

2007 ANNUAL REPORT

Operation of Deferred Deposit
Originators under the California
Deferred Deposit Transaction Law

Department of Corporations
State of California
Business, Transportation
and Housing Agency



STATE OF CALIFORNIA
ARNOLD SCHWARZENEGGER, Governor

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

Preston DuFauchard
California Corporations Commissioner

1515 K Street, Suite 200
Sacramento, CA 95814

320 West 4th Street, Suite 750
Los Angeles, CA 90013

California Department of Corporations
Toll-Free 1-866-ASK-CORP (or 275-2677)

TTY 1-800-735-2922
Online www.corp.ca.gov

This Report includes data submitted by deferred deposit originators licensed under the California Deferred Deposit Transaction Law.

This Report is based on unaudited data presented by licensees and submitted in a format prescribed by the Department of Corporations. The reader should be aware that the data contained herein is primarily statistical in nature. Certain statistical data compilations required of licensees have been modified to provide more meaningful statistics. To assist in comparing data from prior years, certain statistical data is included in the charts on pages 4 through 15. Comparison of such data with prior years will be left to the reader.

Effective December 31, 2004, the Legislature transferred jurisdiction of payday lenders to the Department of Corporations (Department) from the Department of Justice. The legislation effectuating the transfer, as amended, contained a statutory requirement that the Corporations Commissioner submit a report on December 1, 2007, to the Governor and Legislature regarding the implementation of the Department's jurisdiction over the industry. That same statutory provision directed the Department to include in the contents of the report information regarding "demand for deferred deposit transactions, the growth and trends in the industry, common practices for conducting the business of deferred deposit transactions, the advertising practices of the industry..., and any other information the Commissioner deems necessary to inform the Governor and the Legislature regarding potential legislation that may be necessary to protect the people of the State of California."

To provide additional information on the industry, the Department retained an independent research group, Applied Management and Planning Group (AMPG), to survey both the licensees and the consumers in order to prove in-depth and objective data on several variables. The Department's report and AMPG's study is available on the Department's Website at www.corp.ca.gov/pub/pdf/CDDTL07_Report.pdf and www.corp.ca.gov/pub/pdf/PDLStudy07C.pdf

AS OF	NUMBER OF LICENSEES
DECEMBER 31, 2007	2,403
DECEMBER 31, 2006	2,493
DECEMBER 31, 2005	2,445
DECEMBER 31, 2004	2,100

**California Deferred Deposit Transaction Law Consolidated Annual Reports:
Calendar Years 2005, 2006, and 2007**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total Dollar Amount of Deferred Deposit Transactions Made	\$2,479,725,858	\$2,553,427,572	\$2,969,905,917
Total Number of Deferred Deposit Transactions Made	9,785,004	10,048,422	11,152,466
Total Number of Individual Customers Who Obtained Deferred Deposit Transactions (repeat customers counted once)	1,536,600	1,432,844	1,609,680

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Average Dollar Amount of Deferred Deposit Transactions Made	\$253	\$254	\$266
Minimum Dollar Amount of Deferred Deposit Transactions Made	\$9	\$10	\$10
Maximum Dollar Amount of Deferred Deposit Transactions Made	\$1,000*	\$300	\$300
Average Annual Percentage Rate (APR)	426%	429%	424%
Average Number of Days of Deferred Deposit Transactions	17	16	16

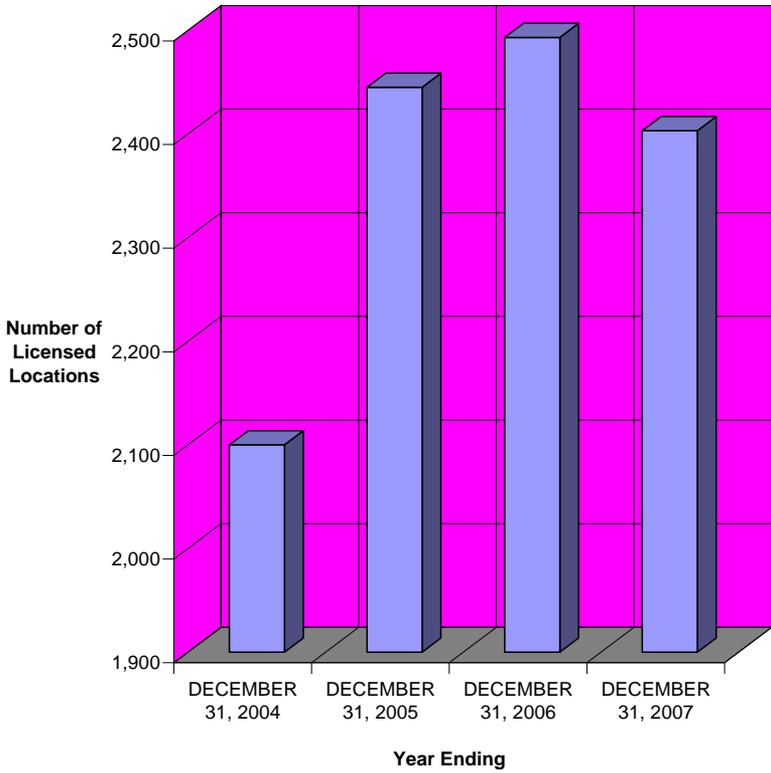
* In 2005, 3% of the companies reported a maximum loan amount over \$300 (the maximum allowed under the California Deferred Deposit Transaction Law). The Department of Corporations followed up with those companies that reported making loans greater than \$300 to determine the reasons for the amounts in excess of the limitation.

