

MARY ANN SMITH
Deputy Commissioner
SEAN ROONEY
Assistant Chief Counsel
UCHE L. ENENWALI (State Bar No. 235832)
Senior Counsel
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
Telephone: (213) 576-7586
Facsimile: (213) 576-7181

Attorneys for Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of)	
)	CDDTL LICENSE NO.: 100-0207
THE COMMISSIONER OF BUSINESS OVERSIGHT,)	SETTLEMENT AGREEMENT
)	
Complainant,)	
v.)	
ACE CASH EXPRESS, INC.)	
)	
Respondents.)	
)	

This Settlement Agreement (“Agreement”) is entered into between Respondent ACE Cash Express, Inc. (ACE) and the Commissioner of The Department of Business Oversight (“Commissioner”), and is made with respect to the following facts:

RECITALS

A. ACE Cash Express, Inc. (ACE) is licensed under the California Deferred Deposit Transaction Law (CDDTL), Cal. Fin. Code §23000 *et seq.* ACE was issued a CDDTL license #100-0212 on 12/31/2004. ACE’s principal place of business is located at 1231 Greenway Drive, Suite

1 600, Irving, TX 75038. ACE currently has 207 branch office locations under its CDDTL license
2 located in California, and other states.

3 B. The Commissioner is responsible for enforcing the CDDTL. A deferred deposit
4 transaction is a written transaction whereby one person gives funds to another person upon receipt of
5 a personal check and it is agreed that the personal check shall not be deposited until a later date. A
6 deferred deposit transaction is more commonly known as a “payday loan.”

7 C. On May 9, 2014, the Commissioner commenced a regulatory examination of the
8 books and records of ACE at its branch office located at 658 W. Holt Boulevard, #C, Ontario,
9 California 91762 (“2014 regulatory examination”). Two years prior, the Commissioner conducted a
10 regulatory examination of the books and records of ACE at the same office referenced herein (“2012
11 regulatory examination”).

12 D. The 2012 and 2014 regulatory examinations cited purported violations of the CDDTL
13 (collectively, “Exam Findings”) including that ACE allegedly collected excess amounts from
14 customers that made partial payments on their loans; accepted checks or agreements that were
15 partially completed and/or contained blanks relating to “date,” “payee,” “amount,” and “signature;”
16 accepted “Representative Payee,” “Beneficiary,” and “Legal Custodian” checks for deferred deposit
17 transactions; and failed to provide fingerprints of a person who owns or controls ACE, directly or
18 indirectly (hereinafter collectively “Exam Findings”). ACE admits certain of the Exam Findings but
19 asserts that those admitted Exam Findings constituted *de minimus* violations, and disputes and denies
20 other Exam Findings.

21 E. In an effort to avoid costly and protracted litigation, it is the parties’ intention to
22 resolve the Exam Findings and related matters (File No. 100-0207) without an administrative
23 hearing or other litigation.

24 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
25 forth herein, the parties agree as follows:

26 **TERMS AND CONDITIONS**
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1 1. Purpose: The purpose of this Agreement is to resolve the Exam Findings
2 expeditiously, avoid the expense of costly and protracted litigation obviating the need for further
3 proceedings.

4 2. Desist and Refrain Order (“Order”): ACE hereby agrees, and stipulates that the Order
5 issued against it dated March 24, 2015, is a final Order of the Commissioner and is not subject to
6 review by any court or agency. A copy of the Order is attached and incorporated herein as Exhibit
7 A.

8 3. Waiver of Hearing Rights: ACE acknowledges its right to a hearing under the
9 CDDTL in connection with the allegations of the Exam Findings, and hereby waives that right to a
10 hearing, and to any reconsideration, appeal, or other right to review which may be afforded pursuant
11 to the CDDTL, the California Administrative Procedure Act, the California Code of Civil Procedure,
12 or any other provision of law and by waiving such rights, consents to the Agreement becoming final.

13 4. Independent Legal Advice: Each of the parties represents, warrants, and agrees that it
14 has received or been advised to seek independent legal advice from its attorneys with respect to the
15 advisability of executing this Agreement and Order.

