

AMENDED IN ASSEMBLY MARCH 21, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1158

Introduced by Assembly Member Charles Calderon

February 18, 2011

~~An act to amend Section 14001 of the Financial Code, relating to credit unions.~~ *An act to amend Section 23027 of the Financial Code, relating to deferred deposit transactions.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1158, as amended, Charles Calderon. ~~Credit unions.~~ *Deferred deposit transactions: advertising.*

Existing law, the California Deferred Deposit Transaction Law, provides for the licensure and regulation by the Commissioner of Corporations of persons engaged in the business of making or negotiating deferred deposit transactions, as defined. Existing law prohibits a licensee from placing an advertisement disseminated primarily in this state for a deferred deposit transaction unless the advertisement discloses that the licensee is licensed by the Department of Corporations. Existing law authorizes the commissioner to require licensees to maintain a file of all advertising copy for a period of 90 days from the date of its use and requires the file to be made available to the commissioner upon request. A willful violation of the California Deferred Deposit Transaction Law is a crime.

This bill would prohibit a licensee from placing an advertisement primarily intended to reach California residents, including advertisements on the Internet, unless the advertisement discloses that the licensee is licensed by the department, as specified. The bill would also authorize the commissioner to require licensees to maintain a file

of all advertising copy currently in use and to retain that advertising copy for a period of 2 years from the date of its use.

Because a willful violation of these provisions by a licensee would be a crime under the California Deferred Deposit Transaction Law, the bill would impose 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.

~~The California Credit Union Law regulates the formation and operation of credit unions. Existing law sets forth various defined terms for purposes of the California Credit Union Law.~~

~~This bill would make a nonsubstantive change to these provisions.~~

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

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

- 1 SECTION 1. Section 23027 of the Financial Code is amended
- 2 to read:
- 3 23027. (a) No licensee shall advertise, print, display, publish,
- 4 distribute, or broadcast, or cause or permit to be advertised, printed,
- 5 displayed, published, distributed or broadcast, in any manner, any
- 6 statement or representation with regard to the business subject to
- 7 the provisions of this division, including the rates, terms, or
- 8 conditions for making or negotiating deferred deposit transactions,
- 9 that is false, misleading, or deceptive, or that omits material
- 10 information that is necessary to make the statements not false,
- 11 misleading, or deceptive.
- 12 (b) No licensee shall place an advertisement disseminated
- 13 primarily in this state for a deferred deposit transaction *or primarily*
- 14 *intended to reach California residents, including advertisements*
- 15 *on the Internet*, unless the licensee ~~discloses~~, in the printed text of
- 16 the advertisement; or the oral text in the case of a radio or television
- 17 advertisement, ~~that the licensee is licensed by the department~~
- 18 ~~pursuant to this division~~; *makes the following disclosure:*
- 19

1 “[Insert name of licensee] is licensed by the Department of
2 Corporations pursuant to the California Deferred Deposit
3 Transaction Law.”

4

5 (c) The commissioner may require that rates of charges or fees,
6 if stated by the licensee, be stated fully and clearly in the manner
7 that the commissioner deems necessary to give adequate
8 information to, or to prevent misunderstanding by, prospective
9 customers.

10 (d) No advertising copy shall be used after its use has been
11 disapproved by the commissioner and the licensee is notified in
12 writing of the disapproval.

13 (e) The commissioner may require licensees to maintain a file
14 of all advertising copy *currently in use and to retain that*
15 *advertising copy* for a period of ~~90 days~~ *two years* from the date
16 of its use. The file shall be available to the commissioner upon
17 request.

18 *SEC. 2. No reimbursement is required by this act pursuant to*
19 *Section 6 of Article XIII B of the California Constitution because*
20 *the only costs that may be incurred by a local agency or school*
21 *district will be incurred because this act creates a new crime or*
22 *infraction, eliminates a crime or infraction, or changes the penalty*
23 *for a crime or infraction, within the meaning of Section 17556 of*
24 *the Government Code, or changes the definition of a crime within*
25 *the meaning of Section 6 of Article XIII B of the California*
26 *Constitution.*

27 ~~SECTION 1. Section 14001 of the Financial Code is amended~~
28 ~~to read:~~

29 ~~14001. The definitions provided in this division govern the~~
30 ~~construction of this division unless the context otherwise requires.~~