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**STATE OF CALIFORNIA**  
**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
**DEPARTMENT OF CORPORATIONS**

**TO:** ADVANCED CAPITAL, INC.  
516 Villa Suite 22  
Clovis, California 93611

**DESIST AND REFRAIN ORDER**  
**(For violations of California Financial Code section 22100)**

The California Corporations Commissioner finds that:

1. Advanced Capital, Inc. is an Oregon corporation and has its principal place of business in California located at 516 Villa, Suite 22, Clovis, California 93611.
2. Advanced Capital, Inc. doing business as Approved! Instant Cash Rebates has engaged in the business of a finance lender from on or about October 2003 through at least September 2004 as described below.
3. An examination of Advanced Capital, Inc. conducted by the California Corporations Commissioner (“Commissioner”) in January 2005 disclosed that Advanced Capital, Inc. had begun offering a “cash rebates program”. Advanced Capital, Inc. commenced the “cash rebates program” on or about October 1, 2003 and continued doing so through at least September 2004. During this period, Advanced Capital, Inc. entered into at least 1,044 cash rebate agreements with customers in the State of California.
4. The “cash rebates” made by Advanced Capital, Inc. required the customer to enter into a written agreement with Advanced Capital, Inc. whereby the customer agreed to purchase a pre-paid long distance telephone card, which Advanced Capital, Inc. called the “V.I.P. Platinum Value Card. Upon entering into the agreement, the customer was given an instant cash rebate ranging from \$50.00 to \$700.00, assessed an activation fee of the greater of 4% or \$4.00, and required to re-charge the phone card every two weeks for a set fee, i.e., \$105.00 every two weeks for 52 weeks for a \$500.00 rebate. The number of pre-paid long distance minutes equaled the amount of the cash rebate minute for dollar, i.e., 500 minutes a \$500.00 cash rebate agreement. The cash rebate

1 agreement also provided for a cancellation or termination fee of a set amount if the customer  
2 terminated the agreement prior to the end of the agreement term or otherwise failed to make its bi-  
3 monthly payments. The termination fee for a \$500.00 rebate was \$587.50. If the customer carried  
4 the agreement to full term, the customer was given a further rebate in the same amount of the initial  
5 rebate. The agreement further required customers to pay a returned check fee of \$25.00 and to agree  
6 to allow Advanced Capital, Inc. to automatically debit their bank account if timely payments were  
7 not made.

8           5.       The cash rebates made by Advanced Capital, Inc. were loans subject to the  
9 requirements of the California Finance Lenders Law (California Financial Code §§ 22000 et. seq.)

10           6.       Advanced Capital, Inc. has never been issued a license by the Commissioner  
11 authorizing it to engage in the business of a finance lender under the CFLL.

12           7.       Advanced Capital, Inc. is not exempt from the licensing requirements of  
13 California Financial Code section 22100.

14           8.       The special examination further disclosed that Advanced Capital, Inc. charged  
15 interest rates in excess of those allowed under the CFLL in all twenty loan files pulled for  
16 review.

17           By reason of the foregoing, Advanced Capital, Inc. has engaged in business as a finance  
18 lender without having first obtained a license from the Commissioner in violation of California  
19 Financial Code section 22100. Pursuant to California Financial Code section 22712, Advanced  
20 Capital, Inc. is hereby ordered to desist and refrain from engaging in the business of a finance  
21 lender and/or broker in the State of California without first obtaining a license from the  
22 Commissioner, or otherwise being exempt. This Order is necessary, in the public interest, for the  
23 protection of consumers and is consistent with the purposes, policies and provisions of the  
24 California Finance Lenders Law. This order shall remain in full force and effect until further  
25 order of the California Corporations Commissioner.

26           California Financial Code section 22712 provides in pertinent part:

27                   Whenever, in the opinion of the commissioner, any person is engaged in  
28                   business as a broker or finance lender, as defined in this division, without  
                    a license from the commissioner . . . the commissioner may order that person  
                    . . . to desist and to refrain from engaging in the business . . . . If, within 30 days

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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: February 15, 2005  
Los Angeles, CA

WILLIAM P. WOOD  
California Corporations Commissioner

By \_\_\_\_\_  
Patricia R. Speight  
Special Administrator  
California Finance Lenders Law