

1 **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS**

2 In the Matter of the Unlicensed Activity of:

No. 12F-BD009-BNK

3 **CASH 1, L.L.C.,**

**CONSENT ORDER**

4 3003 N. Central Avenue, Suite 1500  
5 Phoenix, Arizona 85012

6 Respondent.

7 On December 8, 2011, the Arizona Department of Financial Institutions ("Department")  
8 issued a Notice of Hearing alleging that Respondent had violated Arizona law. Wishing to resolve  
9 this matter in lieu of an administrative hearing, Respondent, without admitting or denying the  
10 following Findings of Fact and Conclusions of Law, consents to the entry of the following Order.

11 **FINDINGS OF FACT**

12 1. Respondent Cash 1, L.L.C. ("Respondent" or "CASH 1") is an Arizona limited  
13 liability company that is not and was not, at any time material herein, authorized to transact business  
14 in Arizona as a consumer lender within the meaning of A.R.S. § 6-601 *et seq.*

15 2. Respondent is not and was not, at any time material herein, exempt from licensure as  
16 a consumer lender within the meaning of A.R.S. § 6-602.

17 3. A person is engaging in the business of a "consumer lender" if that person "advertises  
18 to make or procure, solicits or holds itself out to make or procure, or makes or procures consumer  
19 lender loans to consumers in this state." A.R.S. § 6-601(5). Specifically:

- 20 a. The term "consumer lender loans" includes consumer loans, consumer revolving  
21 loans and home equity revolving loans. A.R.S. § 6-601(6). The term "consumer  
22 revolving loan" is defined as "an open end revolving loan that is established pursuant  
23 to an agreement with an agreed on credit limit that does not exceed ten [10] thousand  
24 dollars, that the consumer may pay in full at any time but has the privilege of paying  
25 in installments and that contemplates or provides that advances may be obtained from  
26 time to time by the consumer, through checks, drafts, items, credit access devices,

1 orders for the payment of money, evidences of debt or similar means, whether or not  
2 negotiable.” A.R.S. § 6-601(9).

3 4. One product offered by CASH 1 is structured as a sale of goods, i.e., gift cards, on  
4 credit. This transaction requires the opening of a “Retail Charge Account” by a consumer pursuant  
5 to the terms as stated in its “Retail Charge Account Agreement and Disclosure Statement.”

6 5. The Department contends that the sale of gift cards on credit, described by CASH 1  
7 as the sale of “goods” under the terms of a “Retail Charge Account,” is a disguised consumer  
8 revolving loan transaction, within the meaning of A.R.S. § 6-601(9).<sup>1</sup> Respondent has  
9 communicated to the Department its disagreement.

10 6. In light of the Department’s contention, Respondent voluntarily ceased offering the  
11 sale of gift cards on credit.

12 7. These Findings of Fact shall also serve as Conclusions of Law.

13 **CONCLUSIONS OF LAW**

14 1. Pursuant to A.R.S. § 6-601 *et seq.*, the Superintendent has the authority and duty to  
15 regulate all persons engaged in the consumer lender business and with the enforcement of statutes,  
16 rules and regulations relating to consumer lenders.

17 2. By the conduct set forth in the Findings of Fact, the Department finds that  
18 Respondent has committed violations of A.R.S. § 6-603(A) by acting in the capacity of a consumer  
19 lender in the state of Arizona, as defined by A.R.S. § 6-601(5), without having first applied for and  
20 obtained a consumer lender license from the Superintendent pursuant to A.R.S. Title 6, Chapter 5.

21 3. The violations set forth above constitute grounds for: (1) the issuance of an order  
22 pursuant to A.R.S. § 6-137 directing Respondent to cease and desist from the violative conduct and  
23 to take the appropriate affirmative actions, within a reasonable period of time prescribed by the  
24

25 <sup>1</sup> The gift cards, or merchandise certificates, are treated as “goods” under Arizona law only when  
26 “issued by a retail seller, not redeemable in cash and to be used in the face amount instead of cash  
for goods or services sold by such seller.” A.R.S. § 44-6001(3).

1 Superintendent to correct the conditions resulting from the unlawful acts, practices, and transactions;  
2 (2) the imposition of a civil monetary penalty pursuant to A.R.S. § 6-132; and (3) any other remedy  
3 necessary or proper for the enforcement of statutes and rules regulating consumer lenders pursuant to  
4 A.R.S. § 6-601 *et seq.*

5 **ORDER**

6 1. Respondent shall immediately stop the violations set forth in the Findings of Fact and  
7 Conclusions of Law.

