

1 5. In or about March 2005, M1Y originated a deferred deposit transaction with a
2 California resident, which authorized M1Y to electronically debit the borrower's account by means
3 of an ACH with the loan amount, fees and charges, on the due date.

4 6. In or about September 28, 2005 the Department sent a letter to M1Y specifically
5 informing it that it could not engage in the business of deferred deposit transactions unless and until it
6 obtained a CDDTL license from the Commissioner. The Department requested pertinent information
7 from M1Y, including but not limited to, written statements that they had ceased engaging in the
8 business of originating deferred deposit transactions in California, and written assurances that an
9 application for a license under the CDDTL will be filed with the Department within 30 days, up to
10 and including October 28, 2005.

11 7. In or about October 18, 2005 the Department received a letter dated October 17,
12 2005 from M1Y stating it was a Nevada corporation engaged in Internet based financing of non-
13 secured transactions. M1Y claimed its transactions did not involve deferred deposit transactions.

14
15 8. In or about October 17, 2005 the Department responded to M1Y's October 6, 2005
16 letter, reiterating that M1Y was originating deferred deposit transactions through the Internet
17 without having obtained a license from the Department, in violation of the CDDTL. The
18 Department specifically informed M1Y that a deferred deposit transaction business conducted
19 over the Internet using ACH was subject to the CDDTL, and a license to engage in lending and/or
20 originating deferred deposit transactions issued from another state was not authorization to
21 engage in lending services or originating deferred deposit transactions to California residents.
22 Further requests were made on M1Y to furnish the Department with evidence of M1Y's authority
23 to conduct lending business in California without a CDDTL license, or provide assurances that it
24 would not engage in further offer and origination of deferred deposits to California residents until
25 a license was obtained.

26 9. In or about February 14, 2006 the Department received a letter from M1Y dated
27 February 9, 2006, in which M1Y confirmed that it "...engaged in financial transactions with
28 authorized ACH debit".

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

5 11. Neither M1Y nor either of the Koettings has been issued a license by the
6 Commissioner authorizing them to engage in the business of deferred deposit transactions under the
7 CDDTL.

8 12. Neither M1Y nor either of the Koettings is exempt from the licensing requirements
9 of California Financial Code Section 23005.

10 By reason of the foregoing, M1Y and the Koettings have engaged in the business of
11 deferred deposit transactions without having first obtained a license from the commissioner in
12 violation of California Financial Code section 23005.

13 Pursuant to California Financial Code section 23050, M1Y Direct, LLC, Daniel Koetting,
14 and Mark J. Koetting are hereby ordered to desist and refrain from engaging in the business of
15 deferred deposit transactions in the State of California without first obtaining a license from the
16 Commissioner, or otherwise being exempt. This Order is necessary, in the public interest, for the
17 protection of consumers and is consistent with the purposes, policies and provisions of the
18 California Deferred Deposit Transaction Law. This order shall remain in full force and effect
19 until further order of the Commissioner.

20 ///
21 ///
22 ///
23 ///
24 ///
25 ///
26 ///
27 ///
28 ///

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

California Financial Code section 23050 provides:

Whenever, in the opinion of the commissioner, any person is engaged in the business of deferred deposit transactions, as defined in this division, without a license from the commissioner. . . the commissioner may order that person or licensee to desist and to refrain from engaging in the business 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.

Dated: May 8, 2006
Los Angeles, California

WAYNE STRUMPFER
Acting California Corporations Commissioner

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