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

TO: Raymond Reyes doing business as Debt Pay 1
P.O. Box 7512
Porter Ranch, California 91327

DESIST AND REFRAIN ORDER
(For violations of section 12200 of the California Financial Code)

The Commissioner of Corporations finds that:

1. At all relevant times, Raymond Reyes doing business as Debt Pay 1 (“Debt Pay 1”) operated its principal place of business at P.O. Box 7512, Porter Ranch, California, 91327. Debt Pay 1 maintains an Internet website at www.debtpay1.com.

2. Beginning in or about September 2011, Debt Pay 1 engaged in the business of receiving money from consumers in California and other states for the purpose of offering debt management services to consumers who have accrued debt with multiple payday lenders. Debt Pay 1 states on its website, “In our payday loan consolidation and settlement program, your new Debt Pay 1 payment will be 50% less than your current minimum payments on your payday loans and will help you get out of debt in 6 to 12 months.”

3. After the consumer pays an upfront fee to enroll in the Debt Pay 1 program, Debt Pay 1 obtains written authorization to withdraw funds from the consumer’s bank account or online PayPal account. The consumer also grants Debt Pay 1 a limited power of attorney to negotiate with creditors. Once Debt Pay 1 reaches an agreement with the consumer’s creditors, Debt Pay 1 withdraws funds from the consumer’s account on a monthly basis, subtracts a “management fee” from each withdrawal, and then transfers the remaining balance to the consumer’s creditors.

4. Debt Pay 1’s service contract prohibits the consumer from modifying the fixed payment schedule for the first 90 days of the agreement or instructing the consumer’s bank to refuse Debt Pay

1 1's fund withdrawals. Additionally, if the consumer fails "to set aside money in accordance with the
2 Fund Transfer Schedule," Debt Pay 1 can terminate the contract.

3 5. The Commissioner has jurisdiction over and regulates bill payers and proraters under the
4 Check Sellers, Bill Payers and Proraters Law (California Financial Code section 12000 *et seq.*).

5 California Financial Code section 12200 states:

6 No person shall engage in the business, for compensation, of selling
7 checks, drafts, money orders, or other commercial paper serving the
8 same purpose, or of receiving money as agent of an obligor for the
9 purpose of paying bills, invoices, or accounts of such obligor, or
10 acting as a prorater, nor shall any person, without direct
11 compensation and not as an authorized agent for a utility company,
12 accept money for the purpose of forwarding it to others in payment
13 of utility bills, without first obtaining a license from the
14 commissioner.

15 6. California Financial Code section 12002.1 defines a "prorater" as follows:

16 A prorater is a person who, for compensation, engages in whole or in part in the
17 business of receiving money or evidences thereof for the purpose of distributing
18 the money or evidences thereof among creditors in payment or partial payment of
19 the obligations of the debtor.

20 7. The Commissioner finds that Debt Pay 1 acted as a prorater when, for compensation, it
21 engaged in the business of receiving consumer funds for the purpose of distributing such funds to
22 creditors in order to pay consumers' debt obligations.

23 8. Debt Pay 1 has never had a license to perform prorater services in the State of California,
24 as required by California Financial Code section 12200, and is not exempt under California Financial
25 Code section 12104.

26 9. California Financial Code section 12103 provides in relevant part:

27 Whenever in the opinion of the commissioner . . . any person or licensee is
28 violating any provision of this division, the commissioner may order the
person or licensee to desist and to refrain from engaging in such business
or further violating this division.

10. California Financial Code section 12105, subdivision (b), states:

If the commissioner determines it is in the public interest, the

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commissioner may include in any action under this division a claim for ancillary relief, including, but not limited to, a claim for restitution or disgorgement or damages on behalf of the persons injured by the act or practice constituting the subject matter of the action, and the administrative or civil court shall have jurisdiction to award an additional relief.

Based on the foregoing findings, the Commissioner of Corporations is of the opinion that Raymond Reyes doing business as Debt Pay 1 has engaged in prorater services in this state without a license, in violation of California Financial Code section 12200. Pursuant to California Financial Code section 12103, Raymond Reyes doing business as Debt Pay 1 is hereby ordered to desist and refrain from engaging in prorater services unless and until duly licensed under the Check Sellers, Bill Payers and Proraters Law or unless exempt.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies and provisions of the Check Sellers, Bill Payers and Proraters Law.

Dated: April 10, 2013

JAN LYNN OWEN
Commissioner of Corporations

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division