

Introduced by Senator PerataFebruary 23, 2001

An act to amend Sections 1789.33, 1789.35, 1789.37 of, and to add Sections 1789.36 and 1789.38 to, the Civil Code, relating to deferred deposit loans.

LEGISLATIVE COUNSEL'S DIGEST

SB 898, as introduced, Perata. Check cashers: deferred deposit.

Existing law governs the services provided by check cashers, including deferred deposit transaction services, as defined. Existing law also requires the owner of check cashier's business to obtain a permit from the Department of Justice to conduct that business. Existing law provides that a check cashier may charge a fee to defer the deposit of a personal check not to exceed \$300 for up to 30 days. It also authorizes the Attorney General to bring a civil action for the assessment of a civil penalty for a violation of specified provisions. A person who has been injured by a violation of specified provisions may bring an action to recover damages and a court may award punitive damages if the court determines by clear and convincing evidence that the breach or violation was willful.

This bill would restructure the maximum amount a deferred deposit personal check can be written for based upon the lesser of \$300 or 25% of the customer's net earned wages for the customer's pay period. It also would limit the allowable finance charge.

This bill would require check cashers to distribute a notice to customers before entering into a deferred deposit transaction, written in the same language principally used in negotiations concerning the transaction, that informs the customer about his or her rights and responsibilities related to deferred deposit transactions. This bill would



further require that an agreement for a deferred deposit transaction shall be in writing; and that the agreement shall be provided to the customer by the check casher, and completed and signed in the customer's presence, in a specified form. This bill would further require that before entering into a deferred deposit transaction the check casher must verbally inquire of the customer if the customer has any outstanding deferred deposit agreements with the check casher or any other check casher. The bill would prohibit a check casher from entering into a deferred deposit transaction within a specified period after repayment of a similar transaction, however, it would specify that if that conduct is engaged in, it would be subject to the California Finance Lenders Law. A willful violation of that law is a crime.

Existing law permits a check casher to charge a fee of no more than \$10 to set up an initial account and issue an identification card for check cashing purposes.

This bill would prohibit this fee to be charged in connection with a deferred deposit transaction.

Existing law limits the fee a check casher may charge for cashing of a check for deferred deposit, based upon the face value of the check.

This bill would instead base the fee limitation upon the amount paid directly to the customer.

Existing law prohibits a check casher and customer from entering into an agreement for a deferred deposit while an earlier agreement is still in effect.

This bill would prohibit a check casher from accepting a repayment, refinance, or consolidation of a deferred deposit with the proceeds of a deferred deposit.

Existing law permits a fee, not to exceed \$15, to be charged for the return of a dishonored check.

This bill would make this the exclusive fee for a dishonored check and that no fee may be added for late payment.

Existing law provides that a willful violation of a specified provision is a misdemeanor.

This bill would expand this provision to provide that any person, including any partner or officer of an entity that is a check casher, who willfully engages in conduct prohibited by any of the provisions relating to check cashers, is guilty of a misdemeanor.

Existing law authorizes the court to award up to 3 times the damages actually incurred in violation of this section to an aggrieved consumer as well as punitive damages.



This bill would also authorize the court to grant any equitable relief that it deems proper including, but not limited to, a claim for restitution and disgorgement. It would also provide that the violation of any of the provisions relating to check cashing renders a deferred deposit void, and the check casher shall have no right to collect, receive, or retain any amount or charge whatsoever with respect to the transaction.

Existing law requires every owner of a check cashing business to obtain a permit, and a yearly renewal of that permit, from the Department of Justice and to pay an application or renewal fee not to exceed the cost of processing the application, fingerprinting the applicant, and checking or obtaining the criminal record of the applicant.

This bill would authorize all costs associated with the administration of the provisions governing check cashers to be included in the application or renewal fee. This bill also would require each applicant for a permit to conduct a check casher's business to maintain a bond of \$25,000, as specified, with a copy of the bond to be filed with the Secretary of State.

This bill would require the Department of Justice to maintain a toll-free telephone number for receiving complaints from customers of check cashers conducting deferred deposit transactions.

This bill would require a check casher who engages in deferred deposit to, on a prescribed annual basis, provide to the Department of Justice specified data regarding their deferred deposit transactions.

This bill would further require the Department of Justice to compile, and make available to the public, an annual report of data submitted by check cashers.

This bill would also make a statement of legislative intent.

By creating new crimes, this bill would create a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.



