection with the transaction.

3 A-1 willfully violated provisions of the CDDTL by charging California customers fees or
4 charges without a license in violation of FC section 23005, including excess fees and charges in
5 conjunction with deferred deposit transactions in violation of FC section 23036. Because A-1
6 willfully charged its customers unauthorized and excessive fees or charges, A-1 is not entitled to
7 collect or receive the principal amounts provided in those deferred deposit transactions, nor is it
8 entitled to any of the charges or fees associated with the transactions.

9 Pursuant to FC section 23060, any and all deferred deposit transactions contracted with
10 California customers or in the State of California by A-1 are therefore void. Iliana Moran, d.b.a.
11 A-1 Check Cashing is hereby ordered to immediately cease collecting all principal amounts, and
12 return all principal amounts, provided in any and all deferred deposit transactions contracted with
13 California customers or in the State of California, and to disgorge any and all charges or fees
14 received in connection with those deferred deposit transactions.

15 **III.**

16 **CFL VIOLATIONS AND ORDERS**

17 **A. Desist and Refrain Order**

18 The Commissioner is statutorily authorized to order any person to desist and refrain from
19 engaging in violations of the CFL. FC section 22712 provides, in pertinent part:

20 Whenever, in the opinion of the commissioner, any person is engaged in
21 the business as a broker or finance lender, as defined in this division,
22 without a license from the commissioner,...the commissioner may order
23 that person...to desist and to refrain from engaging in the business or
24 further violating this division. If within 30 days, after the order is served,
25 a written request for a hearing is filed and no hearing is held within 30
26 days thereafter, the order is rescinded.

27 The foregoing facts establish violations of the CFL by A-1, including A-1 engaging in the
28 business of a finance lender or broker without having first obtained a license to do so from the
Commissioner in violation of FC section 22100. The issuance of a Desist and Refrain Order,

1 therefore, is necessary for the protection of consumers and is consistent with the purposes, policies,
2 and provisions of the CFL.

3 Pursuant to FC section 22712, Iliana Moran, d.b.a. A-1 Check Cashing is hereby ordered to
4 desist and refrain from engaging in the business of a finance lender or broker without obtaining a
5 license from the Commissioner in violation of FC section 22100. This Order shall remain in full
6 force and effect until further order of the Commissioner.

7 **B. Order Voiding California Finance Lenders Law Transactions**

8 FC section 22750, subdivision (b), states:

9 If any provision of this division is willfully violated in the making or
10 collection of a loan, the contract of loan is void, and no person has any right
11 to collect or receive any principal, charges, or recompense in connection
12 with the transaction.

13 A-1 willfully violated provisions of the CFL by engaging in finance lender activity without a
14 license in violation of FC section 22100. Because A-1 willfully engaged in unlicensed finance lender
15 activity, A-1 is not entitled to collect or receive the principal amounts provided in those finance
16 lender transactions, nor is it entitled to any of the charges or recompense associated with the
17 transactions.

18 Pursuant to FC section 22750(b), any and all finance lender transactions contracted with
19 California customers or in the State of California by A-1 are therefore void. Iliana Moran, d.b.a.
20 A-1 Check Cashing is hereby ordered to immediately cease collecting all principal amounts, and
21 return all principal amounts, provided in any and all finance lender transactions contracted with
22 California customers or in the State of California, and to disgorge any and all charges or
23 recompense received in connection with those transactions.

24 Dated: January 19, 2012
Los Angeles, California

JAN LYNN OWEN
California Corporations Commissioner

26 By: _____
27 ALAN S. WEINGER
28 Deputy Commissioner

Enforcement Division

State of California - Department of Corporations

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