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10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA
12

13 In the Matter of the Accusation of) File No.: 100-3292
THE CALIFORNIA CORPORATIONS)
14 COMMISSIONER,) ORDER REVOKING CALIFORNIA
15) DEFERRED DEPOSIT TRANSACTION
Complainant,) LICENSE PURSUANT TO FINANCIAL
16 vs.) CODE SECTION 23052
17 Darlene L. Or, doing business as Post Box Plus,)
18)
Respondent.)
19)
20)

21 The California Corporations Commissioner (“Commissioner”) finds that:

22 The Commissioner of the Department of Corporations (“Department”) issued to
23 Respondent, Darlene L. Or, doing business as Post Box Plus, a deferred deposit transaction
24 originator license pursuant to the California Deferred Deposit Transaction Law (“CDDTL”).
25 (California Financial Code §§ 23000 et seq.) Compliance with the CDDTL is essential to retain a
26 deferred deposit transaction originator license. At all times Respondent was required to comply
27 with all law and regulations enacted under this law, but failed to do so.
28

1 Respondent conducted business at 7900 Limonite Avenue # G, Riverside, California.
2 Darlene L. Or is the owner and manager of Respondent.

3 Since at least September 2006, Respondent has engaged in the business of deferred
4 deposit transactions by offering, originating and making deferred deposit transactions, which is a
5 written transaction whereby one person gives funds to another person upon receipt of a personal
6 check and it is agreed that the personal check shall not be deposited until a later date. These
7 transactions are sometimes referred to as “payday advances” or “payday loans.”

8 In August 2006, Respondent filed with the Department an application for a license to
9 make deferred deposit transactions and included a Declaration designated as “Exhibit K” to the
10 application and signed under penalty of perjury by president/CEO Darlene Or stating:

11 **I (we) have obtained and read copies of the California Deferred Deposit**
12 **Transaction Law (Division 10 of the California Financial Code) and the**
13 **Rules (Chapter 3, Title, 10, California Code of Regulations) and am**
14 **familiar with their content: and,**

15 **I (we) agree to comply with all the provision[s] of the California**
16 **Deferred Deposit Transaction Law, including any rules or orders of the**
17 **Commissioner of Corporations.**

18 Respondent’s Declaration to the application also states that “by signing this declaration” “the
19 applicant hereby agrees (or attests) or declares understanding of the following items listed below:”

- 20 1. That the applicant will submit to periodic examinations by the
21 Commissioner of Corporations as required by the California
22 Deferred Deposit Transaction Law.
- 23 2. That the applicant will keep and maintain all records for 2 years
24 following the last entry on a deferred deposit transaction and will
25 enable an examiner to review the record keeping and reconcile
26 each consumer deferred deposit transaction with documentation
27 maintained in the consumer’s file records.
- 28 3. That the applicant understands the examination process involving
the reconciliation of records will be facilitated if the applicant
maintains, at minimum, a ledger or listing of the following
current and undated information for each deferred deposit
transaction (as specified in Financial Code section 23035):
customer’s name and address, account number, check number,
amount provided, fee, amount of check, corresponding annual
percentage rate (e.g. 14-day or 30-day) and the deferred due date.

- 1 4. That the applicant will maintain a file of all advertising for a
2 period of 90 days from the date of its use, which will be available
3 to the Commissioner of Corporations upon request.
- 4 5. That the applicant will file with the Commissioner of Corporations
5 an amendment to this application prior to any material change in the
6 information contained in the application for licensure, including,
7 without limitation, the plan of operation.
- 8 6. That the applicant will file with the Commissioner of Corporations
9 any report required by the Commissioner.
- 10 7. That the applicant hereby attests that the applicant (including
11 officers, directors and principals) has not engaged in conduct that
12 would be cause of denial of a license.

13 As a part of the application process Respondent was required to and did complete another
14 Declaration designated as “Exhibit L” to the application, which Darlene Or signed under penalty of
15 perjury stating:

- 16 1. The applicant will comply with all federal and state laws and
17 regulations (including Division 10, commencing with Section
18 23000, of the Financial Code), if it offers, arranges, acts as an
19 agent for, or assists a deferred deposit originator in the making of a
20 deferred deposit transaction (Financial Code Section 23037(i).)

21 On September 7, 2006, a letter accompanied the Commissioner’s issuance of a CDDTL
22 license to Respondent, which in part informed Respondent of the following:

23 [T]here are certain obligations and responsibilities that a licensee
24 must comply with. The following information about a licensee’s
25 obligations and responsibilities regarding certain requirements of the
26 California Deferred Deposit Transaction Law is provided for your
27 reference . . . a licensee should review and become familiar with all
28 provisions of the law and rules and regulations.

. . .

5. A licensee is subject to statutory books and records
requirements . . . (Section 23024.)

Notwithstanding knowledge regarding the licensure requirements, Respondent willfully
and knowingly engaged in violations of the CDDTL

The Commissioner’s examiner notified Respondent several weeks in advance before the

1 Department conducted its examination of Respondent’s business books and records on April 19,
2 2007.

3 The Department examiner’s review of Respondent’s business revealed multiple CDDTL
4 violations warranting revocation as set forth below.

5 The Commissioner’s examiner found the licensee failed to maintain quarterly statements
6 demonstrating compliance with the statutory minimum net worth requirements in violation of
7 sections 23007 and 23024.

8 Additionally, Respondent failed to maintain deferred deposit transactions books and records
9 as required. Specifically, the licensee did not maintain evidence of checks for each transaction in
10 violation of section 23024 and California Code of Regulations, title 10, section 2025, subdivision
11 (c)(1). Instead, Respondent admitted that no accounting or completed transaction records were
12 maintained.

13 The Department examiner found the licensee was in violation of section 23035,
14 subdivision (c), by failing to provide the written notice to consumers before entering into written
15 agreements with them.

16 Respondent failed to post the notices and schedule of all fees and charges required by
17 section 23035, subdivisions (d).

18 Respondent also failed to include the information in written agreements mandated by
19 section 23035, subdivision (e) (1) (2), (7), (9), (10) and (11).

20 Additionally, Respondent accepted customer’ checks that were altered but lacked the
21 customer’s initials acknowledging the alterations in violation of section 23037, subdivision (e).
22 Respondent altered the customer’s name on written agreements in violation of section 23037,
23 subdivision (f). The Department examiner found that the licensee accepted agreements and checks
24 with blanks left to be completed after the agreement was executed in violation of section 23037,
25 subdivision (h).

26 Respondent’s Annual Report for 2006 filed with the Department was false in violation
27 of section 23026 and regulation 2030.
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In summary the violations of Respondent, Darlene L. Or, doing business as Post Box Plus, include the following: Financial Code sections 23007, 23024, 23026, 23035, 23037 as well as regulations 2025 and 2030 of title 10 of the California Code of Regulations.

On August 28, 2007, the Commissioner issued to Respondent a Notice of Intention to Issue Order Revoking the CDDTL license held by Respondent, an Accusation, a Statement to Respondent accompanied by relevant legal references, and a form pleading, whereby Respondent could file a Notice of Defense to request a hearing concerning the revocation. Respondent was served with the foregoing documents and transmittal letter by certified mail, return receipt requested on September 1, 2007. The Commissioner has not received any request for a hearing from Respondent and the time to request a hearing has expired.

THEREFORE, GOOD CAUSE APPEARING, pursuant to California Financial Code sections 23052 the deferred deposit transaction originator license issued to Respondent Darlene L. Or, doing business as Post Box Plus is hereby revoked. This Order is effective as of the date hereof.

Dated: October 15, 2007
San Francisco, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____

ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division