State of California – Department of Corporations

STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

TO: DOUG DE COSTER
ZIPPY'S CURRENCY X-CHANGE, INC.
dba POWER CHECK CASHING and PAYDAY ADVANCE and ZIPPY'S #2

600 W. Sepulveda Blvd.
Carson, CA 90745

18016 S. Western Ave.
Gardena, CA 90248

DESIST AND REFRAIN ORDER
(For violations of California Financial Code section 23005)

The California Corporations Commissioner finds that:

1. The California Corporations Commissioner ("Commissioner") is informed and believes and based upon such information and belief alleges that ZIPPY'S CURRENCY X-CHANGE, INC. ("ZIPPY'S") is and was at all relevant times herein, a California corporation dba Power Check Cashing and Payday Advance ("POWER PAYDAY ADVANCE") and ZIPPY'S #2 with its principal place of business located at 600 W. Sepulveda Blvd., Carson, CA. ZIPPY'S has one branch location situated at 18016 S. Western Ave., Gardena, CA.

2. DOUG DE COSTER ("DE COSTER"), an Officer of ZIPPY'S, is and was at all times relevant herein, the manager of POWER PAYDAY ADVANCE.

3. ZIPPY'S, POWER PAYDAY ADVANCE and DE COSTER have engaged in the business of deferred deposit transactions by offering and/or originating deferred deposit transactions as described below.

4. 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 shall not be deposited until a later date.

5. Neither ZIPPY'S, POWER PAYDAY ADVANCE or DE COSTER have been issued a license by the Commissioner authorizing it to engage in the business of deferred deposit transactions under the California Deferred Deposit Transaction Law ("CDDTL") (California Financial Code §§ 23000 et seq.).

6. Neither ZIPPY'S, POWER PAYDAY ADVANCE or DE COSTER is exempt from the licensing requirements of California Financial Code section 23005.

7. ZIPPY'S, POWER PAYDAY ADVANCE and DE COSTER were specifically aware that a CDDTL license was required in order to engage in the business of deferred deposit transactions. On February 8, 2005, the Commissioner issued ZIPPY'S, POWER PAYDAY ADVANCE and DE COSTER a letter informing them that deferred deposit transactions could not be originated without a license issued by the Department of Corporations. In April 2005, DE COSTER acknowledged to the Department, that the February 8, 2005 letter had been received and DE COSTER admitted that ZIPPY'S and POWER PAYDAY ADVANCE had engaged in deferred deposit transaction business between January 1, 2005 and April 12, 2005.

8. An investigation conducted by the Department disclosed that on May 10, 2005, ZIPPY'S and POWER PAYDAY ADVANCE were open for business at the Gardena location stated above. An advertisement was observed on the storefront stating "Payday Advance Loans", "Quick and Easy" and "Need Cash Fast" in large print. Inside the store lobby area there were payday notices, fees schedules, APR disclosures, a flyer and a business card identifying the store location telephone number and a list of services provided. DE COSTER told the examiner that ZIPPY'S and POWER PAYDAY ADVANCE had not made any payday loans since speaking with the Department in April 2005. According to DE COSTER, a CDDTL application had been filed in late April 2005, but there was no record of such at the Department of Corporations.

9. On July 13, 2005, a Department examiner visited the Carson location and requested copies of the last two CDDTL transactions for each location as well as an explanation as to why ZIPPY'S and POWER PAYDAY ADVANCE continued to make payday loans without a license. DE COSTER responded in writing that ZIPPY'S and POWER PAYDAY ADVANCE stopped issuing new loans to new customers in March 2005.

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10. On July 14, 2005, ZIPPY'S and POWER PAYDAY ADVANCE filed two applications for the above referenced locations. In response, DE COSTER was asked to provide loan agreements for the Gardena location as well as the total number of loans handled at both locations by ZIPPY'S and POWER PAYDAY ADVANCE in 2005.

11. DE COSTER responded in writing on July 26, 2005, admitting that ZIPPY'S and POWER PAYDAY ADVANCE had engaged in a total of 1,257 deferred deposit transactions in 2005, at both locations.

12. On July 27, 2005, the Commissioner sent a deficiency letter to ZIPPY'S, POWER PAYDAY ADVANCE and DE COSTER informing them of items needed to complete the application. The July 2005 letter specifically informed the applicants that their permit issued by the Department of Justice to engage in the business of deferred deposit transactions was no longer valid after December 31, 2004 and that they were unable to engage in the business of deferred deposit transactions after December 31, 2004 without a license issued by the Commissioner of the Department of Corporations.

13. On August 3, 2005, the examiner requested a list of all payday loans made between January 1, 2005 and August 3, 2005. DE COSTER faxed a loan list which showed that 26 loans had been made to new and existing customers between April 12, 2005 and August 1, 2005. These transactions were entered into after DE COSTER had been told that he, ZIPPY'S and POWER PAYDAY ADVANCE could not engage in the business of deferred deposit transactions unless and until a license had been issued.

By reason of the foregoing, ZIPPY'S, POWER PAYDAY ADVANCE and DE COSTER have offered, originated and/or made a deferred deposit transaction and are engaging in the business of deferred deposit transactions without having first obtained a license from the Commissioner in violation of California Financial Code section 23005.

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Pursuant to California Financial Code section 23050, ZIPPY'S, POWER PAYDAY ADVANCE and DE COSTER are hereby ordered to desist and refrain from engaging in the business of deferred deposit transactions in the State of California without first obtaining a license from the Commissioner, or otherwise being exempt. This Order is necessary, in the public interest, for the protection of consumers and is consistent with the purposes, policies and provisions of the California Deferred Deposit Transaction Law. This order shall remain in full force and effect until further order of the Commissioner.

California Financial Code section 23050 provides in pertinent part:

> Whenever, in the opinion of the commissioner, any person is engaged in the business of deferred deposit transactions, as defined in this division, without a license from the commissioner . . . the commissioner may order that person or licensee to desist and to refrain from engaging in the business . . .. 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.

Dated: September 6, 2005
Los Angeles, CA

WAYNE STRUMPFER
Acting Corporations Commissioner

By_____
Steven C. Thompson
Special Administrator
California Deferred Deposit Transaction Law

State of California – Department of Corporations