

**State of New Hampshire
Banking Department**

In re:)	Case Nos.: 10-116; 10-507; 11-031; 11-223;
)	12-406.
East Side Lenders, LLC,)	
)	
Respondent.)	Order to Cease and Desist, Disgorge
)	Charges, and Pay Administrative Fines.
)	
)	

Now comes the State of New Hampshire Banking Department (the “Department”) commencing an adjudicative proceeding under the provisions of RSA Chapter 399-A and RSA Chapter 541-A against the respondent, East Side Lenders, LLC (“East Side Lenders”).

JURISDICTION

The Department licenses and regulates persons “engage[d] in the business of making small loans, title loans, or payday loans in this state or with consumers located in this state” RSA 399-A:2, I. “The [Department] may issue a cease and desist order against any licensee or person who it has reasonable cause to believe has violated or is about to violate the provisions of [RSA Chapter 399-A] or any rule or order under [RSA Chapter 399-A].” RSA 399-A:8, I. The Bank Commissioner may also “by order, upon due notice and opportunity for a hearing, assess penalties [for violating RSA Chapter 399-A] . . . if it is in the public interest.” RSA 399-A:7, I(i).

FACTS

On September 10, 2009, the Department received a complaint from Consumer A regarding East Side Lenders. Consumer A was a New Hampshire resident at all relevant times noted in her complaint. Consumer A alleged that she had taken out a payday loan from East Side Lenders on April 10, 2009. Consumer A further alleged that East Side Lenders had withdrawn \$2,612 from her account over a span of five months. Consumer A submitted to the Department a copy of a notice she received from East Side Lenders stating that her loan had been “continued” with a new balance of \$875 and a new due date of September 11, 2009.

On October 29, 2010, the Department received a complaint from Consumer B against East Side Lenders. Consumer B is a New Hampshire resident. In her complaint, Consumer B alleged that East Side Lenders provided her with a payday loan. With her complaint, Consumer B included a copy of a notice from East Side Lenders indicating that her loan had been funded and was due on June 5, 2009 with a principal balance of \$300 and a service fee of \$75. Consumer B also included a notice from East Side Lenders indicating that her loan was “continued” with a new due date of July 17, 2009.

On November 23, 2010, the Department received a complaint from Consumer C against East Side Lenders. In Consumer C’s complaint, she alleged that on or about June 4, 2010 East Side Lenders provided her with a loan in the amount of \$975 (the “June 4, 2010 loan”). Consumer C provided documentation from East Side Lenders indicating that on June 8, 2010, her loan was paid off.

Consumer C also stated that on or about August 6, 2010, she received a loan from East Side Lenders in the amount of \$950 (the “August 6, 2010 loan”). She further alleged that between August 26, 2010 and October 21, 2010, she made a series of payments to East Side Lenders totaling \$1,685. Consumer C stated that East Side Lenders duplicated the final payment she authorized and, instead of withdrawing one payment of \$310, East Side Lenders pulled two payments of \$310 from her bank account. Consumer C attempted to resolve this double payment with East Side Lenders, but her complaint indicates that her attempts were unsuccessful. Subsequently, Consumer C closed her bank account, but East Side Lenders continued attempting to withdraw money. Consumer C filed a complaint with the Better Business Bureau. In response to the Better Business Bureau complaint, East Side Lenders agreed to stop attempting to withdraw money.

On December 23, 2010, the Department received a complaint from Consumer D regarding East Side Lenders. Consumer D alleged that East Side Lenders provided her with a loan in the amount of \$500 on or about August 2, 2010. Consumer D provided the Department with notification from East Side Lenders indicating that her loan had been funded in the amount of \$500 with a service fee in the amount of \$150. Consumer D repaid \$150 to East Side Lenders before discovering that East Side Lenders was not licensed by the Department.

On May 9, 2011, the Department received a complaint from Consumer E regarding East Side Lenders. Consumer E alleged that she received a payday loan from East Side Lenders in 2009. Consumer E further alleged that East Side Lenders sold her loan to a collection agency. Subsequently, Consumer E filed a complaint against the collection agency with the Better Business Bureau. As a result of the complaint filed with the Better Business Bureau, the collection agency marked Consumer E's account as paid in full.