16 5. No Admission of Liability: This Agreement and Order constitute the settlement of
17 disputed claims. Except as to the specific violations noted above, ACE denies that it has acted in any
18 improper or illegal manner and denies the allegations of the Exam Findings. The parties enter into
19 this Agreement and Order solely for the limited purpose of resolving the Exam Findings as well as
20 any future proceeding(s) that may be initiated by, or brought before, the Commissioner related to the
21 Exam Findings. The parties agree that this Agreement and Order do not and shall not constitute or
22 be deemed to be an admission or evidence of any violation of statute, regulation or liability or
23 wrongdoing by ACE, or the proper scope of liability under any statute or law, or the truth of any
24 allegation or finding in the Examination Findings. Nothing contained herein may be admitted in any
25 court, administrative tribunal or elsewhere as evidence of ACE’s liability for any of the allegations
26 asserted in the Exam Findings.

27 6. Payments and Ongoing Compliance:
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1 (a) ACE has already made full restitution or repayment to all customers affected by the
2 admitted violations in the amount of \$383.84 who could be located, and currently holds \$ 0.02 for
3 escheat to the State of California for amounts collected by ACE due and owing to customers who,
4 despite the exercise of due diligence, could not be located.

5 (b) ACE shall pay the Commissioner twenty-two thousand and five hundred dollars
6 (\$22,500.00) as full settlement of the total administrative penalties levied against it pursuant to
7 Financial Code sections 23058 (a)-(c). The payment shall be made within thirty (30) days following
8 execution of this Agreement, by check or money order made payable to the Department of Business
9 of Oversight and sent to: Uche Enenwali, Senior Counsel, 320 West 4th Street, Ste. 750, Los
10 Angeles, CA 90013.

11 (c) ACE asserts it has ceased to make loans covered by the CDDTL to borrowers who
12 are Representative Payees of Legal Custodians of another person, and agrees that it shall continue
13 this practice unless and until the Commissioner authorizes such loans to be made under the CDDTL.

14 (d) ACE shall provide a Statement of Identity and Questionnaire (“SIQ”) for the
15 individual for whom the Commissioner has requested such SIQ, and shall cause such individual to
16 submit fingerprints to the Commissioner, not later than thirty (30) days after the execution of this
17 Agreement and Order; provided, however, that this action shall not be required of ACE in the event
18 that such individual ceases to be employed by ACE or any entity related to ACE by common
19 ownership prior to that date.

20 7. Notice of Intent to Suspend and Accusation: The Department initiated an action,
21 entitled Notice of Intention to Issue Order Suspending California Deferred Deposit Transaction Law
22 License, and Accusation in Support of Notice of Intent to Issue Order Suspending California
23 Deferred Deposit Transaction License, in The Matter of The Commissioner of Business Oversight v.
24 Ace Cash Express, Inc., filed by the Commissioner on or about March 24, 2015. In taking the
25 actions specified in paragraph 6 above, and in consenting to the instant Desist and Refrain Order, the
26 issues in said Notice and said Accusation have been resolved. The Department reserves the right to
27 take any enforcement action necessary should the Department determine that ACE has violated the
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1 terms of the Desist and Refrain Order. Any enforcement action taken for violations of the Desist and
2 Refrain Order may contain the allegations included in the Notice and Accusation.

3 8. Future Actions by the Commissioner: The Commissioner reserves the right to bring
4 any action available under law against ACE or any of their partners, owners, employees or
5 successors for any and all unknown or future violations of the CDDTL. However, this agreement
6 and Order shall resolve and discharge ACE of any further liability, fine or discipline or other
7 punitive conduct that could have been brought by the Commissioner arising out of or relating to the
8 Exam Findings, the current regulatory examinations and this Agreement and Order so long as ACE
9 is in compliance with section 6 of the Agreement and Order. ACE agrees that failure to comply with
10 any of the provisions set forth in this Agreement shall constitute grounds for disciplinary action
11 under the CDDTL. If ACE fails to comply with any of the provisions set forth herein, the
12 Commissioner may, in addition to all other available remedies under the CDDTL, summarily
13 suspend the Deferred Deposit Transaction License of ACE until such time as ACE comes into full
14 compliance. If ACE fails to make any payments to the Commissioner or offer refunds to the
15 consumers referred to in section 6 above, failure to do so shall be breach of this Agreement and shall
16 be cause for the Commissioner to revoke or deny, respectively any Department license or any
17 pending applications of ACE or their successors and assigns, by whatever names they might be
18 known.

