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

TO: PayDayMax.com
Carey Vaughn Brown also known as Corey Vaughn Brown
5962 Brainerd Road
Chattanooga, TN 37421

DESIST AND REFRAIN ORDER

(For violations of California Financial Code sections 23005, 23035, 23036 and 23037)

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

1. PayDayMax.com, its founder Carey Vaughn Brown also known as Corey Vaughn Brown (“Brown”) and affiliates (hereinafter “payday lenders”) advertised their payday loans to California consumers via their website.
2. The Commissioner of the Department of Corporations (“Department”) is responsible for enforcing the California Deferred Deposit Transaction Law (“CDDTL”) set forth in California Financial Code section 23000 *et seq.* The Commissioner has not issued a license to the above-described payday lenders to engage in the business of deferred deposit transactions pursuant to California Financial Code section 23005. These payday lenders are not exempt from the licensing requirement of the CDDTL.
3. Since at least 2009, the foregoing payday lenders have engaged in the business of deferred deposit transactions by offering, originating and making deferred deposit transactions as described below.
4. 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 shall not be deposited until a later date. These loans are sometimes referred to as “payday advances” or “payday loans.”
5. The above payday lenders offered California consumers payday loans but failed to provide California borrowers the disclosures and written documents required by California law.

1 6. These payday lenders arranged for an electronic deposit of funds to the consumer’s
2 respective bank account and had access to a consumer’s account to withdraw funds to repay the
3 loan on the due date of the deferred deposit transaction.

4 7. When the due dates on the deferred deposit transaction arrived, these payday
5 lenders withdrew funds from consumers’ respective bank account. For example, if one borrows
6 \$300 for 14 days they are required to pay a finance charge of \$90.00 at the Annual Percentage
7 Rate (“APR”) of 782.12%. These payday lenders then continued to make successive
8 withdrawals of \$90.00 every 14 days from a borrower’s bank account thereby withdrawing
9 several times the amount of the original loan as a “finance charge.” The payday lenders
10 automatically renew the loan every 14 days and the borrower accrues a new fee every time his or
11 her loan is renewed. None of the fees accrued go toward the principal amount owed.
12 Accordingly, a borrower is not regarded as having repaid the principal and all withdrawals from
13 his or her bank account are characterized as finance or renewal charges. As a result, a borrower
14 finds it necessary to close his or her bank account to prevent repeated withdrawals. If a borrower
15 objects to additional withdrawals or closes his or her bank account, these payday lenders demand
16 further funds, charge a \$25.00 fee for each item returned unpaid, threaten a borrower with legal
17 action or attempt to garnish his or her wages.

18 8. These payday lenders violated numerous provisions of California law that require
19 them to provide adequate and timely disclosures to California borrowers, to adhere to limits on
20 the types and amounts of various fees that California borrowers can be charged and to refrain
21 from actions prohibited by California law when lending to California residents.

22 9. To date, the Department has no record of these payday lenders or anyone else ever
23 filing on their behalf for a CDDTL license.

24 10. These payday lenders have engaged in deferred deposit business without a license from
25 the Commissioner and engaged in deferred deposit transactions that violated various statutory
26 provisions of the CDDTL including lack of the requisite disclosures, charging excessive fees and
27 extension of the loans in violation of California Financial Code sections 23035, 23036 and 23037.

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1 By reason of the foregoing, PayDayMax.com, Carey Vaughn Brown also known as Corey
2 Vaughn Brown and their affiliates have engaged in the business of deferred deposit transactions
3 without having first obtained a license from the Commissioner and have engaged in deferred deposit
4 transactions in violation of California Financial Code sections 23005, 23035, 23036 and 23037.

5 California Financial Code section 23050 states:

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

14 Pursuant to Financial Code section 23050 PayDayMax.com, Carey Vaughn Brown also
15 known as Corey Vaughn Brown and their affiliates are hereby ordered to desist and refrain from
16 engaging in the business of deferred deposit transactions in the State of California without
17 licensure or exemption in violation of California Financial Code section 23005 and from
18 violations of California Financial Code sections 23035, 23036 and 23037.

19 This Order is necessary for the protection of consumers and consistent with the purposes,
20 policies and provisions of the CDDTL.

21 This Order shall remain in full force and effect until further order of the Commissioner.

22 Dated: April 29, 2011
23 Los Angeles, California

24 PRESTON DuFAUCHARD
25 California Corporations Commissioner

26 By _____
27 ALAN S. WEINGER
28 Deputy Commissioner
Enforcement Division