2011 Annual Report

Operation of Deferred Deposit Originators licensed under the California Deferred Deposit Transaction Law

State of California

Business, Transportation and Housing Agency

Department of Corporations

STATE OF CALIFORNIA
EDMUND G. BROWN JR., Governor

BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

JAN LYNN OWEN
CALIFORNIA CORPORATIONS COMMISSIONER

Financial Services Division
California Deferred Deposit Transaction Law

Louisa A. Broudy, Deputy Commissioner
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Los Angeles, California
October 31, 2012

This Report includes data submitted by deferred deposit originators licensed under the California Deferred Deposit Transaction Law, required by Section 23026 of the Financial Code. The full citation reads:

> *On or before March 15 of each year, beginning March 2006, each licensee shall file an annual report with the commissioner pursuant to procedures that the commissioner shall establish. The licensee's annual report shall be kept confidential pursuant to Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code and any regulations adopted thereunder. The annual consolidated report shall be prepared by the commissioner and made available to the public. For the previous calendar year, these reports shall include the following:*
>
> *(a) The total number and dollar amount of deferred deposit transactions made by the licensee.*
>
> *(b) The total number of individual customers who entered into deferred deposit transactions.*
>
> *(c) The minimum, maximum, and average amount of deferred deposit transactions.*
>
> *(d) The average annual percentage rate of deferred deposits.*
>
> *(e) The average number of days of deferred deposit transactions.*
>
> *(f) The total number and dollar amount of returned checks.*
>
> *(g) The total number and dollar amount of checks recovered.*
>
> *(h) The total number and dollar amount of checks charged off.*

The Department has also included related information, such as the number of licenses issued, filed, and surrendered.

This Report is based on unaudited data presented by licensees and submitted in a format prescribed by the Department of Corporations and licensing statistics. The reader should be aware that the data contained herein is primarily statistical in nature. Certain statistical data compilations required of licensees have been modified to provide more meaningful statistics. To assist in comparing data from prior years, certain statistical data is included in the charts on pages 9 through 15.

Upon reviewing the data, the report demonstrates a steady decline in the number of California deferred deposit licensed locations. In 2006 there were 2,445 licensed locations, compared to 2,119 licensed locations in 2011. From 2006 to 2011 the number of licensed locations has decreased by 326. However, starting in 2009 the decline in licensed locations appears to be leveling off. Between 2009 and 2011 only 68 licenses were surrendered. The data also shows that, even though the licensed locations have decreased, the number of deferred deposit transactions and customers obtaining deferred deposits is steadily increasing.

REPORTED LICENSEES AS OF	NUMBER
DECEMBER 31, 2011	2119
DECEMBER 31, 2010	2144
DECEMBER 31, 2009	2187
DECEMBER 31, 2008	2385
DECEMBER 31, 2007	2403
DECEMBER 31, 2006	2493
DECEMBER 31, 2005	2445

	2006	2007	2008	2009	2010	2011
Total Dollar Amount of Deferred Deposit Transactions Made	$2,553,427,572	$2,969,905,917	$3,092,592,282	$3,088,358,316	$3,125,299,157	$3,276,629,497
Total Number of Deferred Deposit Transactions Made	10,048,422	11,152,466	11,841,014	11,784,798	12,092,091	12,427,810
Total Number of Individual Customers Who Obtained Deferred Deposit Transactions (repeat customers counted once)	1,432,844	1,609,680	1,665,019	1,567,188	1,646,700	1,738,219

	2006	2007	2008	2009	2010	2011
Average Dollar Amount of Deferred Deposit Transactions Made	$254	$266	$261	$262	$258	$263
Minimum Dollar Amount of Deferred Deposit Transactions Made	$10	$10	$6	$8	$4	$12
Maximum Dollar Amount of Deferred Deposit Transactions Made	$300	$300	$300	$300	$300	$300
Average Annual Percentage Rate (APR)	429%	424%	416%	414%	414%	411%
Average Number of Days of Deferred Deposit Transactions	16	16	17	17	17	17

	2006	2007	2008	2009	2010	2011
Total Number of Returned Checks from Deferred Deposit Transactions	751,117	823,594	816,605	677,616	931,735	931,387
Percentage of Total Number of Returned Checks to Total Number of Deferred Deposit Transactions Made	7.47%	7.38%	6.90%	5.75%	7.71%	7.49%
Total Dollar Amount of Returned Checks from Deferred Deposit Transactions	$186,031,613	$213,050,882	$214,887,020	$178,369,234	$239,593,849	$246,769,462
Percentage of Total Dollar Amount of Returned Checks to Total Dollar Amount of Deferred Deposit Transactions Made	7.29%	7.17%	6.95%	5.78%	7.67%	7.53%