The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares that when it
2 enacted Section 1789.33 of the Civil Code, authorizing a check
3 cashier to defer the deposit of a personal check for up to 30 days,
4 it did so to help meet a demand for an occasional need for a cash
5 advance. In doing so, the Legislature provided a specific
6 exemption from the California Finance Lenders Law (Division 9
7 (commencing with Section 22000) of the Financial Code) for these
8 transactions, but this exemption was not intended to supplant the
9 regulation of small loans. It is the intent of the Legislature in
10 enacting this act to clarify the scope of the regulation of deferred
11 deposit loans by that law. It is the further intent of the Legislature
12 to guarantee both that consumers have the disclosures necessary
13 to make informed decisions regarding deferred deposits and that
14 deferred deposit transactions are conducted in a manner to best
15 protect the people of the State of California.

16 SEC. 2. Section 1789.33 of the Civil Code is amended to read:
17 1789.33. (a) A check cashier may defer the deposit of a
18 personal check written by a customer for up to 30 days, pursuant
19 to the provisions of this section. ~~The face amount of the check shall~~
20 ~~not exceed three hundred dollars (\$300). Each deferred deposit~~
21 ~~shall be made pursuant to a written agreement that has been signed~~
22 ~~by the customer and by the check cashier or an authorized~~
23 ~~representative of the check cashier. The written agreement shall~~
24 ~~contain a statement of the total amount of any fees charged for the~~
25 ~~deferred deposit, expressed both in United States currency and as~~
26 ~~an annual percentage rate (APR). The written agreement shall~~
27 ~~authorize the check cashier to defer deposit of the personal check~~
28 ~~until a specific date not later than 30 days from the date the written~~
29 ~~agreement was signed and executed. The written agreement shall~~
30 ~~not permit the check cashier to accept collateral. A deferred deposit~~
31 *shall be structured as follows: (1) the maximum check amount*
32 *shall not exceed three hundred dollars (\$300) or 25 percent of the*
33 *customer's net earned wages for the customer's pay period,*
34 *whichever is less, and (2) the finance charge on a deferred deposit*
35 *shall not exceed 15 percent of the amount paid directly to the*
36 *customer. Before entering into a deferred deposit agreement with*
37 *a customer, the check cashier shall require the customer to provide*



1 *proof of income sufficient to show the ability to repay the debt on*
2 *the due date.*

3 (b) A customer who enters into a deferred deposit agreement
4 and offers a personal check to a check casher pursuant to that
5 agreement shall not be subject to any criminal penalty for the
6 failure to comply with the terms of that agreement.

7 (c) *Check cashers shall distribute to customers before entering*
8 *into a deferred deposit transaction a notice that informs the*
9 *customer about his or her rights and responsibilities related to*
10 *deferred deposit transactions. The notice shall include the*
11 *following:*

12 (1) *That the customer is borrowing money that will be repaid*
13 *only when the check is cashed.*

14 (2) *Information about the payment structure and charges for*
15 *deferred deposit.*

16 (3) *That if the customer's checking account has insufficient*
17 *funds to pay the check, the customer may be charged an additional*
18 *fee of up to fifteen dollars (\$15).*

19 (4) *That the customer cannot be prosecuted in a criminal action*
20 *for passing a bad check or be threatened with prosecution.*

21 (5) *That the check casher may allow an extension of time for*
22 *repayment for a deferred deposit, but if the check casher agrees to*
23 *an extension, it cannot charge any additional fee of any kind.*

24 (6) *The Department of Justice's toll-free telephone number for*
25 *receiving calls regarding customer complaints and concerns.*

26 (d) *The notice required by subdivision (c) shall be written in the*
27 *same language principally used in any oral discussions or*
28 *negotiations leading to execution of the deferred deposit*
29 *agreement and must be in at least 10-point type. The Department*
30 *of Justice may promulgate a form containing the above*
31 *information which shall be used by the check casher.*

32 (e) *An agreement to enter a deferred deposit transaction shall*
33 *be in writing. The agreement which shall be provided by the check*
34 *casher to the customer, shall be completed and signed in the*
35 *presence of the customer on the form required by this subdivision.*
36 *The written agreement shall be in the same language as principally*
37 *used in any oral discussions or negotiations. The written*
38 *agreement shall contain a full disclosure of the total amount of any*
39 *fees charged for the deferred deposit, expressed both in the United*
40 *States currency and as an annual percentage rate (APR) and a*



1 clear description of the customer's payment obligations. The
2 written agreement shall authorize the check casher to defer deposit
3 of the personal check. The written agreement shall be in at least
4 10-point type and shall be in the following form:

5
6 DEFERRED DEPOSIT SERVICE AGREEMENT &
7 DISCLOSURE STATEMENT

8
9 CREDITOR: _____ ADDRESS: _____

10 CUSTOMER: _____ TELEPHONE NO. : _____

11 CHECK NO. : _____

12 DEFERRED DEPOSIT DATE:
13 _____

14 DEFERRED DEPOSIT FEE: U.S. \$ _____

15 DISCLOSURE #: _____

16 DISCLOSURES UNDER FEDERAL RESERVE REGULATION Z
17

18 ANNUAL PERCENTAGE RATE	19 FINANCE CHARGE	20 AMOUNT FINANCED	21 TOTAL OF PAYMENT
22 The cost of your credit as a yearly rate.	23 The dollar amount the credit will cost you.	24 The amount of credit provided to you or on your behalf.	25 The amount you will have paid after you have made all payments as scheduled.
26 _____%	27 \$ _____	28 \$ _____	29 \$ _____

30 Your payment schedule will be:

31 Number of Payments	32 Amount of Payments	33 When Payments are Due
34	35	36

37 Prepayment: If you pay off early, you will not be entitled to a refund of part of the
38 finance charge. See the agreement below for additional information about nonpayment and default.



1 Itemization of the Amount Financed of \$ _____ 2 \$ _____ Amount given to you directly 3 \$ _____ Prepaid finance charge.

AGREEMENT

This Agreement allows The Company to defer deposit of your check identified above by Check Number: _____ until: _____ (date). The fee is : _____, which is an annual interest rate of : _____

You agree not to close the account that the check, is drawn on, or take any other action to forestall the payment of the check. If, after deposit, the check is returned to us unpaid for any reason you agree to pay The Company a returned check charge of \$15.

The Company is not permitted to accept collateral in connection with this service.

Caution: It is important that you read the contract thoroughly before you sign it.

You acknowledge that you have received a copy of this Agreement.

“YOU CANNOT BE PROSECUTED OR THREATENED WITH PROSECUTION IN A CRIMINAL ACTION TO COLLECT THIS LOAN.”

_____	_____
Customer Signature	Date
By _____	_____
Authorized Representative	Date

(f) Before entering into a deferred deposit transaction the check casher shall verbally inquire of the customer if the customer has any outstanding deferred deposit agreements with the check casher or any other check casher.

(g) Under no circumstances shall a deferred deposit agreement include any of the following:

- (1) A hold harmless clause.*
- (2) A confession of judgment clause or power of attorney.*
- (3) A waiver of the right to a jury trial, if applicable, in any action brought by or against a customer.*
- (4) A mandatory arbitration clause.*
- (5) Any assignment of or order for payment of wages or other compensation for services.*
- (6) A provision in which the customer agrees not to assert any claim or defense arising out of the deferred deposit agreement.*
- (7) Any acceleration provision.*



1 (8) *Any unconscionable provision.*

2 (9) *Any other provision that adversely affects or changes the*
3 *rights, duties, or obligations of the customer as provided for by*
4 *law.*

5 (h) *Upon the receipt of the check from the customer for deferred*
6 *deposit, the check casher shall immediately stamp the back of the*
7 *check with an endorsement that states:*

8 “*This check is being negotiated as part of a deferred deposit*
9 *agreement made pursuant to Section 1789.33 of the Civil Code and*
10 *is not subject to the provisions of Section 1719 of the Civil Code.*
11 *No customer may be required to pay treble damages if this check*
12 *does not clear.*”

13 SEC. 3. Section 1789.35 of the Civil Code is amended to read:

14 1789.35. (a) A check casher shall not charge a fee for cashing
15 a payroll check or government check in excess of 3 percent if
16 identification is provided by the customer, or 3.5 percent without
17 the provision of identification, of the face amount of the check, or
18 three dollars (\$3), whichever is greater. Identification, for
19 purposes of this section, is limited to a California driver’s license,
20 a California identification card, or a valid United States military
21 identification card.

22 (b) A check casher may charge a fee of no more than ten dollars
23 (\$10) to set up an initial account and issue an optional
24 identification card for providing check cashing services. A
25 replacement optional identification card may be issued at a cost not
26 to exceed five dollars (\$5). *This fee may not be charged in*
27 *connection with a deferred deposit, as defined in subdivision (b)*
28 *of Section 1789.31.*

29 (c) A check casher shall provide a receipt to the customer for
30 each transaction.

