

AMENDED IN ASSEMBLY APRIL 9, 2007
AMENDED IN ASSEMBLY MARCH 19, 2007
CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 7

**Introduced by Assembly Members Lieu and Saldana
(Coauthors: Assembly Members Beall, Horton, Huff, Jeffries, Laird,
and Wolk)**

December 4, 2006

An act to add Sections 22345 and 23038 to the Financial Code, relating to consumer loans, *and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 7, as amended, Lieu. Armed service members: consumer loans.

The California Finance Lenders Law provides, among other things, for the licensure and regulation by the Commissioner of Corporations of persons engaged in the business of making consumer loans and governs the terms that may be included in those loans. The California Deferred Deposit Transaction Law provides for the licensure and regulation by the commissioner of persons engaged in the business of making or negotiating deferred deposit transactions, which are transactions in which the lender defers depositing a consumer's personal check until a specified date pursuant to a written agreement. A willful violation of either the California Finance Lenders Law or the California Deferred Deposit Transaction Law is a crime.

This bill would, on and after October 1, 2007, make it unlawful under the California Finance Lenders Law and the California Deferred Deposit Transaction Law to violate specified provisions of the John Warner

National Defense Authorization Act for Fiscal Year 2007, relating to the Armed Forces. Because this bill would make a willful violation of those provisions a crime, it would impose a state-mandated local program.

Existing law provides that any person who violates specified provisions prohibiting discrimination against a member of the military or naval forces of this state or the United States, including discrimination with respect to the terms of a loan or financing based on that person's membership in the military or naval forces of this state or of the United States, is guilty of a misdemeanor.

This bill would exempt from the discrimination provisions, with respect to loans and transactions covered by the John Warner National Defense Authorization Act, any person who does not market or extend consumer loans to armed services members and any person who does not market deferred deposit transactions to, or enter into such transactions with, armed services members.

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.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ~~majority~~^{2/3}. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Section 22345 is added to the Financial Code, to
 2 read:
 3 22345. (a) Any person who violates any provision of Section
 4 670 of the John Warner National Defense Authorization Act for
 5 Fiscal Year 2007 (Public Law 109-364) or any regulation
 6 promulgated thereunder, violates this chapter.
 7 (b) With respect to any consumer loans covered by Section 670
 8 of the John Warner National Defense Authorization Act or by any
 9 regulation adopted under that act, a person that does not market
 10 consumer loans to, or does not extend those loans to, armed
 11 services members, shall not be in violation of Section 394 of the
 12 Military and Veterans Code.

1 (c) This section shall become operative on October 1, 2007.

2 SEC. 2. Section 23038 is added to the Financial Code, to read:

3 23038. (a) Any person who violates any provision of Section
4 670 of the John Warner National Defense Authorization Act for
5 2007 (Public Law 109-364) or any regulation promulgated
6 thereunder, violates this division.

7 (b) With respect to any deferred deposit transactions covered
8 by Section 670 of the John Warner National Defense Authorization
9 Act or by any regulation adopted under that act, a person that does
10 not market deferred *deposit* transactions to, or does not enter into
11 those transactions with, armed services members, shall not be in
12 violation of Section 394 of the Military and Veterans Code.

13 (c) This section shall become operative on October 1, 2007.

14 SEC. 3. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.

23 *This act is an urgency statute necessary for the immediate*
24 *preservation of the public peace, health, or safety within the*
25 *meaning of Article IV of the Constitution and shall go into*
26 *immediate effect. The facts constituting the necessity are:*

27 *In order to protect armed service members and their families at*
28 *the earliest possible time, it is necessary that this act take effect*
29 *immediately.*