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total Number of Returned Checks from Deferred Deposit Transactions	689,540	751,117	823,594
Percentage of Total Number of Returned Checks to Total Number of Deferred Deposit Transactions Made	7.05%	7.47%	7.38%
Total Dollar Amount of Returned Checks from Deferred Deposit Transactions	\$180,993,630	\$186,031,613	\$213,050,882
Percentage of Total Dollar Amount of Returned Checks to Total Dollar Amount of Deferred Deposit Transactions Made	7.30%	7.29%	7.17%

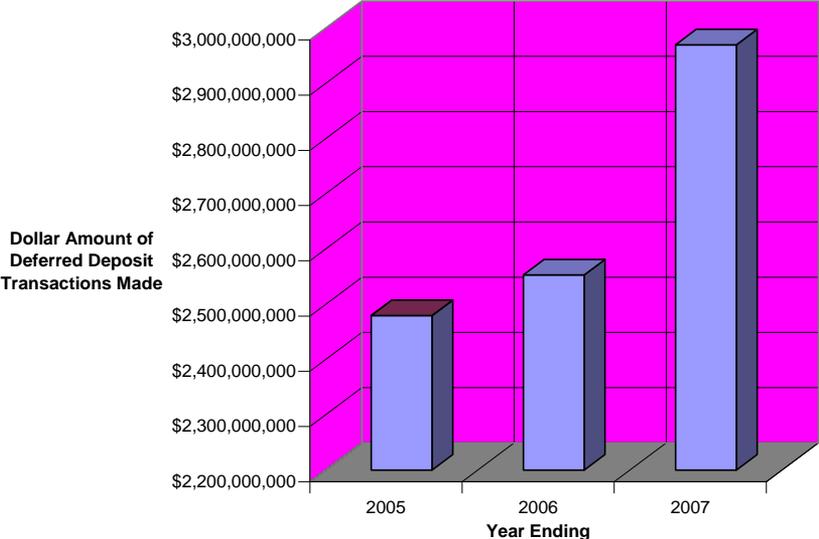
	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total Number of Returned Checks from Deferred Deposit Transactions Recovered (includes partial recoveries)	493,780	520,756	492,405
Percentage of Total Number of Returned Checks from Deferred Deposit Transactions Recovered (includes partial recoveries) to Total Number of Deferred Deposit Transactions Made	5.05%	5.18%	4.42%
Total Dollar Amount of Returned Checks Recovered (includes partial recoveries)	\$107,640,408	\$106,441,869	\$115,002,061
Percentage of Total Dollar Amount of Returned Checks Recovered (including partial recoveries) to Total Dollar Amount of Deferred Deposit Transactions Made	4.34%	4.17%	3.87%

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total Number of Checks Charged Off (includes partial balances charged off)	336,498	307,697	355,804
Percentage of Total Number of Checks Charged Off (including partial balances) to Total Number of Deferred Deposit Transactions Made	3.44%	3.06%	3.19%
Total Dollar Amount of Deferred Deposit Transactions Charged Off (includes partial balances charged off)	\$65,216,098	\$74,825,909	\$85,683,626
Percentage of Total Dollar Amount of Checks Charged Off (including partial balances charged off) to Total Dollar Amount of Deferred Deposit Transactions Made	2.63%	2.93%	2.89%