31 (d) Subject to the limitations of Section 1789.33, a check
32 casher may charge a fee for cashing a personal check, as posted
33 pursuant to Section 1789.30, for immediate deposit in an amount
34 not to exceed 12 percent of the face value of the check, or for
35 deferred deposit in an amount not to exceed 15 percent of the ~~face~~
36 ~~value of the check~~ *amount paid directly to the customer.*

37 (e) A check casher shall not enter into an agreement for a
38 deferred deposit with a customer during the period of time that an
39 earlier written agreement for a deferred deposit for the same
40 customer is in effect. *A check casher may not accept repayment,*



1 *refinance, or consolidate a deferred deposit with the proceeds of*
2 *another deferred deposit.*

3 (f) A check casher who enters into a deferred deposit agreement
4 and accepts a check passed on insufficient funds, or any assignee
5 of that check casher, shall not be entitled to recover damages in any
6 action brought pursuant to, or governed by, Section 1719.

7 (g) For a transaction pursuant to Section 1789.33, a fee not to
8 exceed fifteen dollars (\$15) may be charged for the return of a
9 dishonored check by a depository institution. The fee may be
10 collected by a check casher who holds a valid permit issued
11 pursuant to Section 1789.37, when acting under the authority of
12 that permit. *A single fee charged pursuant to this subdivision is a*
13 *check casher's exclusive charge for a dishonored check. No fee*
14 *may be added for late payment.*

15 (h) No amount in excess of the amounts authorized by this
16 section shall be directly or indirectly charged by a check casher
17 pursuant to a deferred deposit agreement.

18 (i) Any person who violates any provision of this section shall
19 be liable for a civil penalty not to exceed two thousand dollars
20 (\$2,000) for each violation, which shall be assessed and recovered
21 in a civil action brought in the name of the people of the State of
22 California by the Attorney General in any court of competent
23 jurisdiction. Any action brought pursuant to this subdivision shall
24 be commenced within four years of the date on which the act or
25 transaction upon which the action is based occurred.

26 ~~(j) A willful violation of this section is a misdemeanor. Any~~
27 ~~person, including any partner or officer of an entity that is a check~~
28 ~~casher, who willfully engages in conduct prohibited by this title is~~
29 ~~guilty of a misdemeanor.~~

30 (k) Any person who is injured by any violation of this section
31 may bring an action for the recovery of damages, an equity
32 proceeding to restrain and enjoin those violations, or both. The
33 amount awarded may be up to three times the damages actually
34 incurred, but in no event less than the amount paid by the aggrieved
35 consumer to a person subject to this section. If the plaintiff
36 prevails, the plaintiff shall be awarded reasonable attorney's fees
37 and costs. If a court determines by clear and convincing evidence
38 that a breach or violation was willful, the court, in its discretion,
39 may award punitive damages in addition to the amounts set forth
40 above. *Upon application, the court may also grant any equitable*



1 relief that it deems proper including, but not limited to, a claim for
2 restitution and disgorgement.

3 (l) The violation of any provision of this title renders a deferred
4 deposit void, and the check casher shall have no right to collect,
5 receive, or retain any amount or charge whatsoever with respect
6 to the transaction.

7 (m) The rights, remedies, and penalties established by this
8 section are cumulative to the rights, remedies, or penalties
9 established under other laws.

10 (n) Any waiver or modification of the provisions of this title by
11 the customer shall be void and unenforceable as contrary to public
12 policy.

13 SEC. 4. Section 1789.36 is added to the Civil Code, to read:
14 1789.36. In no case shall a check casher do any of the
15 following:

16 (a) Engage in the business of deferred deposit transactions
17 unless the department has first issued a valid permit to the check
18 casher and the deferred deposit meets the requirements of this title.

19 (b) Enter into a deferred deposit with a customer when that
20 same customer has another deferred deposit in effect.

21 (c) Make a deferred deposit to a customer with the knowledge
22 or reason to know that the customer has an outstanding deferred
23 deposit with any other check casher. Knowledge or reason to know
24 includes, but is not limited to, a disclosure by the consumer in
25 Section 1789.33 or by any other means readily available to the
26 check casher including, but not limited to, a data base.

27 (d) Accept or use the same check for a subsequent transaction,
28 or permit a customer to pay off all or a portion of one deferred
29 deposit with the proceeds of another.

30 (e) Attempt to use the check provided by the customer in a
31 deferred deposit as security, or accept any collateral for a deferred
32 deposit.

33 (f) Sell any insurance, or any other goods or services of any
34 kind sold in connection with the making or collecting of a deferred
35 deposit.

