

1 MARY ANN SMITH
Deputy Commissioner
2 DOUGLAS M. GOODING
Assistant Chief Counsel
3 MARISA I. URTEAGA-WATKINS (SBN 236398)
4 Corporations Counsel
Department of Business Oversight
5 1515 K Street, Suite 200
6 Sacramento, California 95814
Telephone: (916) 445-9626
7 Fax: (916) 445-6985

8 Attorneys for Complainant

10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

13 In the Matter of THE COMMISSIONER OF) File Nos.: 100-3529 and 100-4248
BUSINESS OVERSIGHT OF THE STATE OF)
14 CALIFORNIA,) **ACCUSATION IN SUPPORT OF NOTICE**
15) **OF INTENT TO ISSUE ORDER**
Complainant,) **SUSPENDING LICENSES PURSUANT TO**
16) **FINANCIAL CODE SECTION 23052,**
vs.) **SUBDIVISION (b)**
17)
18 MEISTER-HUGHES, INC. d.b.a.)
COLORTYME,)
19)
Respondent.)
20)
21)

22
23 The Complainant is informed and believes and based upon such information and belief,
24 alleges and charges the Respondent as follows:

25 **I.**

26 **INTRODUCTION**

27 Respondent Meister-Hughes, Inc., dba, Colortyme (“Meister” or “Respondent”) is a deferred
28 deposit transaction originator licensed by the Commissioner of Business Oversight

1 (“Commissioner”) pursuant to the California Deferred Deposit Transaction Law (Financial Code, §
2 23000 *et seq.*) (“CDDTL”). On or about June 15, 2007, the Department of Business Oversight
3 (“Department”) issued CDDTL License No. 100-3529 to Respondent for Respondent’s principal
4 place of business and “main office” located at 27315 Jefferson Ave., #F, Temecula, CA 92590
5 (“Temecula location”). On or about September 14, 2010, the Department also issued License No.
6 100-4248 to Respondent for Respondent’s “branch office” located at 3000 W. Florida Ave., Hemet,
7 CA 92543 (“Hemet location”).

8 The Commissioner now seeks to suspend License No. 100-3529 and License No. 100-4248,
9 in the public interest for Respondent’s violations of the CDDTL pursuant to Financial Code section
10 23052.

11 II.

12 FACTS

13 Despite the Respondent’s ample notice and acknowledgement¹ of the CDDTL, Respondent
14 violated the CDDTL. On or about March 17, 2014 to March 18, 2014, the Department conducted a
15 noticed regulatory examination of Respondent at both the Temecula and Hemet locations. During
16 the examination, the examiner acting on behalf of the Commissioner determined Respondent failed
17 to maintain the net worth requirement of at least \$25,000.00 at all times in violation of Financial
18 Code section 23007. As of December 31, 2013, the audited financial statements reflected a tangible
19 net worth deficiency of at least approximately thirty eight thousand five hundred forty nine dollars
20 (\$38,549.00).

21 It was also determined that Respondent was found to have charged excess finance charges
22 over and above fifteen percent (15%) of the face amount of the checks to customers in violation of
23 Financial Code section 23036, subdivision (a). Specifically, on or about March 18, 2014,
24 Respondent’s loan transaction reports from December 16, 2013 through March 17, 2014, disclosed
25 multiple loan transactions where the finance charge exceeded the allowable 15% fee charged on the

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27 ¹ The application that Respondent filed with the Department included a signed Declaration, designated as “Exhibit K” to
28 the application, wherein Respondent attested under penalty of perjury: *I (we) have obtained and read copies of the California Deferred Deposit Transaction Law (Division 10 of the California Financial Code) and the Rules (Chapter 3, Title, 10, California Code of Regulations) and am familiar with their content; and; I (we) agree to comply with all the provision[s] of the California Deferred Deposit Transaction Law, including any rules or orders of the Commissioner of Corporations...*

1 face amount of the customer’s check. Based upon Respondent’s examination, Respondent collected
2 at least \$4,678.74 in excess charges. These excess charges were comprised of at least \$3,670.46 in
3 excess charges collected at the Respondent’s “main office” location, CDDTL License No. 100-3529
4 in Temecula, California and \$1,007.78 in excess charges collected at the Respondent’s “branch
5 office” location, CDDTL License No. 100-4248 in Hemet, California, for the California consumers
6 with the following initials: C.H.; S.A.; R.R.; M.R.; and R.S. The Department examiner also
7 specifically determined and noted at least two (2) consumer transactions where California
8 consumers with the following initials: C.E. and R.A were overcharged in violation of Financial
9 Code section 23036, subdivision (a) at the Temecula location.

10 **III.**

11 **STATUTORY AUTHORITY**

12 Financial Code section 23007 provides in pertinent part:

13 The applicant shall file ... financial statements that indicate a net worth
14 of at least twenty-five thousand dollars (\$25,000). A licensee, regardless of
15 the number of licensed locations, shall maintain a net worth of at least
16 twenty-five thousand dollars (\$25,000) at all times.

17 Financial Code section 23052 provides in pertinent part:

18 The commissioner may suspend or revoke any license, upon notice and
19 reasonable opportunity to be heard, if the commissioner finds any of the
20 following:

- 21 (a) The licensee has failed to comply with any demand, ruling, or
22 requirement of the commissioner made pursuant to and within the authority
23 of this division.
- 24 (b) The licensee has violated any provision of this division or any rule or
25 regulation made by the commissioner under and within the authority of this
26 division.

27 Financial Code section 23036, subdivision (a) provides:

- 28 (a) A fee for a deferred deposit transaction shall not exceed 15 percent of the
face amount of the check.

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IV.

CONCLUSION

The Commissioner hereby finds that Meister-Hughes, Inc., dba, Colortyme committed or caused to be committed said violations of sections 23007 and 23036, subdivision (a) of the California Deferred Deposit Transaction Law. Therefore, in the interest of the public and pursuant to Financial Code section 23052, subdivision (b), the Commissioner hereby seeks to suspend License No. 100-3529 and License No. 100-4248 assigned to Respondent Meister-Hughes, Inc., dba, Colortyme. WHEREFORE, IT IS PRAYED that, pursuant to Financial Code section 23052, both deferred deposit transaction licenses of Respondent, Meister-Hughes, Inc., dba, Colortyme, License No. 100-3529 and License No.100-4248, be suspended for a period of three (3) calendar months from the date of any final order issued by this Accusation.

Dated: December 15, 2014
Sacramento, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Marisa I. Urteaga-Watkins
Corporations Counsel
Enforcement