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

TO: Magnum Cash Advance, Inc.
1403 Foulk Road, Suite 203
Foulkstone Plaza
Wilmington, DE 19803

DESIST AND REFRAIN ORDER
(For violations of section 23005 of the California Financial Code)

The California Corporations Commissioner (“Commissioner”) finds that:

1. At all relevant times, Magnum Cash Advance, Inc. (“Magnum”) is, or was, a Delaware corporation, with no known place of business or agent for service of process in California. Magnum’s address is 1403 Foulke Road, Suite 203, Foulkstone Plaza, Wilmington, Delaware. Magnum maintains a website at <https://www.magnumcashadvance.com>.

2. Magnum has engaged in the business of making, or offering to make, deferred deposit transactions over the internet through its website, and is believed to have made at least one such deferred deposit transaction to a person in California.

3. According to Magnum’s website, Magnum makes “payday loans up to \$1,200” and designs its loans “to last 4 pay periods”; Magnum allows “up to 6 paydays to pay off the loan.” According to the website, Magnum will lend “up to 30% of the borrower’s monthly take home pay.” Magnum will also allow a borrower to borrow additional funds before the original loan has been paid off via its “Rapid Cash Extension.” Although Magnum’s interest rate is not clearly disclosed on the website, at least one page reveals that it may charge \$88.78 in fees for 60 days on \$155.00 loaned, amounting to over 28% per month, or 343% annual interest. Each of these listed practices would be in violation of the California Deferred Deposit Transaction Law (“CDDTL”) (California Financial Code sections 23000 et seq.) if engaged in by a person licensed under that law.

1 4. According to Magnum’s website, repayment of the loan is made by Magnum
2 electronically debiting the account where the borrower’s pay is deposited. This is equivalent to the
3 use of a personal check for the purpose of satisfying the description of a “deferred deposit
4 transaction” under California Financial Code, section 23001.

5 5. Magnum has not been issued a license by the Commissioner authorizing it to offer or
6 make deferred deposit transactions in California. Magnum is not exempt from the licensing
7 requirements of California Financial Code, section 23005.

8 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
9 that Magnum is engaging in the business of offering and making deferred deposit transactions in
10 California without being licensed, in violation of California Financial Code, section 23005.

11 Pursuant to California Financial Code section 23050, Magnum Cash Advance, Inc. is hereby
12 ordered to desist and refrain from engaging in the business of offering or making deferred deposit
13 transactions without first obtaining a license from the Commissioner, or otherwise being exempt.

14 This Order is necessary, in the public interest, for the protection of consumers and consistent
15 with the purposes, policies, and provisions of the California Deferred Deposit Transaction Law. This
16 Order shall remain in full force and effect until further order of the Commissioner.

17 Dated: December 28, 2006
18 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel

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