	2006	2007	2008	2009	2010	2011
Total Number of Returned Checks from Deferred Deposit Transactions Recovered (includes partial recoveries)	520,756	492,405	522,157	432,284	674,470	642,069
Percentage of Total Number of Returned Checks from Deferred Deposit Transactions Recovered (includes partial recoveries) to Total Number of Deferred Deposit Transactions Made	5.18%	4.42%	4.41%	3.67%	5.58%	5.17%
Total Dollar Amount of Returned Checks Recovered (includes partial recoveries)	$106,441,869	$115,002,061	$120,316,378	$98,998,954	$164,196,162	$160,480,858
Percentage of Total Dollar Amount of Returned Checks Recovered (including partial recoveries) to Total Dollar Amount of Deferred Deposit Transactions Made	4.17%	3.87%	3.89%	3.21%	5.25%	4.90%

	2006	2007	2008	2009	2010	2011
Total Number of Checks Charged Off (includes partial balances charged off)	307,697	355,804	321,555	280,233	180,020	285,555
Percentage of Total Number of Checks Charged Off (including partial balances) to Total Number of Deferred Deposit Transactions Made	3.06%	3.19%	2.72%	2.38%	2.32%	2.30%
Total Dollar Amount of Deferred Deposit Transactions Charged Off (includes partial balances charged off)	74,825,909	85,683,626	81,783,721	72,023,747	70,937,735	72,367,689
Percentage of Total Dollar Amount of Checks Charged Off (including partial balances charged off) to Total Dollar Amount of Deferred Deposit Transactions Made	2.93%	2.89%	2.64%	2.33%	2.27%	2.21%

