

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN M. ROONEY
Assistant Chief Counsel
3 MARLOU de LUNA (CA BAR NO. 162259)
Senior Corporations Counsel
4 Department of Business Oversight
320 W. 4th St., Ste. 750
5 Los Angeles, California 90013
6 Telephone: (213) 576-7606

7 Attorneys for Complainant

8

9

10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12

13 In the Matter of the Order Issued to:)
14)
15)
16)
17)
18)
19)
20)
21)

ORDER VOIDING TRANSACTIONS
PURSUANT TO CALIFORNIA FINANCIAL
CODE SECTION 23060

22

23

24 ///

25 ///

26 ///

27 ///

28

1 Complainant, the Commissioner of Business Oversight¹ (“Commissioner” or “Department”),
2 is informed and believes, and based on such information and belief, finds as follows:

3 **I.**

4 **FACTUAL BACKGROUND**

5 VIP PDL Services, LLC, also known as The VIP Loan Shop (“VIP”) is, and was at all
6 relevant times herein, a company of unknown status located outside of the United States. It has a
7 purported business address of 4 Solomon’s Arcade, Charlestown, Nevis, West Indies. VIP transacts
8 business by way of the internet.

9 VIP offers deferred deposit transactions or “payday loans” to the general public, including
10 many California residents, by way of telephone at (866) 598-1100 and by way of internet website
11 address at www.theviploanshop.com.

12 A deferred deposit transaction is a written transaction whereby one person gives funds to
13 another person upon receipt of a personal check, and it is agreed that the personal check will not be
14 deposited until a later date. “Personal check” as referenced in Financial Code section 23001 includes,
15 “the electronic equivalent of a personal check,” such as an Automated Clearing House (“ACH”) or
16 debit card transaction.

17 Since at least 2009, VIP has engaged in the business of originating, or offering to originate,
18 deferred deposit transactions in California, as defined by the California Deferred Deposit Transaction
19 Law (“CDDTL”), as set forth in Financial Code section 23000 et seq. VIP borrowers submit an
20 online loan application through the company’s website at www.theviploanshop.com. The borrowers
21 are required to provide their checking account information from which VIP automatically debits
22 payments, fees, and interest from the borrowers. VIP, however, then uses the borrowers’ bank
23 account to deduct additional charges, sometimes doubling or tripling the amount of the original loan,
24 beyond what the CDDTL allows.

25
26 _____
27 ¹ Effective July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the
28 Department of Business Oversight in accordance with the Governor’s reorganization of state departments and agencies to
provide services more efficiently and effectively. Pursuant to the reorganization, the name of the Department of
Corporations was changed to Department of Business Oversight, headed by the Commissioner of Business Oversight.
(See Fin. Code § 321)

1 VIP has not been issued a license by the Commissioner to engage in the business of deferred
2 deposit transactions pursuant to the CDDTL. As such, VIP is not authorized to engage in payday
3 lending, or to offer, originate, or make a deferred deposit transaction, arrange a deferred deposit
4 transaction for a deferred deposit originator, act as an agent for a deferred deposit originator, or assist
5 a deferred deposit originator in the origination of a deferred deposit transaction in California or to
6 California residents.

7 II.

8 CDDTL VIOLATIONS AND ORDERS

9 The Department is responsible for enforcing all provisions of the CDDTL, including the
10 regulation of deferred deposit transactions.

11 A. Desist and Refrain Order

12 VIP has been engaging in the business of originating or offering to originate deferred deposit
13 transactions without having first obtained a license to do so from the Commissioner in violation of
14 Financial Code section 23005, subdivision (a). On February 14, 2012, the Commissioner issued a
15 Desist and Refrain Order to VIP pursuant to Financial Code section 23050 and ordered VIP to stop
16 violating Financial Code section 23005.

17 B. Order Voiding California Deferred Deposit Transactions

18 Financial Code section 23060, subdivision (b), states:

19 If any provision of this division is willfully violated in the making or
20 collection of a deferred deposit transaction, the deferred deposit
21 transaction contract shall be void, and no person shall have any right to
22 collect or receive any amount provided in the deferred deposit
transaction, any charges, or fees in connection with the transaction.

23 VIP willfully violated provisions of the CDDTL by offering California customers payday
24 loans without a deferred deposit transaction originator license in violation of Financial Code section
25 23005. Therefore, VIP is not entitled to collect or receive any amount provided in the deferred
26 deposit transactions, any charges or fees in connection with the transactions.

27 Pursuant to Financial Code section 23060, any and all deferred deposit transactions
28 contracted with California customers or in the State of California by VIP are therefore void. VIP

1 PDL Services, LLC, also known as The VIP Loan Shop, also known as www.theviploanshop.com
2 is hereby ordered to immediately cease collecting all principal amounts, and return all principal
3 amounts, provided in any and all deferred deposit transactions contracted with California
4 customers or in the State of California, and to disgorge any and all charges or fees received in
5 connection with those deferred deposit transactions.

6 Dated: July 12, 2013
7 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight



8
9
10 By: _____
11 MARY ANN SMITH
12 Deputy Commissioner
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28