8 2. Respondent shall immediately stop all consumer lender activity in Arizona until such  
9 time as Respondent has obtained a consumer lender license from the Superintendent as prescribed by  
10 A.R.S. § 6-601 *et seq.*

11 3. Respondent shall immediately pay to the Department an assessment in the amount of  
12 forty thousand dollars (\$40,000.00).

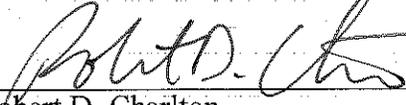
13 4. Respondent shall comply with all Arizona statutes and rules regulating consumer lenders  
14 (A.R.S. Title 6, Chapter 5, § 6-601 *et seq.*). Should Respondent fail to comply with this Order, the  
15 Superintendent shall institute further disciplinary proceedings.

16 5. The provisions of this Order shall be binding upon Respondent, their employees, agents,  
17 and other persons participating in the conduct of the affairs of Respondent.

18 6. This Order shall become effective upon service, and shall remain effective and  
19 enforceable until such time as, and except to the extent that, it shall be stayed, modified, terminated,  
20 or set aside.

21 SO ORDERED this 4 day of January, ~~2011~~ <sup>2012 RDC</sup>

22 Lauren W. Kingry  
23 Superintendent of Financial Institutions

24 By:   
25 Robert D. Charlton  
26 Assistant Superintendent of Financial Institutions

1 CONSENT TO ENTRY OF ORDER

2 1. Respondent acknowledges through its authorized representative that Respondent has  
3 been served with a copy of the foregoing Findings of Fact, Conclusions of Law, and Order in the  
4 above-referenced matter, has read the same, is aware of the right to an administrative hearing in this  
5 matter, and have waived the same.

6 2. Respondent admits the jurisdiction of the Superintendent and consents to the entry of  
7 the foregoing Findings of Fact, Conclusions of Law, and Order.

8 3. Respondent states that no promise of any kind or nature has been made to induce them  
9 to consent to the entry of this Order, and that they have done so voluntarily.

10 4. Respondent agrees to cease from engaging in the violative conduct set forth above in  
11 the Findings of Fact and Conclusions of Law.

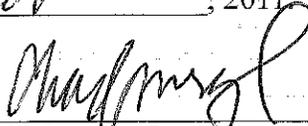
12 5. Respondent acknowledges that the acceptance of this Consent Order by the  
13 Superintendent is solely to settle this matter and does not preclude this Department, any other agency  
14 or officer of this state or subdivision thereof from instituting other proceedings as may be  
15 appropriate now or in the future.

16 6. Failure to correct the violations set forth above in this Order or any future findings of  
17 repeat violations shall result in disciplinary action which may include a greater civil money penalty.

18 7. Chad Miraglia, on behalf of Respondent, represents that he is the President, and as such,  
19 has been authorized to consent to the entry of this Order and to execute this Consent Order on  
20 Respondent's behalf.

21 8. Respondent waives all rights to seek judicial review or otherwise to challenge or contest  
22 the validity of this Consent Order.

23 DATED this 27 day of December, 2011

24 By   
25 Chad Miraglia, President of Cash 1, L.L.C.  
26

1 ORIGINAL of the foregoing filed this 4th  
day of January, 2012, ~~2011~~, in the office of:

2 Lauren W. Kingry, Superintendent of Financial Institutions  
3 Arizona Department of Financial Institutions  
4 ATTN: June Beckwith  
2910 N. 44th Street, Suite 310  
Phoenix, AZ 85018

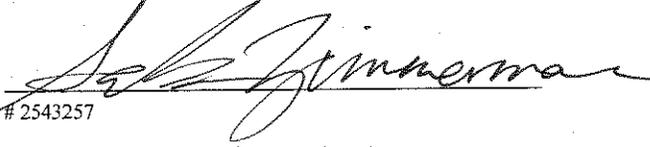
5 COPY mailed/delivered same date to:

6 Natalia A. Garrett, Assistant Attorney General  
7 Office of the Attorney General  
1275 W. Washington Street  
8 Phoenix, AZ 85007

9 Robert Charlton, Licensing Division Manager  
Lola Duncan, Senior Examiner  
10 ATTN: Sabrina Hampton  
Arizona Department of Financial Institutions  
2910 N. 44th Street, Suite 310  
11 Phoenix, AZ 85018

12 AND COPY MAILED SAME DATE by  
13 Certified Mail, Return Receipt Requested, to:

14 Brian J. Schulman, Esq.  
15 Gil Rudolph, Esq.  
Greenberg Traurig LLP  
2375 East Camelback Road  
Suite 700  
16 Phoenix, AZ 85016  
Attorneys for Respondent

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18 # 2543257

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