Chart 1
Change in Number of Licensed Locations

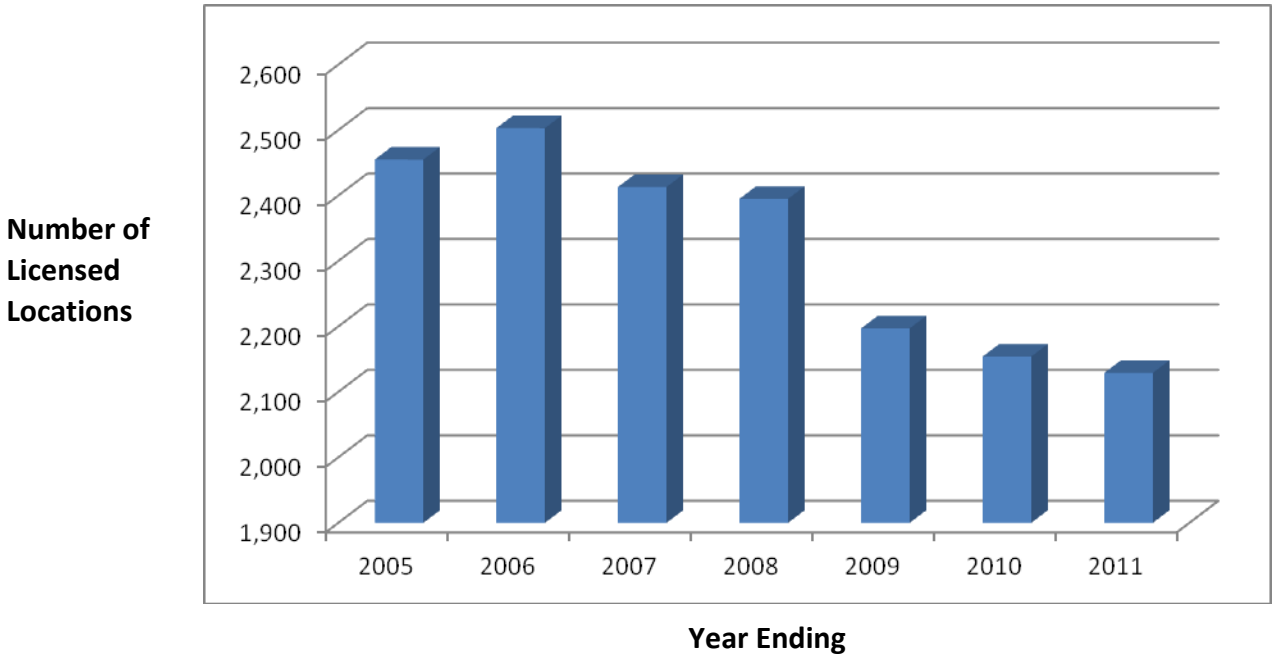


Chart 2
Change in Dollar Amount of Deferred Deposits Made

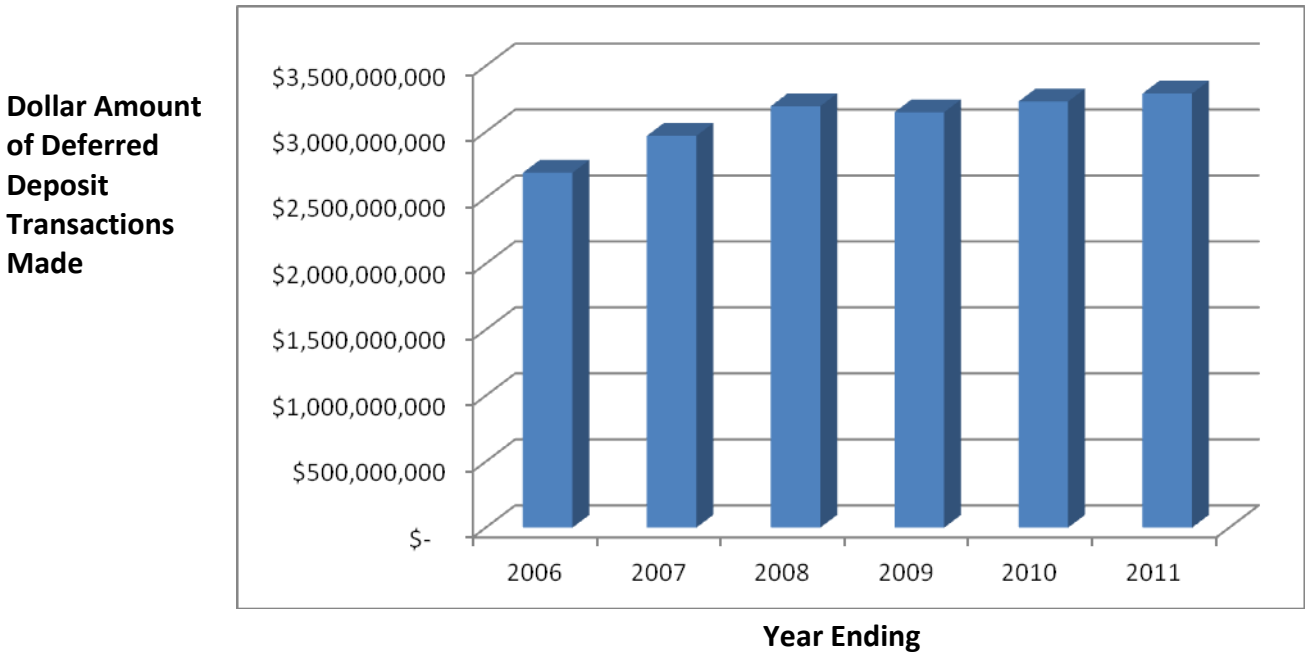