19 9. Settlement Agreement Coverage: The parties hereby acknowledge and agree that this
20 Agreement and Order are intended to constitute a full, final and complete resolution of the Exam
21 Findings. The parties further acknowledge and agree that this Agreement and Order shall not operate
22 to limit the Commissioner's ability to assist any other agencies with any prosecution, administrative,
23 civil or criminal, brought by any such agency against ACE based upon any of the activities alleged
24 in this matter or otherwise. Each of the parties represents, warrants, and agrees that in executing this
25 Agreement and Order it has relied solely on the statements set forth herein and the advice of its own
26 counsel and has placed no reliance on any statement, representation, or promise of any other party,
27 or any other person or entity not expressly set forth herein, or upon the failure of any party or any
28 other person or entity to make any statement, representation or disclosure of anything whatsoever.

1 The parties have included this clause: (1) to preclude any claim that any party was in any way
2 fraudulently induced to execute this Agreement Order; and (2) to preclude the introduction of parol
3 evidence to vary, interpret, supplement, or contradict the terms of this Agreement and Order.

4 10. Full Integration: This Agreement and Order is the final written expression and the
5 complete and exclusive statement of all the agreements, conditions, promises, representations, and
6 covenants between the parties with respect to the subject matter hereof, and supersedes all prior or
7 contemporaneous agreements, negotiations, representations, understandings, and discussions
8 between and among the parties, their respective representatives, and any other person or entity.

9 11. No Presumption From Drafting: In that the parties have had the opportunity to draft,
10 review and edit the language of this Agreement and Order, no presumption for or against any party
11 arising out of drafting all or any part of this Agreement and Order will be applied in any action
12 relating to, connected to or involving this Agreement and Order. Accordingly, the parties waive the
13 benefit of California Civil Code section 1654 and any successor or amended statute, providing that
14 in cases of uncertainty, language of a contract should be interpreted most strongly against the party
15 who caused the uncertainty to exist.

16 12. Effective Date: This Agreement and Order shall not become effective until signed
17 and delivered by all parties.

18 13. Counterparts: This Agreement and Order may be executed in any number of counter-
19 parts by the parties, and when each party has signed and delivered at least one such counter-part to
20 the other party, each counter-part shall be deemed an original and taken together shall constitute one
21 and the same Agreement and Order.

22 14. Modifications and Qualified Integration: No amendment, change or modification of
23 this Agreement and Order shall be valid or binding to any extent unless it is in writing and signed by
24 both of the parties.

25 15. Headings and Governing Law: The headings to the paragraphs of this Agreement and
26 Order are inserted for convenience only and will not be deemed a part hereof or affect the
27 construction or interpretation of the provisions hereof. This Agreement and Order shall be construed
28 and enforced in accordance with and governed by California law.

1 16. Authority For Settlement: ACE covenants that it possesses all necessary capacity and
2 authority to sign and enter into this Agreement and Order. ACE warrants and represents that it is
3 fully entitled and duly authorized to enter into and deliver this Agreement and Order. In particular,
4 and without limiting the generality of the foregoing, ACE warrants and represents that it is entitled
5 to enter into the covenants, and undertake the obligations set forth herein.

6 17. Public Record: ACE acknowledges that this Agreement and Order is a public record.

7 18. Voluntary Agreement: ACE represents and acknowledges that it is executing this
8 Agreement and Order completely voluntarily and without any duress or undue influence of any kind
9 from any source.

10 19. Notices: Any notice required under this Agreement shall be addressed as follows:

11 To ACE: Laurie Goodine Hill, SVP, Deputy General Counsel,
12 and Chief Compliance Officer
13 ACE Cash Express, Inc.
14 1231 Greenway Drive, Suite 600
Irving, Texas 75038

15 To the Commissioner: Uche Enenwali, Esq.
16 Senior Counsel
17 Department of Business Oversight
18 320 W. 4th Street, Suite 750
Los Angeles, CA 90013-2344

19 20. Each signatory hereto covenants that he/she possesses all necessary capacity and
20 authority to sign and enter into this Settlement Agreement.

21 Dated: October -5, 2015 JAN LYNN OWEN
22 Commissioner of Business Oversight

23 By: _____
24 MARY ANN SMITH
25 Deputy Commissioner

26 Dated: October 4, 2015 ACE CASH EXPRESS
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By: _____
Laurie Goodine Hill, SVP, Deputy General
Counsel, and Chief Compliance Officer
ACE Cash Express, Inc.