

1 Preston DuFauchard, California Corporations Commissioner, acting to protect the public from
2 unlawful lending practices brings this action in the public interest in the name of the People of the
3 State of California. The People of the State of California allege as follows:

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5 **JURISDICTION AND VENUE**

6 1. The California Corporations Commissioner, ("Commissioner") pursuant to
7 Government Code section 11180 and Financial Code section 23051(a) seeks to enjoin defendants and
8 protect the public from unlawful lending practices which violate the California Deferred Deposit
9 Transaction Law (hereinafter referred to as the "CDDTL", California Financial Code section 23000
10 et seq.),¹ and the rules promulgated pursuant to it. The Commissioner also seeks: (1) an order for
11 restitution and civil penalties pursuant to section 23051, subdivisions (b) and (C), respectively; (2) an
12 order voiding all deferred deposit transactions pursuant to section 23060, subdivisions (a) and (b); or
13 in the alternative, an order of forfeiture pursuant to sections 23061, subdivision (a), and 23062,
14 subdivision (a).

15 2. Defendants, and each of them, have transacted and continue to transact business
16 within Los Angeles County and other counties in California. Defendants, and each of them, have
17 engaged in unlawful lending activity in California. Defendants' unlawful lending activities have
18 resulted in financial loss to California residents. The violations of law herein have occurred and will
19 continue to occur, unless enjoined, within Los Angeles County and elsewhere within the State of
20 California.

21 **DEFENDANTS**

22 3. Plaintiff is informed and believes and thereupon alleges that at all relevant times
23 herein, defendant AMERILOAN also known as AMERILOAN.COM ("Ameriloan"), a business
24 organization whose form is unknown, was, and is, a corporation, a limited liability company, or a
25 partnership. Defendant Ameriloan's last known business address is 3531 P. Street, P.O.Box 111,
26 Miami, Oklahoma. Ameriloan maintains a website at <http://www.ameriloan.com>.

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28 ¹ All further statutory references are to the Financial Code unless otherwise indicated.

1 4. Plaintiff is informed and believes and thereupon alleges that at all relevant times
2 herein, defendant US FAST CASH also known as USFASTCASH.COM ("US Fast Cash"), a
3 business organization whose form is unknown, was, and is, a corporation, a limited liability company,
4 or a partnership. Defendant US Fast Cash's last known business address is 3531 P. Street P.O.Box
5 111, Miami, Oklahoma. US Fast Cash maintains a website at <http://www.usfast.com>.

6 5. Plaintiff is informed and believes and thereupon alleges that at all relevant times
7 herein, defendant UNITED CASH LOANS also known as UNITEDCASHLOANS.COM ("United
8 Cash"), a business organization whose form is unknown, was, and is, a corporation, a limited
9 liability company, or a partnership. Defendant United Cash's last known business address is 3531
10 P. Street P.O. Box 111, Miami, Oklahoma 74355. United Cash maintains a website at
11 <http://unitedcashloans.com>.

12 6. Plaintiff is informed and believes and thereupon alleges that at all relevant times
13 herein, defendant ONE CLICK CASH also known as ONECLICKCASH.COM ("One Click Cash"),
14 a business organization whose form is unknown, was, and is, a corporation, a limited liability
15 company, or a partnership. Defendant One Click Cash's last known business address is 52946
16 Highway 12, Suite 3, Niobara, NE 68750. One Click Cash maintains a website at
17 <http://oneclickcash.com>.

18 7. Plaintiff is informed and believes and thereupon alleges that at all relevant times
19 herein, defendant PREFERRED CASH LOANS also known as PREFERRED CASHLOANS.COM
20 ("Preferred Cash"), a business organization whose form is unknown, was, and is, a corporation, a
21 limited liability company, or a partnership. Defendant Preferred Cash's last known business address
22 is 3531 P. Street P.O. Box 111, Miami, Oklahoma 74355. Preferred Cash maintains a website at
23 <http://preferredcashloans.com>.