Chart 3
Change in Number of Deferred Deposits Made

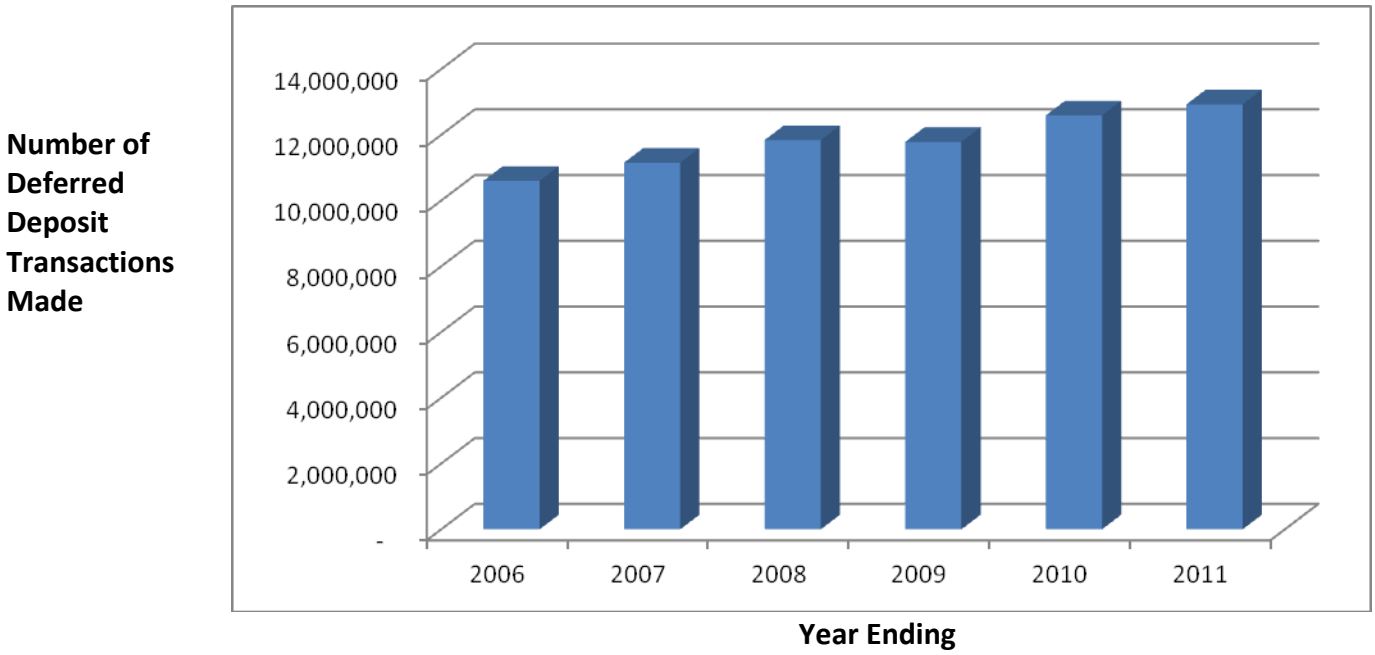


Chart 4
Change in Number of Customers that Obtained Deferred Deposit Transactions

