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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
9 OF THE STATE OF CALIFORNIA

10 In the Matter of )  
11 ) CDDTL LICENSE NO.: 100-0207  
12 THE COMMISSIONER OF BUSINESS )  
OVERSIGHT, ) SETTLEMENT AGREEMENT  
13 )  
14 Complainant, )  
15 v. )  
16 ACE CASH EXPRESS, INC. )  
17 Respondents. )  
18 )

19 This Settlement Agreement (“Agreement”) is entered into between Respondent ACE Cash  
20 Express, Inc. (ACE) and the Commissioner of The Department of Business Oversight  
21 (“Commissioner”), and is made with respect to the following facts:

22 **RECITALS**

23  
24 A. ACE Cash Express, Inc. (ACE) is licensed under the California Deferred Deposit  
25 Transaction Law (CDDTL), Cal. Fin. Code §23000 *et seq.* ACE was issued a CDDTL license #100-  
26 0212 on 12/31/2004. ACE’s principal place of business is located at 1231 Greenway Drive, Suite  
27 600, Irving, TX 75038. ACE currently has 207 branch office locations under its CDDTL license  
28 located in California, and other states.

1 B. The Commissioner is responsible for enforcing the CDDTL. A deferred deposit  
2 transaction is a written transaction whereby one person gives funds to another person upon receipt of  
3 a personal check and it is agreed that the personal check shall not be deposited until a later date. A  
4 deferred deposit transaction is more commonly known as a “payday loan.”

5 C. On May 9, 2014, the Commissioner commenced a regulatory examination of the  
6 books and records of ACE at its branch office located at 658 W. Holt Boulevard, #C, Ontario,  
7 California 91762 (“2014 regulatory examination”). Two years prior, the Commissioner conducted a  
8 regulatory examination of the books and records of ACE at the same office referenced herein (“2012  
9 regulatory examination”).

10 D. The 2012 and 2014 regulatory examinations cited purported violations of the CDDTL  
11 (collectively, “Exam Findings”) including that ACE allegedly collected excess amounts from  
12 customers that made partial payments on their loans; accepted checks or agreements that were  
13 partially completed and/or contained blanks relating to “date,” “payee,” “amount,” and “signature;”  
14 accepted “Representative Payee,” “Beneficiary,” and “Legal Custodian” checks for deferred deposit  
15 transactions; and failed to provide fingerprints of a person who owns or controls ACE, directly or  
16 indirectly (hereinafter collectively “Exam Findings”). ACE admits certain of the Exam Findings but  
17 asserts that those admitted Exam Findings constituted *de minimus* violations, and disputes and denies  
18 other Exam Findings.

19 E. In an effort to avoid costly and protracted litigation, it is the parties’ intention to  
20 resolve the Exam Findings and related matters (File No. 100-0207) without an administrative  
21 hearing or other litigation.

22 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
23 forth herein, the parties agree as follows:

24 **TERMS AND CONDITIONS**

25 1. Purpose: The purpose of this Agreement is to resolve the Exam Findings  
26 expeditiously, avoid the expense of costly and protracted litigation obviating the need for further  
27 proceedings.  
28

1           2.       Desist and Refrain Order (“Order”): ACE hereby agrees, and stipulates that the Order  
2 issued against it dated March 24, 2015, is a final Order of the Commissioner and is not subject to  
3 review by any court or agency. A copy of the Order is attached and incorporated herein as Exhibit  
4 A.

5           3.       Waiver of Hearing Rights: ACE acknowledges its right to a hearing under the  
6 CDDTL in connection with the allegations of the Exam Findings, and hereby waives that right to a  
7 hearing, and to any reconsideration, appeal, or other right to review which may be afforded pursuant  
8 to the CDDTL, the California Administrative Procedure Act, the California Code of Civil Procedure,  
9 or any other provision of law and by waiving such rights, consents to the Agreement becoming final.

10          4.       Independent Legal Advice: Each of the parties represents, warrants, and agrees that it  
11 has received or been advised to seek independent legal advice from its attorneys with respect to the  
12 advisability of executing this Agreement and Order.

