BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of the Order Issued to:

VIP PDL Services, LLC
a.k.a. The VIP Loan Shop;
a.k.a. www.theviploanshop.com,

Respondent.

ORDER VOIDING TRANSACTIONS PURSUANT TO CALIFORNIA FINANCIAL CODE SECTION 23060
Complainant, the Commissioner of Business Oversight1 (“Commissioner” or “Department”), is informed and believes, and based on such information and belief, finds as follows:

I. FACTUAL BACKGROUND

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

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

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

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

1 Effective July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the 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)
VIP has not been issued a license by the Commissioner to engage in the business of deferred deposit transactions pursuant to the CDDTL. As such, VIP is not authorized to engage in payday lending, or to 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 in California or to California residents.

II.

CDDTL VIOLATIONS AND ORDERS

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

A. Desist and Refrain Order

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

B. Order Voiding California Deferred Deposit Transactions

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

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

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

Pursuant to Financial Code section 23060, any and all deferred deposit transactions contracted with California customers or in the State of California by VIP are therefore void. VIP
PDL Services, LLC, also known as The VIP Loan Shop, also known as www.theviploanshop.com is hereby ordered to immediately cease collecting all principal amounts, and return all principal amounts, provided in any and all deferred deposit transactions contracted with California customers or in the State of California, and to disgorge any and all charges or fees received in connection with those deferred deposit transactions.

Dated: July 12, 2013
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____________________________

MARY ANN SMITH
Deputy Commissioner