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

11 In the Matter of:) CDDTL LICENSE NO.: 100-1123
12 THE COMMISSIONER OF BUSINESS)
13 OVERSIGHT,) CITATION INCLUDING DESIST AND
14 Complainant,) REFRAIN ORDER
15 v.) (FIN. CODE, § 23058)
16 QC FINANCIAL SERVICES OF)
17 CALIFORNIA, INC.,)
18 Respondent.)

19 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner) has jurisdiction
20 over the licensing and regulation of persons and entities engaged in the business of deferred deposits
21 under the California Deferred Deposit Transaction Law (CDDTL) (Fin. Code, § 23000 et seq.). The
22 Commissioner is also authorized to pursue administrative actions and seek remedies against persons
23 who engage in violations of the CDDTL. The Commissioner finds that:

24 **I.**

25 **Factual Background**

- 26 1. QC Financial Services of California, Inc. (QC Financial), is a California corporation
- 27 with its principal place of business at 6785 Bobcat Way, Suite 200, Dublin, Ohio 43016.
- 28 2. QC Financial does business under the name California Budget Finance.

1 3. On December 31, 2004, QC Financial was granted a license under the CDDTL under
2 license number 1001123.

3 4. On February 9, 2017, the Commissioner began an examination of QC Financial’s
4 CDDTL business.

5 5. In February 2018, QC Financial notified the Commissioner that it intended to
6 surrender all 52 of its licenses. It also stated that as of April 1, 2018, 15 and 9 of those 52 licensed
7 locations would be acquired by its affiliates California Check Cashing Stores, LLC, and Buckeye
8 Check Cashing, LLC, doing business as Cash 1, respectively. California Check Cashing Stores and
9 Buckeye Check Cashing are also CDDTL licensees. The surrender of all 52 licenses became
10 effective on April 18, 2018.

11 6. The examination found that QC Financial engaged in unfair, unlawful, or deceptive
12 conduct involving 182 deferred deposit transactions (DDTs) in violation of Financial Code section
13 23037, subdivision (f), as follows:

14 a. Financial Code section 23037, subdivision (f) provides that “[i]n no case shall
15 a licensee . . . [e]ngage in any unfair, unlawful, or deceptive conduct, or make any statement that is
16 likely to mislead in connection with the business of deferred deposit transactions.”

17 b. Financial Code section 23001, subdivision (d) provides that a licensee means
18 “any person who offers, originates, or makes a deferred deposit transaction.”

19 c. From June 2016 to April 2018, QC Financial collected more than the amount
20 it was owed in 182 DDTs.

21 d. In some instances, QC Financial collected double the amount it was owed by
22 collecting payment in two forms. After it deposited customers’ checks or initiated Automated
23 Clearing House (ACH) payments—and while such payments were still processing—QC Financial
24 accepted cash payments. QC Financial collected again when the check deposits or ACH payments
25 later cleared.

26 e. In other instances, QC Financial collected cash payments from customers for
27 the amount of their returned check plus a non-sufficient funds (NSF) fee, which was generally
28 \$15.00, and later waived the NSF fee without simultaneously issuing a refund.

1 f. During the examination, QC Financial stated that it had procedures for
2 identifying any excess amounts collected and promptly issuing refunds. Most customers, however,
3 did not receive refunds until more than 30 days after the excess amount was collected. Many
4 customers waited more than 90 days before receiving a refund.

5 **II.**

6 **Desist and Refrain Order**

7 7. Financial Code section 23058, subdivision (a) states that if “the department has
8 cause to believe that . . . a licensee or person is violating any provision of [the CDDTL] or any rule
9 or order thereunder, the department may issue a citation to that person in writing, describing with
10 particularity the basis of the citation.” “Each citation may contain an order to desist and refrain and
11 an assessment of an administrative penalty not to exceed two thousand five hundred dollars
12 (\$2,500).” (*Ibid.*; see also § 23050.)

13 8. Based on the foregoing, the Commissioner believes that QC Financial engaged in
14 unfair, unlawful, or deceptive conduct or made any statement that is likely to mislead in connection
15 with the business of deferred deposit transactions in violation of Financial Code section 23037,
16 subdivision (f). Accordingly, under Financial Code section 23058, subdivision (a), QC Financial is
17 hereby ordered to desist and refrain from violating section 23037, subdivision (f).

18 9. This Order is necessary, in the public interest, for the protection of consumers, and
19 consistent with the purposes, policies, and provisions of the CDDTL. This Order shall remain in full
20 force and effect until further order of the Commissioner.

21 **III.**

22 **Citation**

23 10. When the Commissioner has cause to believe that a licensee or person is violating any
24 provision of the CDDTL, the Commissioner is authorized under Financial Code section 23058,
25 subdivision (a) to issue a citation and assess an administrative penalty.

26 11. As described above, the Commissioner believes that QC Financial has violated
27 Financial Code section 23037, subdivision (f). Accordingly, under Financial Code section 23058,
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1 subdivision (a), the Commissioner hereby issues a citation to QC Financial and assesses a \$2,500.00
2 administrative penalty for violations of section 23037, subdivision (f).

3 12. Pursuant to Financial Code section 23058, QC Financial is ordered to pay \$2,500.00
4 no later than 30 days after the date on which this Citation and Desist and Refrain Order is deemed
5 final. This amount must be paid by cashier’s check or Automated Clearing House deposit to the
6 Department of Business Oversight and transmitted to the attention of Accounting – Litigation, at the
7 Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, California 95814. Notice
8 of the payment must be sent to Samuel J. Park, Counsel, 320 West 4th Street, Suite 750, Los
9 Angeles, California 90013.

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11 Dated: March 22, 2019
12 Los Angeles, California

13 JAN LYNN OWEN
14 Commissioner of Business Oversight

15 By _____
16 MARY ANN SMITH
17 Deputy Commissioner
18 Enforcement Division
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