13          5.       No Admission of Liability: This Agreement and Order constitute the settlement of  
14 disputed claims. Except as to the specific violations noted above, ACE denies that it has acted in any  
15 improper or illegal manner and denies the allegations of the Exam Findings. The parties enter into  
16 this Agreement and Order solely for the limited purpose of resolving the Exam Findings as well as  
17 any future proceeding(s) that may be initiated by, or brought before, the Commissioner related to the  
18 Exam Findings. The parties agree that this Agreement and Order do not and shall not constitute or  
19 be deemed to be an admission or evidence of any violation of statute, regulation or liability or  
20 wrongdoing by ACE, or the proper scope of liability under any statute or law, or the truth of any  
21 allegation or finding in the Examination Findings. Nothing contained herein may be admitted in any  
22 court, administrative tribunal or elsewhere as evidence of ACE’s liability for any of the allegations  
23 asserted in the Exam Findings.

24          6.       Payments and Ongoing Compliance:

25           (a)       ACE has already made full restitution or repayment to all customers affected by the  
26 admitted violations in the amount of \$383.84 who could be located, and currently holds \$ 0.02 for  
27 escheat to the State of California for amounts collected by ACE due and owing to customers who,  
28 despite the exercise of due diligence, could not be located.

1 (b) ACE shall pay the Commissioner twenty-two thousand and five hundred dollars  
2 (\$22,500.00) as full settlement of the total administrative penalties levied against it pursuant to  
3 Financial Code sections 23058 (a)-(c). The payment shall be made within thirty (30) days following  
4 execution of this Agreement, by check or money order made payable to the Department of Business  
5 of Oversight and sent to: Uche Enenwali, Senior Counsel, 320 West 4th Street, Ste. 750, Los  
6 Angeles, CA 90013.

7 (c) ACE asserts it has ceased to make loans covered by the CDDTL to borrowers who  
8 are Representative Payees of Legal Custodians of another person, and agrees that it shall continue  
9 this practice unless and until the Commissioner authorizes such loans to be made under the CDDTL.

10 (d) ACE shall provide a Statement of Identity and Questionnaire (“SIQ”) for the  
11 individual for whom the Commissioner has requested such SIQ, and shall cause such individual to  
12 submit fingerprints to the Commissioner, not later than thirty (30) days after the execution of this  
13 Agreement and Order; provided, however, that this action shall not be required of ACE in the event  
14 that such individual ceases to be employed by ACE or any entity related to ACE by common  
15 ownership prior to that date.

16 7. Notice of Intent to Suspend and Accusation: The Department initiated an action,  
17 entitled Notice of Intention to Issue Order Suspending California Deferred Deposit Transaction Law  
18 License, and Accusation in Support of Notice of Intent to Issue Order Suspending California  
19 Deferred Deposit Transaction License, in The Matter of The Commissioner of Business Oversight v.  
20 Ace Cash Express, Inc., filed by the Commissioner on or about March 24, 2015. In taking the  
21 actions specified in paragraph 6 above, and in consenting to the instant Desist and Refrain Order, the  
22 issues in said Notice and said Accusation have been resolved. The Department reserves the right to  
23 take any enforcement action necessary should the Department determine that ACE has violated the  
24 terms of the Desist and Refrain Order. Any enforcement action taken for violations of the Desist and  
25 Refrain Order may contain the allegations included in the Notice and Accusation.

26 8. Future Actions by the Commissioner: The Commissioner reserves the right to bring  
27 any action available under law against ACE or any of their partners, owners, employees or  
28 successors for any and all unknown or future violations of the CDDTL. However, this agreement

1 and Order shall resolve and discharge ACE of any further liability, fine or discipline or other  
2 punitive conduct that could have been brought by the Commissioner arising out of or relating to the  
3 Exam Findings, the current regulatory examinations and this Agreement and Order so long as ACE  
4 is in compliance with section 6 of the Agreement and Order. ACE agrees that failure to comply with  
5 any of the provisions set forth in this Agreement shall constitute grounds for disciplinary action  
6 under the CDDTL. If ACE fails to comply with any of the provisions set forth herein, the  
7 Commissioner may, in addition to all other available remedies under the CDDTL, summarily  
8 suspend the Deferred Deposit Transaction License of ACE until such time as ACE comes into full  
9 compliance. If ACE fails to make any payments to the Commissioner or offer refunds to the  
10 consumers referred to in section 6 above, failure to do so shall be breach of this Agreement and shall  
11 be cause for the Commissioner to revoke or deny, respectively any Department license or any  
12 pending applications of ACE or their successors and assigns, by whatever names they might be  
13 known.

