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California Corporations Commissioner
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10
11 BEFORE THE DEPARTMENT OF CORPORATIONS
12 OF THE STATE OF CALIFORNIA

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14 In the Matter of the Orders Issued to:)
15 Flobridge Group, LLC,) DESIST AND REFRAIN ORDER PURSUANT
16 a.k.a.) TO CALIFORNIA FINANCIAL CODE
17 Flobridge.com,) SECTION 23050; and
18 Respondent.) ORDER VOIDING TRANSACTIONS AND
19) TO DISGORGE ALL CHARGES AND FEES
20) PURSUANT TO CALIFORNIA FINANCIAL
21) CODE SECTION 23060
22)

23 Complainant, the Commissioner of the Department of Corporations (“Commissioner” or
24 “Department”), is informed and believes, and based on such information and belief, finds as follows:

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I.

FACTUAL BACKGROUND

Flobridge Group, LLC, also known as flobridge.com, (“Flobridge”), is located at 691 W. 1200 N., Ste 100, Springville, Utah 84663. Flobridge is a Utah corporation, and is licensed by the State of Utah Department of Financial Institutions. Flobridge transacts business in California by way of the internet.

Flobridge offers deferred deposit transactions or “payday loans” to California residents by way of telephone number (866) 569-3321 and by way of internet website address www.flobridge.com.

A deferred deposit transaction is a written transaction whereby one person gives funds to another person upon receipt of a personal check, and it is agreed that the personal check will not be deposited until a later date. “Personal check”, as referenced in California Financial Code section 23001, includes “the electronic equivalent of a personal check,” such as an Automated Clearing House (“ACH”) or debit card transaction.

Since at least April 2011, Flobridge has engaged in the business of offering, originating, or making deferred deposit transactions in California, as defined by the California Deferred Deposit Transaction Law (“CDDTL”), as set forth in California Financial Code sections 23000 *et seq.*, whereby Flobridge either defers depositing the customer’s personal check or defers making an agreed upon ACH deduction until a specific date pursuant to a written agreement for a fee or other charge.

Flobridge customers submit an online loan application through their website, www.flobridge.com. Customers are required to provide their checking account information from which Flobridge eventually automatically debits payments, fees, and interest from the borrowers. Flobridge, however, then uses customers’ banking account information to deduct additional fees and charges beyond what customers were told they would expect to pay, sometimes double the amount of the original loan, and beyond what the CDDTL allows. For example, Flobridge charged 782.14% APR in interest in addition to \$498.81 in “refinance fees” on an original loan amount of \$500.

Flobridge has not been issued a deferred deposit transaction originator license by the Commissioner pursuant to the CDDTL. As such, Flobridge is not authorized to engage in payday

1 lending, or to offer, originate, or make a deferred deposit transaction, arrange a deferred deposit
2 transaction for a deferred deposit originator, act as an agent for a deferred deposit originator, or assist
3 a deferred deposit originator in the origination of a deferred deposit transaction in California or to
4 California residents.

5 **II.**

6 **CDDTL VIOLATIONS AND ORDERS**

7 The Department is responsible for enforcing all provisions of the CDDTL, including the
8 regulation of deferred deposit transactions, which are also commonly referred to as “payday
9 advances” or “payday loans.”

10 **A. Desist and Refrain Order**

11 The Commissioner is statutorily authorized to order any person to desist and refrain from
12 engaging in violations of the CDDTL. California Financial Code section 23050 provides, in pertinent
13 part:

14 Whenever, in the opinion of the commissioner, any person is engaged in
15 the business of deferred deposit transactions, as defined in this division,
16 without a license from the commissioner,...the commissioner may order
17 that person...to desist and to refrain from engaging in the business or
18 further violating this division. If within 30 days, after the order is served,
19 a written request for a hearing is filed and no hearing is held within 30
20 days thereafter, the order is rescinded.

21 The foregoing facts establish violations of the CDDTL by Flobridge, including engaging in
22 the business of originating or offering to originate deferred deposit transactions without having first
23 obtained a license to do so from the California Corporations Commissioner in violation of section
24 23005(a). The issuance of a Desist and Refrain Order, therefore, is necessary for the protection of
25 consumers and is consistent with the purposes, policies, and provisions of the CDDTL.

26 Pursuant to California Financial Code section 23050, Flobridge Group, LLC, also known as
27 www.flobridge.com, is hereby ordered to desist and refrain from violating California Financial Code
28 section 23005(a). This Order shall remain in full force and effect until further order of the
Commissioner.

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B. Order Voiding California Deferred Deposit Transactions

California Financial Code section 23060, subdivision (a), states:

If any amount other than, or in excess of, the charges or fees permitted by this division is willfully charged, contracted for, or received, a deferred deposit transaction contract shall be void, and no person shall have any right to collect or receive the principal amount provided in the deferred deposit transaction, any charges, or fees in connection with the transaction.

Flobridge willfully violated provisions of the CDDTL by repeatedly charging California customers fees or charges without a license in violation of section 23005, including excess fees and charges, in conjunction with deferred deposit transactions. Because Flobridge willfully charged its customers unauthorized fees or charges, Flobridge is not entitled to collect or receive the principal amounts provided in those deferred deposit transactions, nor is it entitled to any of the charges or fees associated with the transactions.

Pursuant to California Financial Code section 23060, any and all deferred deposit transactions contracted with California customers or in the State of California by Flobridge are therefore void. Flobridge Group, LLC, also known as www.flobridge.com, is hereby ordered to immediately cease collecting all principal amounts, and return all principal amounts, provided in any and all deferred deposit transactions contracted with California customers or in the State of California, and to disgorge any and all charges or fees received in conjunction with those deferred deposit transactions.

Dated: October 25, 2011
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division