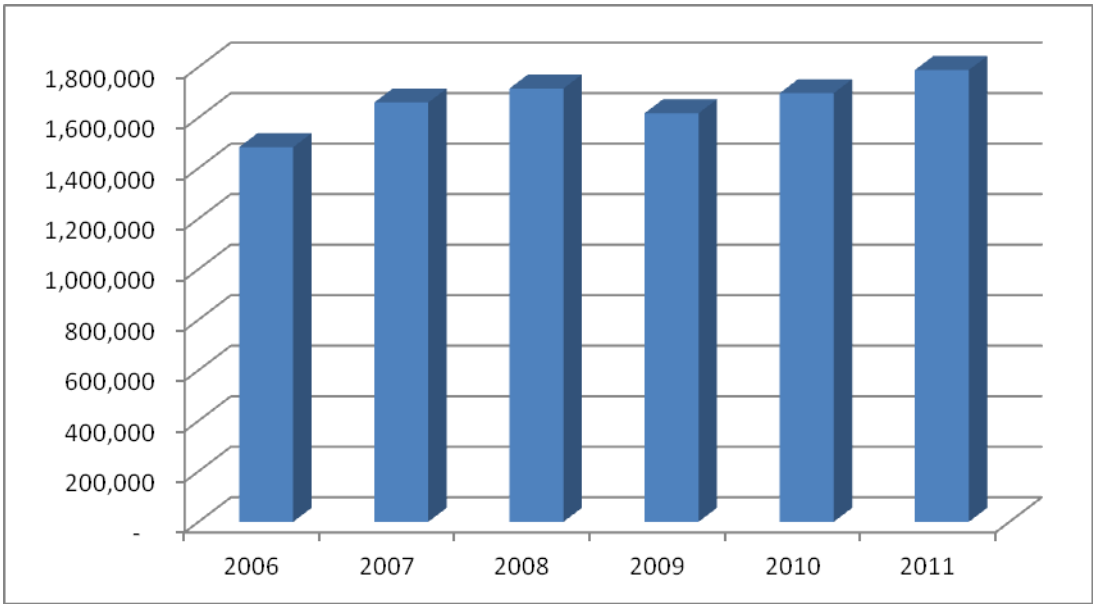


Chart 5
Change in Dollar Amount of Returned Checks

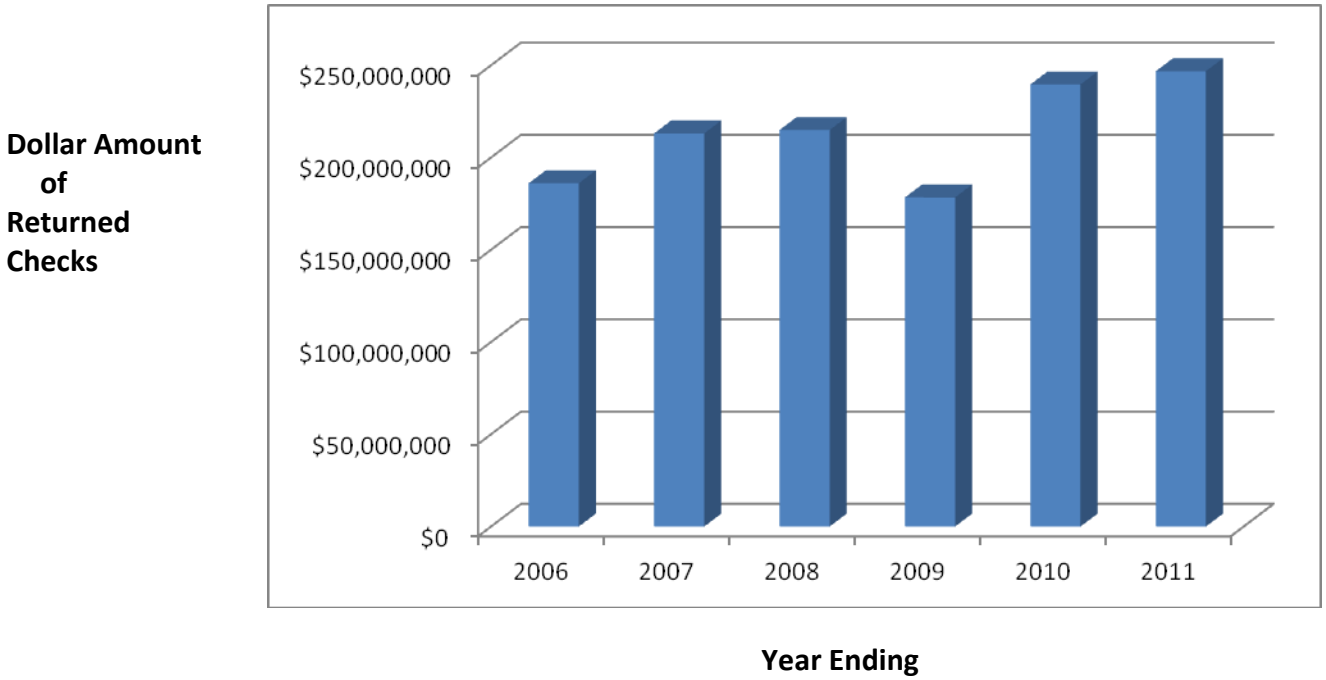


Chart 6
Change in Dollar Amount of Returned Checks Recovered

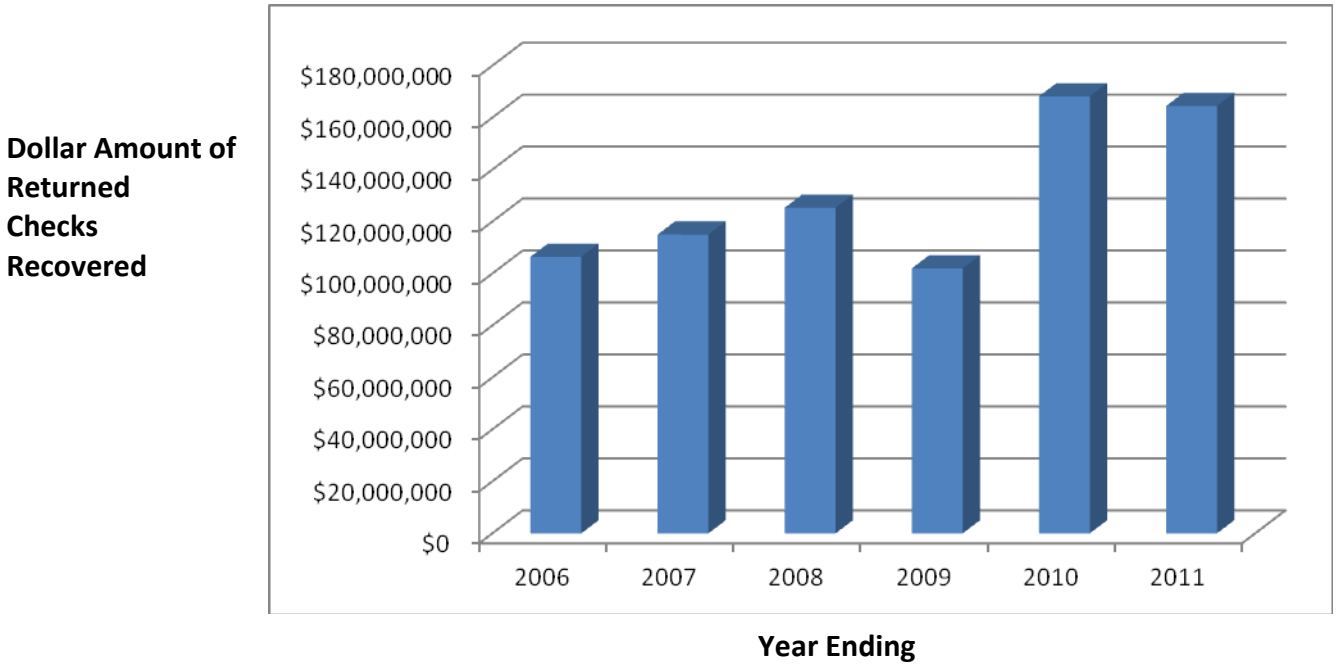
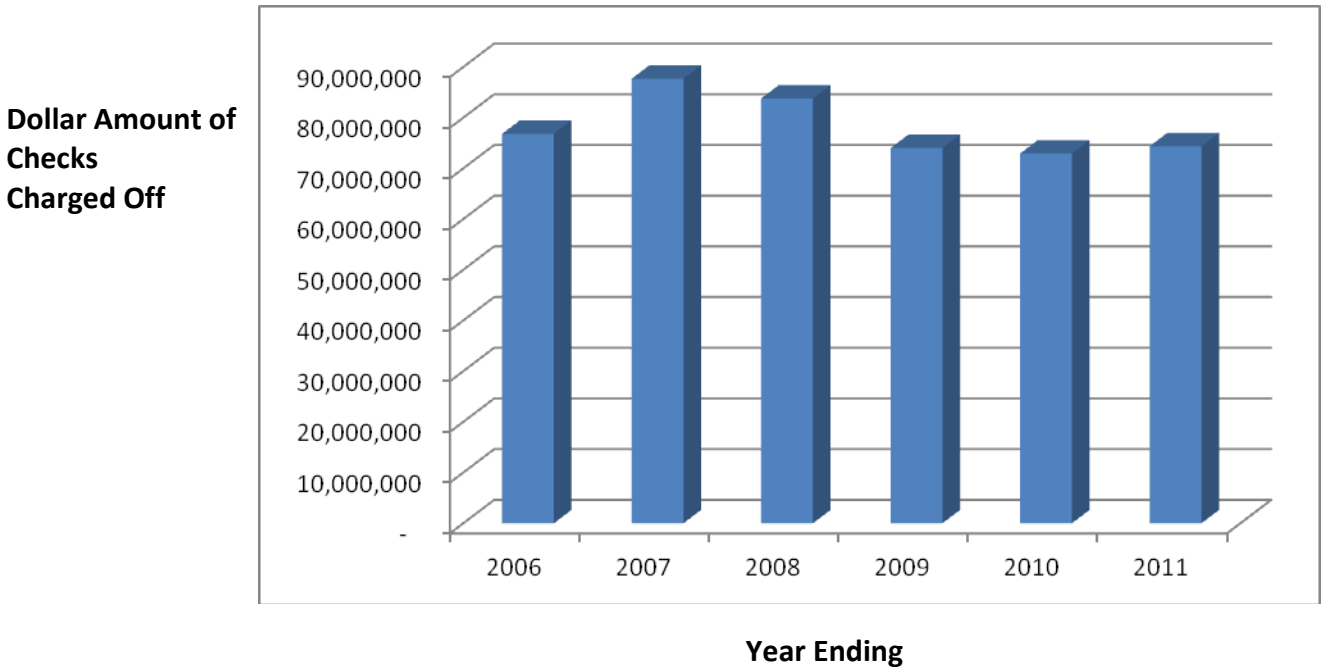


Chart 7
Change in Total Dollar Amount of Checks Charged Off



The information below reflects the licensing activity for the calendar years 2006, 2007, 2008, 2009, 2010 and 2011. The long form application refers to the first license a person applies for under the California Deferred Deposit Transaction Law and the short from application refers to a license for an additional business location. Applications are subject to abandonment if a deficiency is not corrected within 90 days of notification. Applications are withdrawn at the request of the applicant. To assist in comparing the licensing data from prior years, the total license applications filed, total number of licenses surrendered and total number of licenses issued is included in the charts on pages 19 through 21.