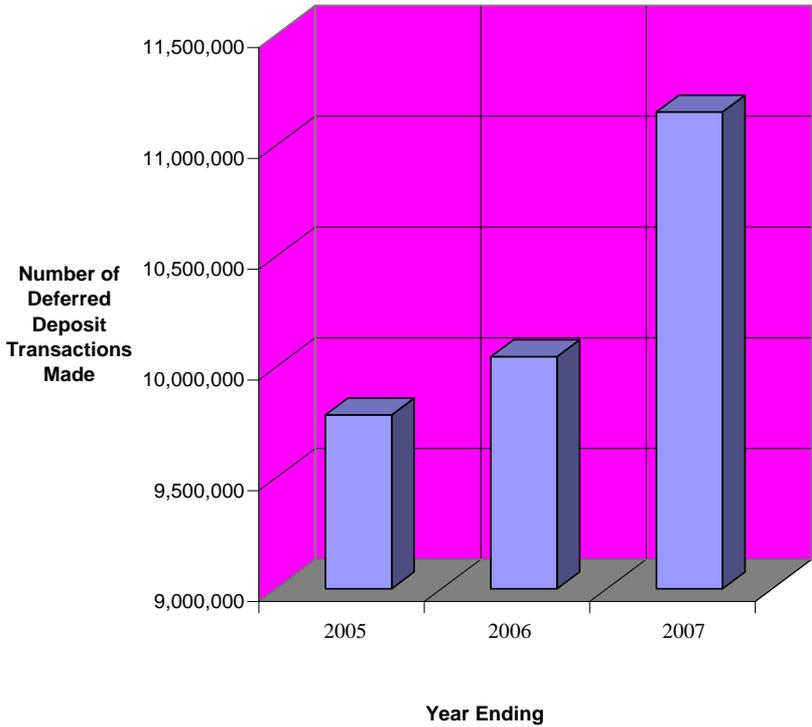
**Chart 1:
Change in Number of Licensed Locations**



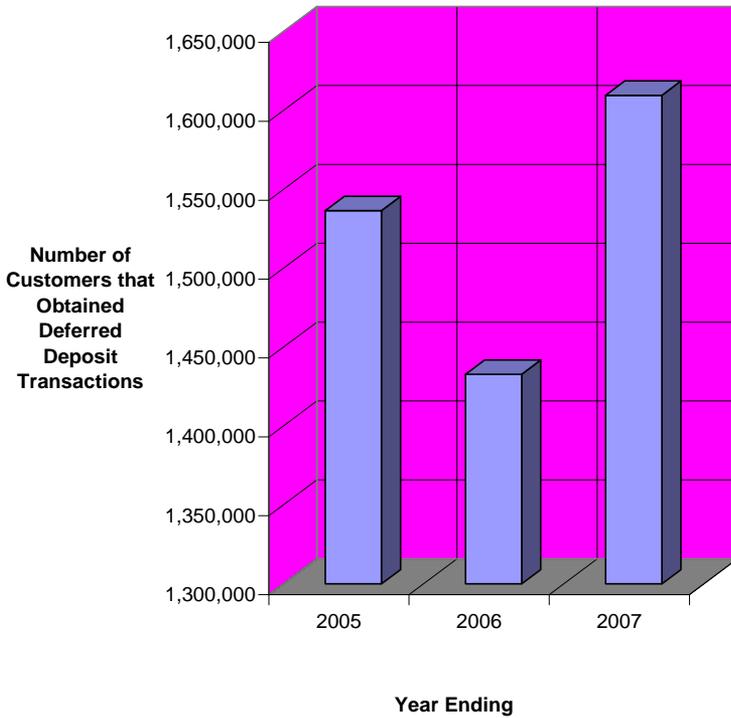
**Chart 2:
Change in Dollar Amount of Deferred Deposits Made**



