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

TO: MMG Holdings LLC
P.O. Box 22589
Kansas City, MO 64113

DESIST AND REFRAIN ORDER

(For violation of California Financial Code Section 23005)

The California Corporations Commissioner (“Commissioner”) finds that:

1. The Commissioner of the Department of Corporations (“Department”) is responsible for enforcing the California Deferred Deposit Transaction Law (“CDDTL”), Cal. Fin. Code § 23000 *et seq.*

2. MMG Holdings LLC (“MMG”) is an entity of unknown form; however, due to its name, it is believed to be a limited liability company. MMG maintains a mailing address at P.O. Box 22589, Kansas City, MO 64113. MMG maintains the telephone number (877) 766-7577.

3. Since at least September 2008, MMG has engaged in the business of deferred deposit transactions by offering, originating, and making deferred deposit transactions (sometimes referred to as “payday loans”) as described below.

4. In or about September 2008, a California resident searched the Internet for payday loans. She filled out a single application which provided her contact information to multiple prospective lenders. In response, MMG contacted the California resident by telephone to offer her a payday loan.

5. On or about September 8, 2008, the California resident filled out MMG’s loan application electronically. In the application, she provided MMG with her address, monthly take home pay, and next two pay dates.

1 6. On or about September 8, 2008, the California resident and MMG entered into a
2 written agreement. Pursuant to the written agreement, MMG gave the California resident a loan of
3 \$300.00 at an annual percentage rate of 782.14%. The loan proceeds were delivered by depositing
4 them into the California resident’s bank account.

5 7. The written agreement provided that the California resident would make one payment
6 of \$390.00 on or before September 23, 2008, unless the California resident chose to refinance the
7 loan. The written agreement provided that if the loan was refinanced, the California resident would
8 pay only the finance charge of \$90.00 by September 23, 2008. The written agreement further
9 provided that new finance charges would accrue with each refinance of the loan. The written
10 agreement provided that the loan would be refinanced every due date unless the California resident
11 notified MMG in writing, via facsimile to (877) 766-7578, that she wished to pay down the principal
12 of the loan.

13 8. Pursuant to the written agreement, the California resident authorized MMG to
14 automatically debit the California resident’s bank account to pay the finance charges on the loan.

15 9. Since October 6, 2008, MMG has automatically debited the California resident’s
16 bank account every two weeks. Beginning on May 15, 2009, pursuant to the California resident’s
17 request, MMG began to debit the bank account twice on each payment date, once for the finance
18 charge and once to pay down the loan principal. As of July 1, 2009, MMG had debited at least
19 \$1,550.00 from the California resident’s bank account.

20 10. Financial Code section 23005 provides, in pertinent part:

21 No person shall offer, originate, or make a deferred deposit transaction, arrange a
22 deferred deposit transaction for a deferred deposit originator, act as an agent for a
23 deferred deposit originator, or assist a deferred deposit originator in the origination of
24 a deferred deposit transaction without first obtaining a license from the commissioner
and complying with the provisions of this division.

25 11. MMG has not been issued a license by the Commissioner authorizing MMG to
26 engage in the business of deferred deposit transactions under the CDDTL. MMG is not exempt from
27 the licensing requirements of Financial Code section 23005.

28 12. By reason of the foregoing, MMG has engaged in the business of deferred deposit

1 transactions without having first obtained a license from the Commissioner.

2 13. California Financial Code section 23050 provides, in pertinent part:

3 Whenever, in the opinion of the commissioner, any person is engaged in the business
4 of deferred deposit transactions, as defined in this division, without a license from the
5 commissioner, or any licensee is violating any provision of this division, the
6 commissioner may order that person or licensee to desist and to refrain from engaging
7 in the business or further violating this division.

8 Pursuant to Financial Code section 23050, MMG Holdings LLC is hereby ordered to desist
9 and refrain from engaging in the business of deferred deposit transactions in the State of California
10 without first obtaining a license from the Commissioner, or otherwise being exempt. This Order is
11 necessary for the protection of consumers and consistent with the purposes, policies and provisions
12 of the CDDTL. This Order shall remain in full force and effect until further order of the
13 Commissioner.

14 Dated: July 29, 2009
15 Los Angeles, California

16 PRESTON DuFAUCHARD
17 California Corporations Commissioner

18 By: _____
19 ALAN S. WEINGER
20 Deputy Commissioner
21 Enforcement Division
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