24 8. Plaintiff is informed and believes and thereupon alleges that at all relevant times
25 herein, defendant INTERNET CASH ADVANCE MARKETING, INC ("ICAM") was, and is, a
26 Canada corporation. Defendant ICAM's last known business address is #5- 2368 Laurel Street,
27 Vancouver, British Columbia, V5Z 4M9.
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1 9. Defendants DOES ONE through TEN are persons, corporations, partnerships, or other
2 entities who have done or will do acts otherwise alleged in this Complaint. Plaintiff is informed and
3 believes, and on such information and belief alleges, that defendants DOES ONE through TEN
4 inclusive, at all times mentioned herein, have acted and are continuing to act in concert with the
5 defendants named herein, and that each of them has participated in the acts and transactions which
6 are the subjects of this Complaint. The true names and capacities of DOES ONE through TEN,
7 whether individual, corporate, or otherwise, are unknown to plaintiff, who therefore sues such
8 defendants under such fictitious names, pursuant to the provisions of Code of Civil Procedure section
9 474. Plaintiff asks leave of the court to amend the Complaint to allege the true names and capacities
10 of such defendants at such time as the same have been ascertained.

11 10. Plaintiff is informed and believes and on such information and belief alleges that, at all
12 relevant times, the defendants named as officers, directors, agents or employees, acted in such
13 capacities in connection with the acts, practices and schemes of business set forth below.

14 11. Whenever any allegation is made in this Complaint to "defendants" doing any act, the
15 allegation shall mean the act of each individual defendant acting individually, jointly and severally
16 and the conspiring of these defendants to so act. Each defendant alleged to have committed any act
17 did so pursuant to and in furtherance of a common plan, scheme and conspiracy and as the agent for
18 each and every co-defendant. Each defendant acted in conspiracy to violate the provisions of the
19 California Financial Code, section 23000 et seq.

20 12. Whenever any allegation is made in this Complaint to any business entity doing any
21 act, the allegation shall mean acts done or authorized by the officers, managers, directors, agents, and
22 employees of the defendant while actively engaged in the management, direction, or control of the
23 affairs of the defendant, and while acting within the course and scope of their employment.

24 13. Plaintiff is informed and believes and on such information and belief alleges that each
25 defendant alleged to have committed any act, did and committed the same pursuant to a common plan
26 and scheme among all defendants, and did so as the agent for each and all of his co-defendants and
27 pursuant to and in furtherance of the common plan and scheme.

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1 21. Defendants engage in deferred deposit transactions using written agreements that are
2 not in compliance with section 23035, subdivisions (e), and (h), thereby violating the aforementioned
3 sections.

4 22. Pursuant to section 23036, subdivision (a), a fee for a deferred deposit transaction
5 shall not exceed 15 percent of the face amount of the check. An additional fee may not be charged
6 for payments made under an extended time period or under a payment plan approved by the licensee
7 as required by section 23036, subdivision (b). Subdivision (f) prohibits a licensee from charging any
8 amount in excess of the amounts authorized by this section directly or indirectly pursuant to a
9 deferred deposit transaction. Defendants charge fees of up to 120% of the face amount of a
10 customer's check upon originating a deferred deposit transaction. Defendants charge fees of up to
11 300% of the face amount of a customer's check on payments made after the due date or payments
12 made in accordance with defendants' payment plans.

13 23. None of the defendants is licensed by the Commissioner to engage in the business of
14 originating deferred deposit transactions in the State of California and there is no applicable
15 exemption available to the defendants.

16 24. On August 22, 2006, the Commissioner issued a Desist and Refrain Order ("Order")
17 against defendants for engaging in unlicensed deferred deposit transaction business. The Order was
18 served by certified mail on September 8, 2006, and by personal delivery on September 12, 2006. The
19 Order remains in effect.

20 25. Defendants have engaged in the business of deferred deposit transactions by
21 originating deferred deposit transactions without a license or applicable exemption on at least seven
22 occasions since the Order was served on defendants.

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FIRST CAUSE OF ACTION

(Financial Code section 23005 – Unlicensed Deferred Deposit Transaction Business)

(Against All Defendants)

26. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 25 of this complaint as though fully set forth herein.

27. Section 23005 of the California Financial Code provides as follows:

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

28. Commencing on exact dates unknown to the Commissioner, but in or about July 2005 and continuing through the present, defendants and their agents, employees and representatives have engaged in the business of deferred deposit transactions in this state.

29. Each of the defendants named in this complaint has engaged, or participated, assisted, aided or abetted in a material way, or directed the engagement in the business of deferred deposit transactions.

30. The Commissioner has not issued a license or other form of permit authorizing any of the named defendants to engage in the business of deferred deposit transactions in the State of California and defendants’ activities as referred to above were not exempt from the requirement of licensure under Section 23005.

31. Defendants and their agents, employees and representatives have engaged in the business of deferred deposit transactions without licensure in violation of Financial Code Section 23005 since at least July 2005 and will continue to engage in such violative activities unless enjoined from doing so by this court.