**Chart 3:
Change in Number of Deferred Deposits Made**



**Chart 4:
Change in Number of Customers that Obtained
Deferred Deposit Transactions**



**Chart 5:
Change in Dollar Amount of Returned Checks**

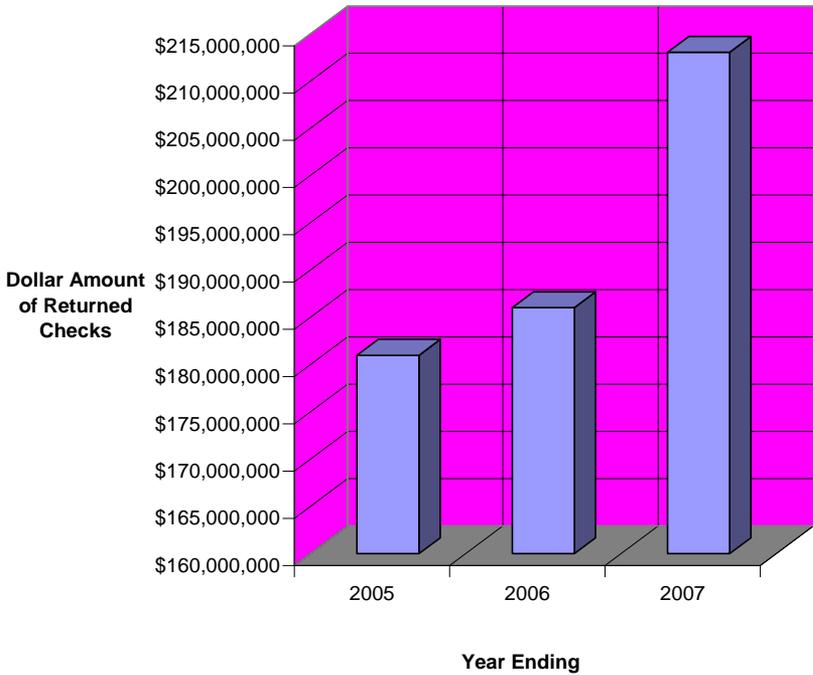
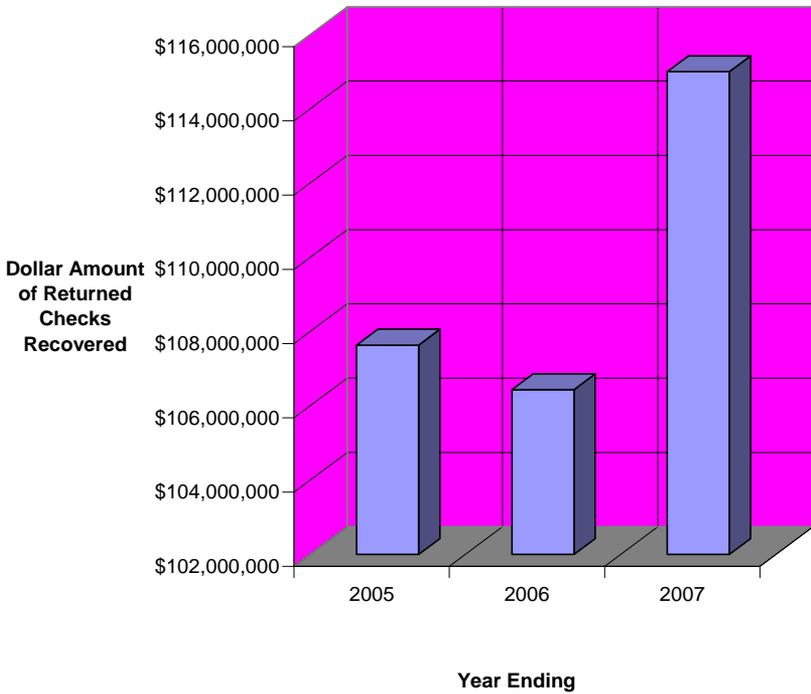
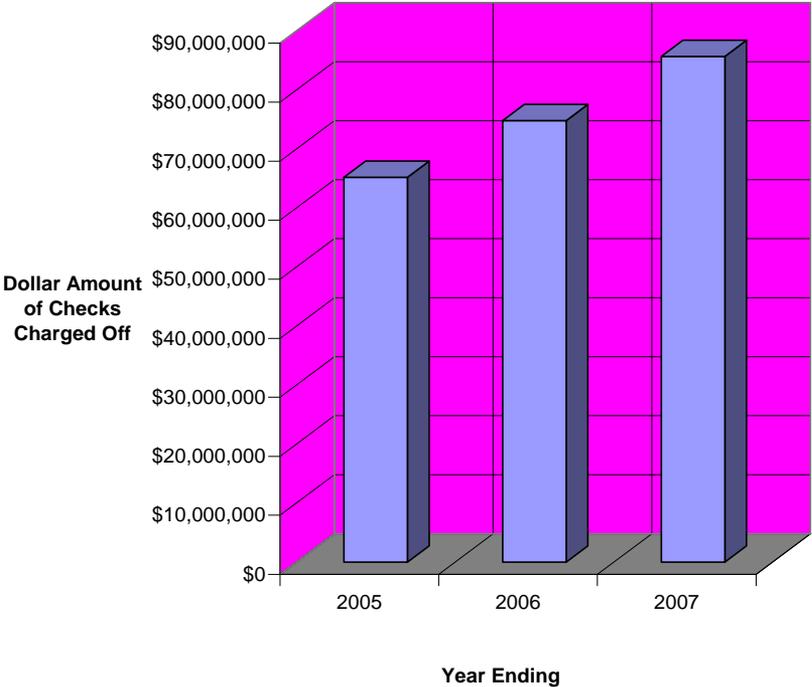


Chart 6:
Change in Dollar Amount of Returned Checks Recovered



**Chart 7:
Change in Total Dollar Amount of Checks Charged Off**



Blank Page

Blank Page



California Department of Corporations

Toll-Free 1-866-ASK-CORP

TTY 1-800-735-2922

Online www.corp.ca.gov

To request additional copies of this report, please call our
Toll-Free number, or e-mail forms@corp.ca.gov

Materials presented in this report are a collective effort of
the staff of the California Department of Corporations.

California Department of Corporations

320 West 4th Street, Suite 750

Los Angeles, CA 90013