36 (g) Enter into a deferred deposit transaction with a minor or
37 other person lacking the capacity to contract.

38 (h) Threaten to use or use the criminal process to collect a
39 deferred deposit.



- 1 (i) Threaten to use or use any civil process to collect a deferred
2 deposit if that process is not generally available to creditors to
3 collect in default.
- 4 (j) Use unlawful threats, intimidation, or harassment to collect
5 accounts.
- 6 (k) Alter the date or any other information on a check.
- 7 (l) Offer any benefit or incentive to a customer in return for the
8 customer referring other potential customers to the check casher
9 including, but not limited to, discounts, rebates, and credits on any
10 existing or subsequent deferred deposit.
- 11 (m) Engage in any unfair, unlawful, or deceptive conduct or
12 advertising or make any statement that is untrue or likely to
13 mislead in connection with the business of deferred deposits.
- 14 (n) Commence an action pursuant to the provisions of Section
15 1719 on a check provided for a deferred deposit.
- 16 (o) Split up or divide any check.
- 17 (p) Take any check, instrument, or form in which blanks are left
18 to be filled in after execution.
- 19 (q) Require a customer to waive any rights or remedies
20 provides under any law.
- 21 (r) Charge, contract for, or receive any charges of any nature
22 unless a deferred deposit is made.
- 23 (s) Charge, contract for, or receive any charges subsequent to
24 the making of a deferred deposit unless authorized by law and
25 specifically provided for by agreement.
- 26 (t) Make a deferred deposit without a reasonable basis to
27 believe that the customer will be able to repay on the intended due
28 date.
- 29 (u) Enter into a deferred deposit transaction with a customer
30 within 10 business days after a previous deferred deposit
31 transaction was repaid by that customer. Any transaction between
32 a check casher and a customer within this time period that includes
33 the advancement of funds for a fee, deferral of collection, deferred
34 deposit of a check, or any other transaction similar in nature shall
35 be a “consumer loan” for the purposes of the California Finance
36 Lenders Law (Division 9 (commencing with Section 22000) of the
37 Financial Code) and shall be subject to all of the requirements of
38 that law, including the requirements for licensure.
- 39 SEC. 5. Section 1789.37 of the Civil Code is amended to read:



1 1789.37. (a) Every owner of a check casher's business shall
2 obtain a permit from the Department of Justice to conduct a check
3 casher's business.

4 (b) All applications for a permit to conduct a check casher's
5 business shall be filed with the department in writing, signed by
6 the applicant if an individual or by a member or officer authorized
7 to sign if the applicant is a corporation or other entity, and shall
8 state the name of the business, the type of business engaged in,
9 whether the applicant intends to enter into deferred deposit
10 agreements, and the business address. Each applicant shall be
11 fingerprinted.

12 (c) Each applicant for a permit to conduct a check casher's
13 business shall pay a fee not to exceed the cost of processing the
14 application, fingerprinting the applicant, ~~and~~ checking or
15 obtaining the criminal record of the applicant, *and all costs*
16 *associated with the administration of this title as determined by the*
17 *department at the time of filing the application.*

18 (d) *Each applicant for a permit to conduct a check casher's*
19 *business shall maintain a bond issued by a surety company*
20 *admitted to do business in this state. The principal sum of the bond*
21 *shall be twenty-five thousand dollars (\$25,000). A copy of the bond*
22 *shall be filed with the Secretary of State.*

23 (1) *The bond required by this section shall be in favor of, and*
24 *payable to, the people of the State of California and shall be for*
25 *the benefit of any person or persons damaged by a violation of this*
26 *title.*

27 (2) (A) *An applicant may not conduct any check cashing*
28 *business without having a current surety bond in the amount*
29 *prescribed by this section and without filing a copy of the bond with*
30 *the Secretary of State.*

31 (B) *Thirty days prior to the cancellation or termination of a*
32 *surety bond required by this section, the surety shall send a written*
33 *notice of that cancellation or termination to both the applicant and*
34 *the Secretary of State, identifying the bond and the date of*
35 *cancellation or termination. This information must also be*
36 *furnished to the Department of Justice.*

37 (C) *If the application fails to obtain a new bond and file a copy*
38 *of that bond with the Secretary of State by the effective date of the*
39 *cancellation or termination of the former bond, the applicant shall*
40 *cease to conduct any check cashing business unless and until the*



1 *time as a new surety bond is obtained and a copy of that bond is*
2 *filed with the Secretary of State.*

3 (e) Each applicant shall annually, beginning one year from the
4 date of issuance of a check casher's permit, file an application for
5 renewal of the permit with the department, along with payment of
6 a renewal fee not to exceed the cost of processing the application
7 for renewal ~~and~~, checking or obtaining the criminal record of the
8 applicant, *and all costs associated with the administration of this*
9 *title.*

10 ~~(e)~~

11 (f) The department shall deny an application for a permit to
12 conduct a check casher's business, or for renewal of a permit, if the
13 applicant has a felony conviction involving dishonesty, fraud, or
14 deceit, provided the crime is substantially related to the
15 qualifications, functions, or duties of a person engaged in the
16 business of check cashing.