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SECOND CAUSE OF ACTION

(Financial Code section 23035, subdivisions (a)-(h) Excessive Loans And Disclosure Provisions)

(Against All Defendants)

32. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 31 of this complaint as though fully set forth herein.

33. Section 23035, subdivision (a) of the California Financial Code provides in relevant part:

A licensee may defer the deposit of a customer's personal check for up to 31 days, pursuant to the provisions of this section. The face amount of the check shall not exceed three hundred dollars (\$300). Each deferred deposit transaction shall be made pursuant to a written agreement as described in subdivision (e) that has been signed by the customer and by the licensee or an authorized representative of the licensee.

Section 23035, subdivision (c) provides in relevant part:

Before entering into a deferred deposit transaction, licensees shall distribute to customers a notice that shall include, but not be limited to, the following: ... (2) That if the customer's check is returned unpaid, the customer may be charged an additional fee of up to fifteen dollars (\$15)... (3) That the customer cannot be prosecuted in a criminal action in conjunction with a deferred deposit transaction for a returned check or be threatened with prosecution. ... (4) The department's toll-free telephone number for receiving calls regarding customer complaints and concerns. ... (5) That the licensee may not accept any collateral in conjunction with a deferred deposit transaction. ... (6) That the check is being negotiated as part of a deferred deposit transaction made pursuant to Section 23035 of the Financial Code and is not subject to the provisions of Section 1719 of the Civil Code. No customer may be required to pay treble damages if this check does not clear

Section 23035, subdivision (e) provides in pertinent part:

An agreement to enter into a deferred deposit transaction shall be in writing and shall be provided by the licensee to the customer. The written agreement shall authorize the licensee to defer deposit of the personal check, shall be signed by the customer, and shall include all of the following: ... (3) The name, address, and telephone number of the licensee. ... (9) That the customer cannot be prosecuted or threatened with prosecution to collect. ... (10) That the licensee cannot accept collateral in connection with the transaction.

Section 23035, subdivision (h) provides in pertinent part:

Under no circumstances shall a deferred deposit transaction agreement include any of

1 the following: ... (5) Any unconscionable provision.

2 34. Commencing on exact dates unknown to the Commissioner, but in or about July 2005,
3 defendants and their agents, employees and representatives originated deferred deposit transactions
4 wherein defendants obtained checks showing face amounts exceeding \$300 as referenced herein in
5 paragraph 17. Defendants failed to provide a notice to customers or use written agreements that
6 disclose information prescribed under section 23035, subdivisions (c), (2), (3), (4), (5), and (6);
7 section 23035, subdivision (e) (3), (9) and (10); and section 23035, subdivision (h) (5). Defendants'
8 written agreements contain unconscionable provisions in violation of section 23035, subdivision (h)
9 (5), including but not limited to:

- 10 (i) An arbitration clause requiring all disputes arising from the deferred deposit
- 11 transactions to be resolved only by binding arbitration on an individual basis;
- 12 (ii) That customers may not bring, join, or participate in a class action;
- 13 (iii) That if a customer timely revokes his or her authorization to defendants to make
- 14 electronic debits, defendants are authorized to prepare and submit a check drawn on
- 15 the customer's account to repay the loan when it comes due.

16 35. Each of the defendants named in this complaint has engaged, or participated, assisted,
17 aided or abetted in a material way, or directed the engagement in the business of deferred deposit
18 transactions in violation of the sections described herein in paragraph 31.

19 36. Defendants and their agents, employees and representatives have engaged in the
20 business of deferred deposit transactions in violation of section 23035, subdivision (a); subdivision
21 (c), (2), (3), (4), (5), and (6); subdivision (e) (3), (9) and (10); and subdivision (h) (5) since at least
22 July 2005, and will continue to engage in the business of deferred deposit transactions in violation of
23 these provisions unless enjoined from doing so by this court.

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1 **THIRD CAUSE OF ACTION**

2 (Financial Code section 23036, subdivisions (a), (b) and (f)-Excessive Fees Provisions)

3 (Against All Defendants)

4 Plaintiff re-alleges and incorporates by reference paragraphs 1 through 36 of this complaint as
5 though fully set forth herein.

6 37. Section 23036, subdivisions (a), (b) and (f) of the California Financial Code provide in
7 relevant part:

8 (a) A fee for a deferred deposit transaction shall not exceed 15 percent of the face
9 amount of the check.

10 (b) A licensee may allow an extension of time, or a payment plan, for repayment of an
11 existing deferred deposit transaction but may not charge any additional fee or
12 charge of any kind in conjunction with the extension or payment plan...

