



DEFERRED DEPOSIT TRANSACTION LAW

The following is provided as general information to prospective applicants and is not to be construed as and is not an interpretation of the provisions of the California Deferred Deposit Transaction Law (Commencing with Section 23000 of the California Financial Code).

DEFINITION OF A “DEFERRED DEPOSIT ORIGINATOR”

In general, a “Deferred Deposit Originator” means any person who offers, originates or makes a deferred deposit transaction. Deferred deposit transaction means a transaction whereby a person defers depositing a customer’s personal check until a specific date, pursuant to a written agreement, as provided for in Financial Code Section 23035. Although deferred deposit originators must obtain a license from the Department of Financial Protection and Innovation to engage in the business of deferred deposit transactions, the following persons or entities are excluded from the definition of licensee and are therefore not subject to the California Deferred Deposit Transaction Law:

1. A state or federally chartered bank, thrift, savings association, or industrial loan company.
2. A retail seller engaged primarily in the business of selling consumer goods, including consumables, to retail buyers that cashes checks or issues money order for a minimum fee not exceeding \$2 as a service to its customers that is incidental to its main purpose of business.

LICENSE APPLICATIONS

Any person that intended to engage in the business of deferred deposit transactions on or after December 31, 2004, who held a permit from the Department of Justice prior to January 1, 2003 and made deferred deposit transactions prior to January 1, 2003, was required to submit a license application to the Department of Financial Protection and Innovation with the appropriate fees and pay the initial assessment on or before May 15, 2003. All other persons must submit an application with the appropriate fees and obtain a license from the Department of Financial Protection and Innovation prior to engaging in the business of deferred deposit transactions. A short form application must be submitted for each additional location.

Any persons that intended to engage in the business of deferred deposit transactions on or after December 31, 2004 who held a check cashing permit from the Department of Justice on or before January 1, 2003 and made deferred deposit transactions prior to January 1, 2003, and failed to submit a license application or pay a license fee on or before May 15, 2003, shall upon the request of the Commissioner and applying for a license, forfeit an additional sum of \$25 for every day or part of a day that the submission or payment is delayed or withheld for each location, in accordance with Financial Code Section 23100(b).

- Application forms and livescan fingerprint forms may be obtained from any office of the Department of Financial Protection and Innovation and from the website at www.dfpi.ca.gov. The office locations are as follows:

320 W. 4 th Street, Suite 750	Los Angeles, CA 90013	(213) 576-7500
One Sansome Street, Suite 600	San Francisco, CA 94104	(415) 972-8565
651 Bannan Street, Suite 300	Sacramento, CA 95811	(916) 445-7205
1350 Front Street, Room 2034	San Diego, CA 92101	(619) 525-4233

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- Complete applications for each location seeking a license shall include: appropriate Application with all exhibits, application fee of \$200, investigation fee of \$100, fingerprint livescan forms with fees for processing. All of the fees are **non-refundable**.
- Completed applications and related information should be submitted to the Department's Los Angeles office at:
Department of Financial Protection and Innovation
320 W. 4th Street, Suite 750
Los Angeles, CA 90013

Question regarding the license applications may be directed to the Department of Financial Protection and Innovation at 1-866-275-2677.

- Under the law an applicant may be licensed as an individual, a corporation, a partnership, a limited liability company, joint venture, an association, a joint stock company, a trust, an unincorporated organization, a government entity or a political subdivision of a government entity. Once a license has been issued it is **not** transferable or assignable.
- The application shall include evidence of a surety bond in the amount of \$25,000 on a form prescribed by the Commissioner. (The bond has to be in effect prior to the issuance of a license.)
- The application shall include financial statements prepared in accordance with generally accepted accounting principles that indicate a net worth of at least \$25,000.
- The application must include Department of Justice Form BCII, Requesting Agency copy as proof of fingerprint live scan completion and Department of Financial Protection and Innovation fingerprint processing fee of \$20 per fingerprint live scan submission for the following persons:
 1. The applicant,
 2. The general partners, officers, directors and persons owning or controlling, directly or indirectly, 10% or more of the outstanding equity interests of the applicant; and
 3. Other key persons involved, such as managers/members, trustees, any other officers with direct responsibility for the conduct of applicant's deferred deposit activity, and the persons who will be in charge of the place of business.

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GENERAL INFORMATION

Prior to submission of an application package, each applicant is required to obtain and read the California Deferred Deposit Transaction Law (beginning at Section 23000 of the California Financial Code), which may be obtained from the Official California Legislative Information Web site at <http://www.leginfo.ca.gov>. Regulations under the California Deferred Deposit Transaction Law (beginning at Section 2020 of Chapter 3, Title 10, California Code of Regulations) are available from the Office of Administrative Law Web at <http://ccr.oal.ca.gov>.

These items may be available from the following:

West Group
50 California Street, 19th Floor
San Francisco, CA 94111
(800) 888-3600

General Requirements of Licensees

The following are a few of the areas that should be considered prior to filing an application for a California Deferred Deposit Originators license.

- a. Licensees are subject to periodic regulatory examinations that must be paid for by the licensee.
- b. Licensees must pay an annual assessment each year.
- c. Licensees must file an annual report by March 15 of each year commencing on March 15, 2006.
- d. Licensees are subject to statutory books and record requirements.
- e. Licensees are responsible for compliance with all applicable laws and regulations.
- f. Licensees must maintain a surety bond at all times.
- g. Licensees must maintain a tangible net worth of at least \$25,000 at all times.