17 ~~(f)~~

18 (g) The department shall adopt regulations to implement this
19 section, and shall determine the amount of the application fees
20 required by this section. The department shall prescribe forms for
21 the applications and permit required by this section, which shall be
22 uniform throughout the state.

23 ~~(g)~~

24 (h) In any action brought by a city attorney or district attorney
25 to enforce a violation of this section, any owner of a check casher's
26 business who engages in the business of check cashing without
27 holding a current and valid permit issued by the department
28 pursuant to this section is subject to a civil penalty, as follows:

29 (1) For the first offense, not more than one thousand dollars
30 (\$1,000).

31 (2) For the second offense, not more than five thousand dollars
32 (\$5,000).

33 ~~(h)~~

34 (i) Any person who has twice been found in violation of
35 subdivision ~~(g)~~ (h) and who, within 10 years of the date of the first
36 offense, engages in the business of check cashing without holding
37 a current and valid permit issued by the department pursuant to this
38 section is guilty of a misdemeanor punishable by imprisonment in
39 the county jail not exceeding six months, or by a fine not exceeding
40 five thousand dollars (\$5,000), or by both.



1 (i)

2 (j) All civil penalties, forfeited bail, or fines received by any
3 court pursuant to this section shall, as soon as practicable after the
4 receipt thereof, be deposited with the county treasurer of the
5 county in which the court is situated. Fines and forfeitures so
6 deposited shall be disbursed pursuant to the Penal Code. Civil
7 penalties so deposited shall be paid at least once a month as
8 follows:

9 (1) Fifty percent to the Treasurer by warrant of the county
10 auditor drawn upon the requisition of the clerk or judge of the
11 court, to be deposited in the State Treasury on order of the
12 Controller.

13 (2) Fifty percent to the city treasurer of the city, if the offense
14 occurred in a city, otherwise to the treasurer of the county in which
15 the prosecution is conducted.

16 Any money deposited in the State Treasury under this section
17 which is determined by the Controller to have been erroneously
18 deposited therein shall be refunded, subject to approval of the State
19 Board of Control prior to the payment of the refund, out of any
20 money in the State Treasury which is available by law for that
21 purpose.

22 SEC. 6. Section 1789.38 is added to the Civil Code, to read:

23 1789.38. (a) The Department of Justice shall maintain a
24 toll-free telephone number for receiving complaints from
25 customers of check cashers conducting deferred deposit
26 transactions.

27 (b) A check casher who engages in deferred deposit pursuant
28 to this title shall provide by March 31 of the year following the
29 deferred deposit transaction the following information for the
30 previous year ending December 31 to the Department of Justice:

31 (1) The total number and dollar amount of deferred deposit
32 transactions.

33 (2) The total number of individual customers who entered into
34 deferred deposit transactions.

35 (3) The minimum, maximum, and average amount of deferred
36 deposits.

37 (4) The average annual percentage rate of deferred deposits.

38 (5) The average number of days of deferred deposit
39 transactions.

40 (6) The total number and dollar amount of returned checks.



- 1 (7) The total number and dollar amount of checks recovered.
- 2 (8) The total number and dollar amount of checks charged off.
- 3 (c) The Department of Justice shall compile an annual report of
- 4 data submitted by check cashers as required by this subdivision.
- 5 This data shall be aggregated and may not identify the proprietary
- 6 data of individual check cashers. This report shall be available to
- 7 the public.

8 SEC. 7. No reimbursement is required by this act pursuant to
9 Section 6 of Article XIII B of the California Constitution because
10 the only costs that may be incurred by a local agency or school
11 district will be incurred because this act creates a new crime or
12 infraction, eliminates a crime or infraction, or changes the penalty
13 for a crime or infraction, within the meaning of Section 17556 of
14 the Government Code, or changes the definition of a crime within
15 the meaning of Section 6 of Article XIII B of the California
16 Constitution.