	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Long Form Applications Filed	116	69	56	53	33	32
Short Form Applications Filed	256	251	197	47	123	48
Total Applications Filed	**372**	**320**	**253**	**100**	**156**	**80**
Long Form Applications Denied	2	0	0	0	0	0
Short Form Applications Denied	0	2	3	1	0	0
Total Applications Denied	**2**	**2**	**3**	**1**	**0**	**0**

	2006	2007	2008	2009	2010	2011
Long Form Applications Abandoned	8	8	3	3	2	1
Short Form Applications Abandoned	1	0	20	0	1	0
Total Applications Abandoned	**9**	**8**	**23**	**3**	**3**	**1**
Long Form Applications Withdrawn	3	1	6	3	1	4
Short Form Applications Withdrawn	4	15	10	1	5	0
Total Applications Withdrawn	**7**	**16**	**16**	**4**	**6**	**4**
Long Form Licenses Surrendered	79	93	68	64	54	31
Short Form Licenses Surrendered	188	272	154	216	104	75
Total Licenses Surrendered	**267**	**365**	**222**	**280**	**158**	**106**

	2006	2007	2008	2009	2010	2011
Long Form Licenses Revoked	14	26	12	19	16	15
Short Form Licenses Revoked	8	6	6	6	6	0
Total Licenses Revoked	**22**	**32**	**18**	**25**	**22**	**15**
Long Form Licenses Issued	96	72	56	50	29	29
Short Form Licenses Issued	241	236	165	57	111	58
Total Licenses Issued	**337**	**308**	**221**	**107**	**140**	**87**

