BEFORE THE
DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA

In the Matter of the Desist and Refrain Order Against: NADIA HADDAD, dba Cash It Quick Respondent.	OAH No. L2005060355

DECISION

The attached Proposed Decision of the Administrative Law Judge is hereby adopted by the Commissioner of Corporations as its Decision in the above-entitled matter.

This Decision shall become effective 8/25/05.

IT IS SO ORDERED 8/24/05.

COMMISSIONER OF CORPORATIONS

WAYNE STRUMPFER
Acting California Corporations Commissioner

State of California - Department of Corporations

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In the Matter of the Desist and Refrain Order Against: NADIA HADDAD, dba Cash It Quick, Respondent.	OAH No. L2005060355

PROPOSED DECISION

On July 14, 2005, Administrative Law Judge Timothy S. Thomas, Office of Administrative Hearings, heard this matter in Los Angeles, California.

Judy L. Hartley, Senior Trial Counsel, represented complainant Wayne Strumpfer, Acting California Corporations Commissioner (the Commissioner) of the Department of Corporations (the department).

Respondent did not appear.[1]

The matter was submitted on July 14, 2005.

FACTUAL FINDINGS

1. On June 2, 2005, the Commissioner issued a Desist and Refrain Order pursuant to Financial Code section 23050 against respondent Nadia Haddad. The Order directed respondent to desist and refrain from engaging in the business of deferred deposit transactions in the State of California without first obtaining a license from the Commissioner. The Order was served on respondent on June 12, 2005. On June 13, 2005, respondent requested an administrative hearing. This hearing ensued within the time required by Financial Code section 23050.[2]

[1] The Administrative Law Judge found that respondent had actual notice of the hearing by virtue of her motion to continue the proceedings, which was denied on July 12, 2005. On respondent's motion to reconsider the ruling, made in writing by facsimile copy to the Office of Administrative Hearings on July 12, 2005, the motion to continue was again denied.

[2] Respondent's request for a hearing was dated June 13, 2005. There is no evidence that respondent actually filed the request on that date. Rather, it is assumed that the letter requesting a hearing was mailed by respondent to the department. Complainant filed a Request to Set the matter with the Office of Administrative Hearings (OAH) on June 16, 2005, which indicated the 30th day after the filing of respondent's request for a hearing to be July 15, 2005. Therefore, it is inferred that the actual filing of the request for a hearing with the department occurred on June 15, 2005. Moreover, respondent referred to the 30-day time limit in her request for a hearing and did not object to the July 14, 2005 date set by OAH except to request a continuance for health reasons.

2. A "deferred deposit transaction" is a transaction whereby an individual or entity makes a loan to a consumer in exchange for a check in the amount of the loan, with the agreement that the lender will not negotiate the check until a specific date in the future, up to 31 days from the making of the check. The transaction is regulated pursuant to the California Deferred Deposit Transaction Law (Fin. Code, § 23000 et seq.). Persons or entities who "offer, originate, or make a deferred deposit transaction, arrange a deferred deposit transaction for a deferred deposit originator, act as an agent for a deferred deposit originator, or assist a deferred deposit originator in the origination of a deferred deposit transaction," must obtain a license from the department. A "deferred deposit originator" means a person or entity that originates, or makes, a deferred deposit transaction. Loans made by means of a deferred deposit transaction are limited in amount, and borrowers are accorded numerous protections in connection with the transaction.

3. On November 15, 2004, respondent, doing business as Cash It Quick, entered into a contract with Money Mart Express, Inc. (Money Mart) of Salt Lake City, Utah, to provide advertising and referral services for Money Mart, an entity licensed to enter into deferred deposit transactions as a lender. By virtue of the agreement, respondent received $5.00 for each loan that was referred to Money Mart. At no time relevant to this matter was respondent licensed by the department to make or arrange a deferred deposit transaction for a deferred deposit originator, or to act as an agent or assist a deferred deposit originator in the making of a deferred deposit transaction. Respondent did hold a permit from the Department of Justice to enter into deferred deposit transactions. But upon passage by the Legislature of the California Deferred Deposit Transaction Law, effective January 1, 2003, responsibility for regulation of the activity was transferred to the department. The Commissioner notified all permit-holders that they must obtain a license from the department no later than December 31, 2004, in order to continue to make deferred deposit transactions. The Department of Justice also notified its permit-holders that the permits would not be valid after December 31, 2004. The fee for a license from the department is considerably more than a permit issued by the Department of Justice had been. Respondent has never applied for a license from the department.

4. As of May of 2005, respondent owned and operated Cash It Quick stores in Lancaster and Reseda, California. Signs in the windows of each store advertised the availability of check cashing, money orders, Western Union, bill paying and notary public services. Respondent also advertised the Money Mart product in the advertising publication known as the Pennysaver.

5. At the Reseda store on May 10, 2005, respondent's son, the store manager, told a department auditor that Cash It Quick provided payday loans. Nassar Haddad admitted that Cash It Quick operated as an advertiser and source of referrals for Money Mart. Applications for the loans were available in the store, and were routinely sent by facsimile copy to Money Mart in Utah. When approved, the customer wrote a check for the amount of the loan. Money Mart's fee, which was typically $75.00 on a $300.00 loan, was subtracted from the loan proceeds, which were then wired to Cash It Quick for disbursement to the

borrower. Between January 3, 2005, and May 27, 2005, respondent procured and referred 98 customers who borrowed money from Money Mart.

6. With respect to the 98 transactions concluded for Money Mart, respondent arranged, or assisted in arranging, deferred deposit transactions, and acted as an agent for Money Market, a deferred deposit originator.

LEGAL CONCLUSIONS

1. No person shall offer, originate, or make a deferred deposit transaction, arrange a deferred deposit transaction for a deferred deposit originator, act as an agent for a deferred deposit originator, or assist a deferred deposit originator in the origination of a deferred deposit transaction without first obtaining a license from the Commissioner. (Fin. Code, § 23005, subd. (a).)

2. "Whenever, in the opinion of the commissioner, any person is engaged in the business of deferred deposit transactions, as defined in this division, without a license from the commissioner … the commissioner may order that person or licensee to desist and refrain from engaging in the business." (Fin. Code, § 23050.)

3. By virtue of Factual Findings 2 through 6, complainant has established that respondent Nadia Haddad and Cash It Quick have engaged in the business of deferred deposit transactions without the benefit of a license issued by the department.

ORDER

Respondents are ordered to desist and refrain from engaging in the business of deferred deposit transactions in the State of California without first obtaining a license from the Commissioner, or otherwise being exempt.

DATED: July 25, 2005

TIMOTHY S. THOMAS
Administrative Law Judge
Office of Administrative Hearings