13 (f) No amount in excess of the amounts authorized by this section shall be directly or
14 indirectly charged by a licensee pursuant to a deferred deposit transaction.

15 38. Commencing on exact dates unknown to the Commissioner, but in or about July 2005
16 and continuing through the present, defendants and their agents, employees and representatives have
17 engaged in the business of deferred deposit transactions wherein they charge customers fees in excess
18 of 15% of the face amount of a customer's check in violation of section 23036, subsection (a) as
19 more fully described above in paragraph 20. Defendants charge customers additional fees on
20 payments made in accordance with a payment plan offered by defendants, or after the due date in
21 violation of section 23036, subdivisions (b) and (f).

22 39. Each of the defendants named in this complaint has engaged, or participated, assisted,
23 aided or abetted in a material way, or directed the engagement in the business of deferred deposit
24 transactions in violation of section 23036, subdivisions (a) (b) and (f).

25 40. Defendants and their agents, employees and representatives have engaged in the
26 business of deferred deposit transactions in violation of Financial Code Section 23036, subdivisions
27 (a) (b) and (f) since at least July 2005 and will continue to engage in such violative activities unless
28 enjoined from doing so by this court.

FOURTH CAUSE OF ACTION

(Financial Code section 23050 - Violation of Desist & Refrain Order)

(Against All Defendants)

41. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 40 of this complaint as though fully set forth herein.

42. Section 23050 of the California Financial Code provides in relevant part:

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, . . . the commissioner may order that person . . . to desist and to refrain from engaging in the business . . .

43. Commencing on exact dates unknown to the Commissioner, but in or about May 2005, defendants and their agents, employees and representatives engaged in non-exempt, unlicensed deferred deposit business transactions in this state, which resulted in the Commissioner's issuance on August 22, 2006, pursuant to Section 23050, of the Desist and Refrain Order described in paragraph 24 above.

44. Notwithstanding the Desist and Refrain Order, defendants and their agents, employees and representatives continued to engage in the business of deferred deposit transactions without a license or exemption.

45. Each of the defendants named in this complaint has engaged, or participated, assisted, aided or abetted in a material way, or directed the engagement in the business of deferred deposit transactions in violation of the Desist and Refrain Order.

46. Defendants and their agents, employees and representatives have engaged in the business of deferred deposit transactions in violation of the Desist & Refrain Order since at least August 2006, and will continue to engage in the business of deferred deposit transactions in violation of the Desist & Refrain Order unless enjoined from doing so by this court.

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PRAYER FOR RELIEF

WHEREFORE, The People of the State of California pray for judgment as follows:

I. INJUNCTIVE RELIEF FOR THE VIOLATIONS

1. For an order requiring defendants and such Does as may be subsequently named, and each of them, individually, jointly and severally to show cause, if any they have, why they should not be enjoined as set forth in this complaint, during the pendency of this action;

2. Pursuant to section 23051, subdivision (a), for a temporary restraining order, a preliminary injunction, and a permanent injunction restraining and enjoining defendants, and each of them, and all Does, and their officers, directors, successors in interest, controlling persons, agents, employees, attorneys in fact, and all other persons acting in concert or participating with them, or any of them, from directly or indirectly:

(a) Violating section 23005 of the Financial Code by engaging in any business of deferred deposit transactions which is not exempt from the licensing requirements of the California Deferred Deposit Transaction Law whether as part of the scheme complained of herein or otherwise, unless and until they shall first have applied for and secured from the Commissioner, a license pursuant to the California Deferred Deposit Transaction Law authorizing the engagement in the business of deferred deposit transactions;

(b) Violating section 23035 subdivisions (a); (c), (2), (3), (4), (5) and (6); (e) (3), (9), and (10); and (h) (5) by originating excessive loans; failing to provide notices to customers as required under this section; using written agreements not in compliance with the provisions of this section and using agreements that contain unconscionable provisions whether as part of the scheme complained of herein or otherwise.

(c) Violating section 23036 subdivisions (a), (b), and (f) by charging excessive fees or excessive amounts whether as part of the scheme complained of herein or otherwise.

(d) Violating any order issued by the Commissioner against defendants or any of them, including, but not limited to, the Desist and Refrain Order described in this complaint;

(e) Destroying, mutilating, concealing, altering, transferring or otherwise disposing of, in any manner, any books, records, documents, correspondence, brochures, manuals, or other

1 documents of any kind relating to the deferred deposit business in the possession, custody or control
2 of any of the defendants until further order of this court.