14           9.       Settlement Agreement Coverage: The parties hereby acknowledge and agree that this  
15 Agreement and Order are intended to constitute a full, final and complete resolution of the Exam  
16 Findings. The parties further acknowledge and agree that this Agreement and Order shall not operate  
17 to limit the Commissioner's ability to assist any other agencies with any prosecution, administrative,  
18 civil or criminal, brought by any such agency against ACE based upon any of the activities alleged  
19 in this matter or otherwise. Each of the parties represents, warrants, and agrees that in executing this  
20 Agreement and Order it has relied solely on the statements set forth herein and the advice of its own  
21 counsel and has placed no reliance on any statement, representation, or promise of any other party,  
22 or any other person or entity not expressly set forth herein, or upon the failure of any party or any  
23 other person or entity to make any statement, representation or disclosure of anything whatsoever.  
24 The parties have included this clause: (1) to preclude any claim that any party was in any way  
25 fraudulently induced to execute this Agreement Order; and (2) to preclude the introduction of parol  
26 evidence to vary, interpret, supplement, or contradict the terms of this Agreement and Order.

27           10.       Full Integration: This Agreement and Order is the final written expression and the  
28 complete and exclusive statement of all the agreements, conditions, promises, representations, and

1 covenants between the parties with respect to the subject matter hereof, and supersedes all prior or  
2 contemporaneous agreements, negotiations, representations, understandings, and discussions  
3 between and among the parties, their respective representatives, and any other person or entity.

4 11. No Presumption From Drafting: In that the parties have had the opportunity to draft,  
5 review and edit the language of this Agreement and Order, no presumption for or against any party  
6 arising out of drafting all or any part of this Agreement and Order will be applied in any action  
7 relating to, connected to or involving this Agreement and Order. Accordingly, the parties waive the  
8 benefit of California Civil Code section 1654 and any successor or amended statute, providing that  
9 in cases of uncertainty, language of a contract should be interpreted most strongly against the party  
10 who caused the uncertainty to exist.

11 12. Effective Date: This Agreement and Order shall not become effective until signed  
12 and delivered by all parties.

13 13. Counterparts: This Agreement and Order may be executed in any number of counter-  
14 parts by the parties, and when each party has signed and delivered at least one such counter-part to  
15 the other party, each counter-part shall be deemed an original and taken together shall constitute one  
16 and the same Agreement and Order.

17 14. Modifications and Qualified Integration: No amendment, change or modification of  
18 this Agreement and Order shall be valid or binding to any extent unless it is in writing and signed by  
19 both of the parties.

20 15. Headings and Governing Law: The headings to the paragraphs of this Agreement and  
21 Order are inserted for convenience only and will not be deemed a part hereof or affect the  
22 construction or interpretation of the provisions hereof. This Agreement and Order shall be construed  
23 and enforced in accordance with and governed by California law.

24 16. Authority For Settlement: ACE covenants that it possesses all necessary capacity and  
25 authority to sign and enter into this Agreement and Order. ACE warrants and represents that it is  
26 fully entitled and duly authorized to enter into and deliver this Agreement and Order. In particular,  
27 and without limiting the generality of the foregoing, ACE warrants and represents that it is entitled  
28 to enter into the covenants, and undertake the obligations set forth herein.

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17. Public Record: ACE acknowledges that this Agreement and Order is a public record.

18. Voluntary Agreement: ACE represents and acknowledges that it is executing this Agreement and Order completely voluntarily and without any duress or undue influence of any kind from any source.

19. Notices: Any notice required under this Agreement shall be addressed as follows:

To ACE: Laurie Goodine Hill, SVP, Deputy General Counsel,  
and Chief Compliance Officer  
ACE Cash Express, Inc.  
1231 Greenway Drive, Suite 600  
Irving, Texas 75038

To the Commissioner: Uche Enenwali, Esq.  
Senior Counsel  
Department of Business Oversight  
320 W. 4th Street, Suite 750  
Los Angeles, CA 90013-2344

20. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement.

Dated: November 5, 2015 JAN LYNN OWEN  
Commissioner of Business Oversight

By: \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner

Dated: November 4, 2015 ACE CASH EXPRESS

By: \_\_\_\_\_  
Laurie Goodine Hill, SVP, Deputy General  
Counsel, and Chief Compliance Officer  
ACE Cash Express, Inc.