State of California – Department of Corporations

STATE OF CALIFORNIA

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CORPORATIONS

TO: MANDALAY FINANCIAL SERVICES CORP.
11510 Telegraph Road
Santa Fe Springs, CA 90670

CITATIONS
AND
DESIST AND REFRAIN ORDER
(Pursuant to California Financial Code section 23050 and 23058)

The California Corporations Commissioner finds that:

1. Mandalay Financial Services Corp. hereinafter "Licensee" is, and was at all relevant times herein, a corporation authorized to conduct business in this state with its principal place of business located at 11510 Telegraph Road, Santa Fe Springs, CA 90670.

2. On or about January 3, 2007, Licensee obtained a license from the California Corporations Commissioner ("Commissioner") to engage in the business of deferred deposit transactions at 11510 Telegraph Road, Santa Fe Springs, CA 90670.

3. An examination of Licensee conducted by the Commissioner on May 6, 2008 disclosed the following violations at 11510 Telegraph Road, Santa Fe Springs, CA 90670. .

Citation A. Licensee failed to conspicuously post its license in its place of business in violation of California Financial Code section 23018.

Citation B. Licensee failed to conduct deferred deposit transaction business under the name in the license in violation of California Financial Code section 23023.

Citation C. Licensee failed to post the required notice in the unobstructed view of the public at its licensed location in violation of California Financial Code section 23035 (d) and 23019.

Citation D. Licensee failed to distribute the notice with the required disclosures to the Customer prior to entering into the deferred deposit agreement in violation of California Financial Code section 23035 (c).

Citation E. Licensee failed to include disclosure that customer cannot be prosecuted or threatened with prosecution to collect a deferred deposit transaction in the Agreement in violation of Californian Financial Code section 23035 (e) (9).

Citation F. Licensee failed to include disclosure in Agreement that licensee cannot make a deferred deposit transaction contingent on the purchase of another product or service in the Agreement in violation of California Financial Code section 23035 (e) (11).

Citation G. Licensee failed to maintain records demonstrating minimum net worth of $25,000 in compliance with California Financial Code section 23007, including quarterly unaudited balance sheets, in violation of California Code of Regulations section 2025 (b).

Pursuant to California Financial Code section 23058, Licensee is hereby ordered to pay to the Commissioner an administrative penalty in the total amount of $11,500 for the following Citations within 30 days from the date of these Citations.

Citation A	$500
Citation B	$500
Citation C	$2,500
Citation D	$2,500
Citation E	$1,500
Citation F	$1,500
Citation G	$2,500

Pursuant to California Financial Code section 23050, Licensee is hereby ordered to desist and refrain from engaging in the business of deferred deposit transactions in the State of California in violation of the above referenced sections.

These Citations and Desist and Refrain Order are 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. These Citations and Desist and Refrain Order shall remain in full force and effect until further order of the Commissioner.

These Citations and Desist and Refrain Order are separate from any further action that may

include other administrative, civil or criminal remedies that the Commissioner may take based upon the violations of law cited herein or otherwise.

California Financial Code section 23058 provides, in relevant part:

> (a) If, upon inspection, examination or investigation, based upon a complaint or otherwise, the department has cause to believe that a person is engaged in the business of deferred deposit transactions without a license, . . . the department may issue a citation to that person in writing, describing with particularity the basis of the citation. Each citation may contain . . . an assessment of an administrative penalty not to exceed two thousand five hundred dollars ($2,500) . . . .
> . . .
>
> (c) If within 30 days from the receipt of the citation of the person cited fails to notify the department that the person intends to request a hearing as described in subdivision (d), the citation shall be deemed final.
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> (d) Any hearing held under this section shall be conducted in accordance with Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code . . . .

California Financial Code section 23050 provides:

> 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, 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.

The request for a hearing may be made by delivering or mailing a written request to:

Steven Thompson
Special Administrator
California Deferred Deposit Transaction Law
Department of Corporations
320 West 4th Street, Ste. 750
Los Angeles, California 90013-2344
(213) 576-7610

State of California – Department of Corporations

Dated: May 19, 2009
Los Angeles, CA

PRESTON DUFAUCHARD
California Corporations Commissioner

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

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