3 **II. RESTITUTION**

4 Pursuant to section 23051, subdivision (b), for a Final Judgment requiring defendants and
5 such Does as may be subsequently named, and each of them, individually, jointly and severally, to
6 rescind each and all of the unlawful transactions alleged in this Complaint, as shall be determined by
7 this Court to have occurred, and further requiring all defendants and such Does as may be
8 subsequently named, and each of them, individually, jointly and severally, to pay full restitution and
9 disgorgement of fees and principal on loans to each person determined to have been injured by the
10 defendants' acts or practices which constitute violations of the Financial Code, in an amount of
11 \$10,000,000, or according to proof. In addition, to pay either the contracted rate of interest or the
12 legal rate of interest for the amounts collected from customers from the dates of origination of their
13 loans to the date of judgment herein.

14 **III. CIVIL PENALTIES**

15 For a Final Judgment requiring defendants and such Does as may be subsequently named, and
16 each of them, to pay to the Department of Corporations \$2,500 as a civil penalty for each act in
17 violation of Section 23005, 23035, 23036 and the Desist & Refrain Order Law, as authorized by
18 section 23051, subdivision (c), in an amount of \$10,000,000 or according to proof.

19 **IV. ORDER VOIDING CONTRACTS OR IN THE ALTERNATIVE ORDER OF**
20 **FORFEITURE**

21 **A. Order Voiding Contracts**

22 Pursuant to section 23060, subdivisions (a) and (b), for a Final Judgment against defendants
23 and such Does as may be subsequently named, and each of them, individually, jointly and severally,
24 voiding each and all of the unlawful transactions alleged in this Complaint, as shall be determined by
25 this Court to have occurred, and further prohibiting all defendants and such Does as may be
26 subsequently named, and each of them, individually, jointly and severally, from collecting or
27 receiving any amount provided in the deferred deposit transactions, including but not limited to any
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1 principal, any charges, or fees in connection with the transaction or with defendants' acts or practices,
2 which constitute violations of the Financial Code, and directing all defendants to return all principal
3 amounts, charges and fees collected from California customers.

4 B. Order of Forfeiture

5 In the alternative to paragraph A above, pursuant to section 23061, subdivision (a), for a Final
6 Judgment directing that defendants and such Does as may be subsequently named, and each of them,
7 individually, jointly and severally, forfeit all charges and fees on all unlawful deferred deposit
8 transactions alleged in this complaint, relating to excessive fees and charges made in violation of
9 violation of section 23036, subdivisions (a), (b) and (f) as shall be determined by this Court to have
10 occurred, and further prohibiting all defendants and such Does as may be subsequently named, and
11 each of them, individually, jointly and severally, from collecting or receiving any amount provided in
12 the deferred deposit transactions, including but not limited to any charges, or fees in connection with
13 the transaction or with defendants' acts or practices, which constitute violations of the Financial
14 Code;

15 Pursuant to section 23062, subdivision (a), for a Final Judgment directing that defendants and
16 such Does as may be subsequently named, and each of them, individually, jointly and severally,
17 forfeit all charges and fees on all unlawful deferred deposit transactions alleged in this complaint,
18 relating to excessive loans, failure to provide notice to customers, and using improper written
19 agreements made in violation of section 23035, subsection (a), (c) (2), (3), (4), (5) and (6); (e) (3), (9)
20 and (10), and (h) (5), as shall be determined by this Court to have occurred, and further prohibiting all
21 defendants and such Does as may be subsequently named, and each of them, individually, jointly and
22 severally, from collecting or receiving any amount provided in the deferred deposit transactions,
23 including but not limited to any charges, or fees in connection with the transaction or with
24 defendants' acts or practices, which constitute violations of the Financial Code, and directing all
25 defendants to return all charges and fees collected to California customers.

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1 **V. ORDER TO RETAIN JURISDICTION**

2 For an Order that this court will retain jurisdiction of this action in order to implement and
3 carry out the terms of all orders and decrees that may be entered herein or to entertain any suitable
4 application or motion by Plaintiff for additional relief within the jurisdiction of this court.

5 **VI. OTHER RELIEF**

6 For such other and further relief as this Court may deem necessary and proper.

- 7 1. For cost of suit herein, including costs of investigation; and
8 2. For such additional relief as may be requested hereafter and deemed proper by the

9 court.

10 Dated: June 30, 2007
11 Los Angeles, California

PRESTON DUFAUCHARD
California Corporations Commissioner

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14 By: _____
15 Uche L. Enewali
16 Corporations Counsel
17 Enforcement Division
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