Chart 8
Number of License Applications Filed

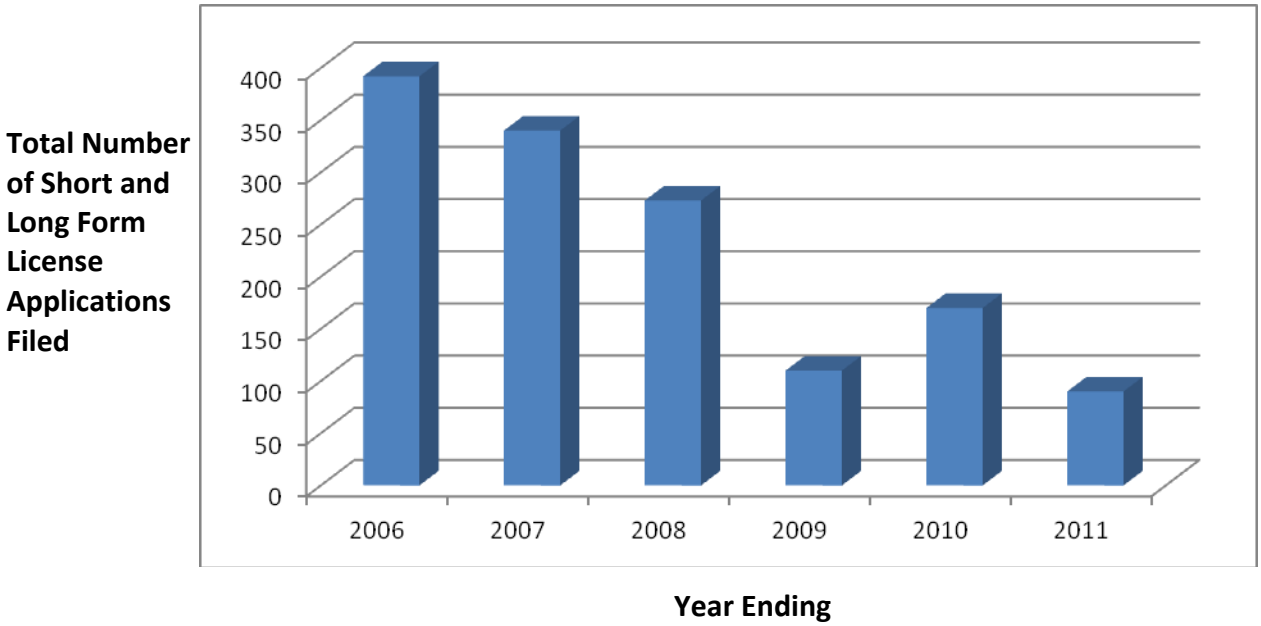


Chart 9
Number of Licenses Surrendered

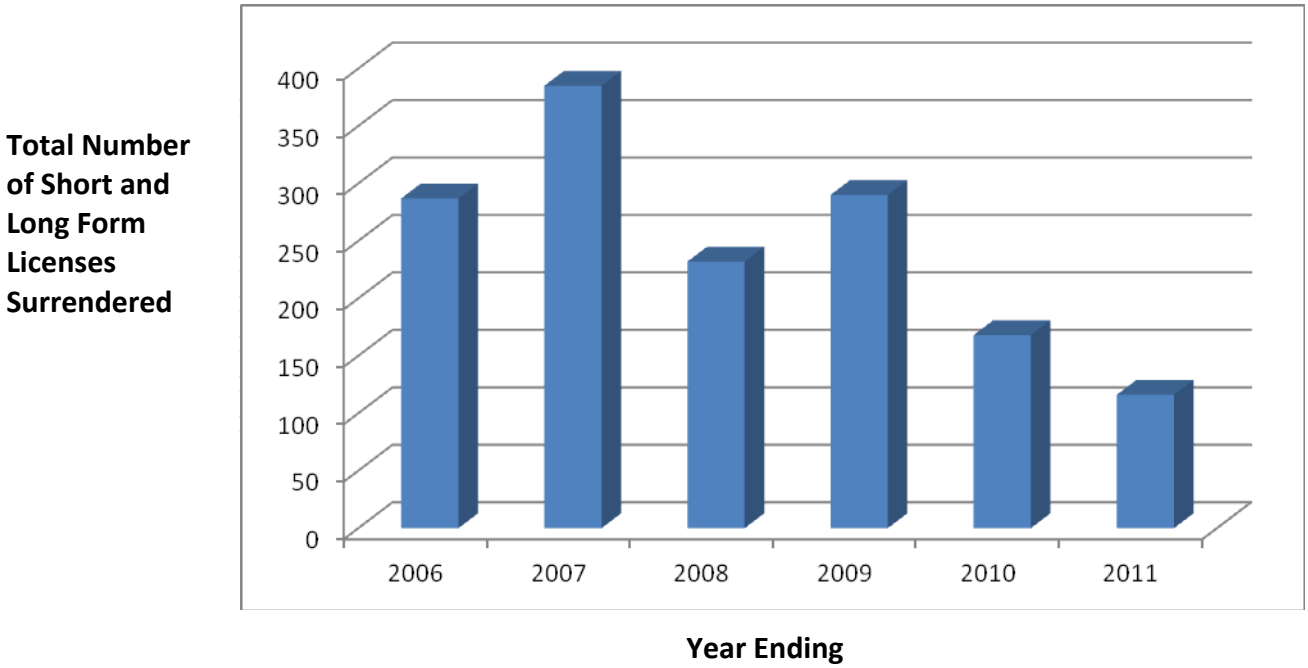
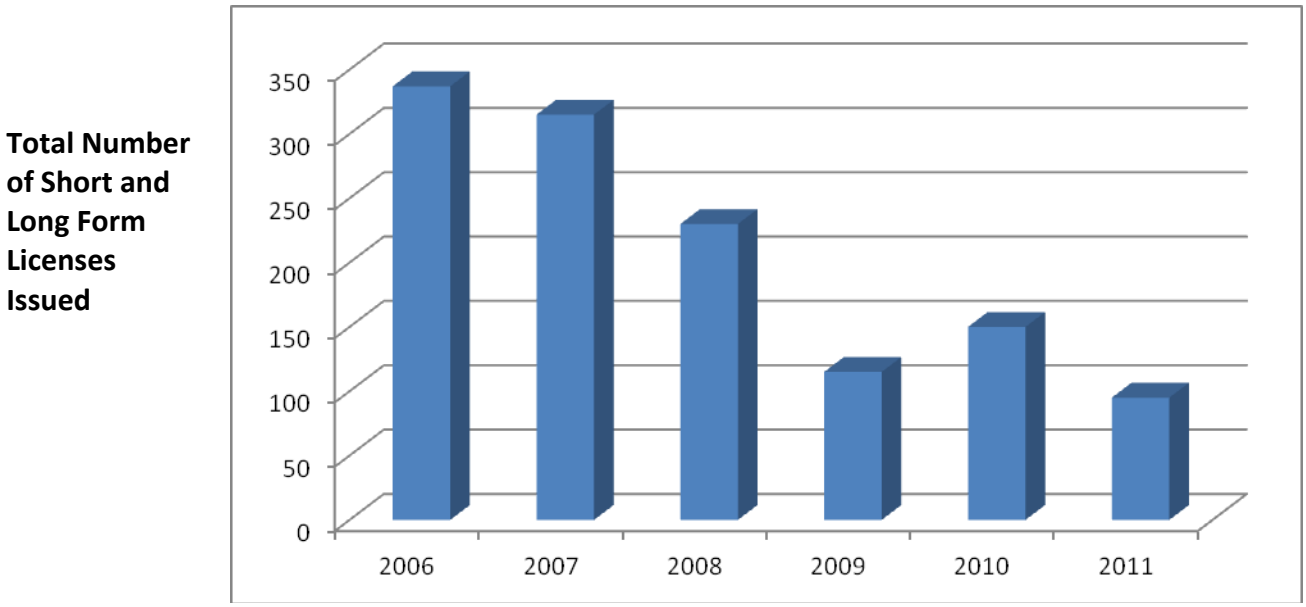


Chart 10
Number of Licenses Issued



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