ALAN S. WEINGER
Deputy Commissioner
SOPHIA C. KIM (CA BAR NO. 265649)
Corporations Counsel
Department of Corporations
320 West 4th Street, Suite 750
Los Angeles, California 90013
Telephone: (213) 576-7594
Facsimile: (213) 576-7181

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Orders Issued to: St. Armands Services LLC, a.k.a. St. Armands Group LLC Respondents.	DESIST AND REFRAIN ORDER PURSUANT TO CALIFORNIA FINANCIAL CODE SECTION 23050; and ORDER VOIDING TRANSACTIONS AND TO DISGORGE ALL CHARGES AND FEES PURSUANT TO CALIFORNIA FINANCIAL CODE SECTION 23060

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

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I.

FACTUAL BACKGROUND

St. Armands Services LLC, a.k.a. St. Armands Group LLC ("St. Armands") is located at P.O. Box 411056, Kansas City, Missouri 64141, and 1010 Walnut Street, Kansas City, Missouri 64106. St. Armands is a Missouri Limited Liability Corporation as of May 12, 2011.

St. Armands offers deferred deposit transactions or "payday loans" to California residents by telephone number (877) 907-5384 and the internet. 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 November 2011, St. Armands 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 St. Armands 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.

Prospective customers submit an online loan application that requires them to provide personal and checking account information. St. Armands then directly contacts the customers via emails offering payday loans that charge fees beyond what the CDDTL allows and even depositing funds without customer authorization. For example, St. Armands emailed a California resident who had submitted an online application a payday loan agreement describing the following terms: 782.14% interest rate and $90 finance charge, for a total payment amount of $390 due in two weeks. Even without signing the payday loan agreement, the California resident soon discovered the $300 deposit from St. Armands in his checking account.

St. Armands has not been issued a deferred deposit transaction originator license by the Commissioner pursuant to the CDDTL. As such, St. Armands is not authorized to engage in payday lending, or to 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 in California or to California residents.

II.

CDDTL VIOLATIONS AND ORDERS

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

A. Desist and Refrain Order for Violations of Sections 23005 and 23036

The Commissioner is statutorily authorized to order any person to desist and refrain from engaging in violations of the CDDTL. California Financial Code Section 23050 provides:

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

California Financial Code Section 23005 prohibits any person from offering, originating, or making a deferred deposit transaction without first obtaining a license from the Commissioner, except as specified. California Financial Code Section 23036 limits fees to 15% of the face amount of the deferred deposit transaction and prohibits amounts in excess of any fees authorized under the CDDTL.

The foregoing facts establish violations of the CDDTL by St. Armands, including engaging in the business of originating or offering to originate deferred deposit transactions without having first obtained a license to do so from the Commissioner, as well as charging excessive fees. The issuance of a Desist and Refrain Order, therefore, is necessary for the protection of consumers and is consistent with the purposes, policies, and provisions of the CDDTL.

Pursuant to California Financial Code Section 23050, St. Armands Services LLC, a.k.a. St. Armands Group LLC, is hereby ordered to desist and refrain from violating California Financial

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Code Sections 23005 and 23036. This Order shall remain in full force and effect until further order of the Commissioner.

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.

St. Armands willfully violated provisions of the CDDTL by charging at least one California customer fees or charges without a license in violation of Section 23005, including excess fees and charges in conjunction with deferred deposit transactions in violation of Section 23036. Because St. Armands willfully charged its customers unauthorized fees or charges, St. Armands 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 St. Armands are therefore void. St. Armands Services LLC, a.k.a. St. Armands Group LLC, 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: January 30, 2012
Los Angeles, California

JAN LYNN OWEN
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

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