On January 23, 2012, the Department received an email tip from Consumer F regarding East Side Lenders. In the email, Consumer F stated that East Side Lenders was continuing to withdraw money from her bank account in payment for a loan. Consumer F also forwarded the Department an email from East Side Lenders dated November 5, 2010 stating that her loan of \$550 was due for a payment.

The Department subsequently investigated East Side Lenders and discovered that East Side Lenders is not licensed by the Department. The Department sent administrative subpoenas to East Side Lenders. Counsel for East Side Lenders contacted the Department. The Department and East Side Lenders attempted to settle this matter amicably, but no such settlement could be reached. Accordingly, the Department commenced this adjudicative proceeding.

GOVERNING LAW

Under RSA 399-A:2, I, “[n]o person shall engage in the business of making small loans, title loans, or payday loans . . . with consumers located in [New Hampshire] without first obtaining a license from the [Bank Commissioner].” A “small loan” is “a closed-end loan in the amount of \$10,000 or less or an open-end loan with a line of credit of \$10,000 or less . . .” and the borrower pays charges in connection with the loan which in the aggregate are greater than 10 percent per annum. RSA 399-A:1, XIV. A “payday loan” is “a short-maturity, secured or unsecured loan, other than a title loan.” RSA 399-A:1, X.

FINDINGS

Pursuant to RSA 399-A:8, I, the Department has reasonable cause to believe that East Side Lenders has violated the following provision of RSA Chapter 399-A:

1. RSA 399-A:2, I: The respondent knowingly or negligently violated RSA 399-A:2, I when it engaged in the business of making small loans or payday loans without first obtaining a license from the Department. Specifically, the respondent made small loans or payday loans to Consumer A, Consumer B, Consumer C, Consumer D, Consumer E, and Consumer F.

Pursuant to RSA 399-A:7, I, this Order is necessary and appropriate to the public interest, for the protection of consumers, and consistent with the purposes fairly intended by the policy and provisions of RSA Chapter 399-A.

ORDER

Accordingly, the Commissioner orders as follows:

1. The respondent shall cease and desist from violating RSA Chapter 399-A and any rules or order under RSA Chapter 399-A.

2. The respondent shall disgorge any finance charges, delinquency charges, or collection charges associated with the above-referenced consumers' accounts.
3. The respondent shall be assessed an administrative fine of \$2,500 for knowingly or negligently violating RSA 399-A:2, I when it made a small loan or payday loan to Consumer A without a license from the Department. RSA 399-A:7, I(i); RSA 399-A:8, I; RSA 399-A:18, II; RSA 399-A:18, V.
4. The respondent shall be assessed an administrative fine of \$2,500 for knowingly or negligently violating RSA 399-A:2, I when it made a small loan or payday loan to Consumer B without a license from the Department. RSA 399-A:7, I(i); RSA 399-A:8, I; RSA 399-A:18, II; RSA 399-A:18, V.
5. The respondent shall be assessed an administrative fine of \$2,500 for knowingly or negligently violating RSA 399-A:2, I when it made the June 4, 2010 loan to Consumer C without a license from the Department. RSA 399-A:7, I(i); RSA 399-A:8, I; RSA 399-A:18, II; RSA 399-A:18, V.
6. The respondent shall be assessed an administrative fine of \$2,500 for knowingly or negligently violating RSA 399-A:2, I when it made the August 6, 2010 loan to Consumer C without a license from the Department. RSA 399-A:7, I(i); RSA 399-A:8, I; RSA 399-A:18, II; RSA 399-A:18, V.
7. The respondent shall be assessed an administrative fine of \$2,500 for knowingly or negligently violating RSA 399-A:2, I when it made a small loan or payday loan to Consumer D without a license from the Department. RSA 399-A:7, I(i); RSA 399-A:8, I; RSA 399-A:18, II; RSA 399-A:18, V.

8. The respondent shall be assessed an administrative fine of \$2,500 for knowingly or negligently violating RSA 399-A:2, I when it made a small loan or payday loan to Consumer E without a license from the Department. RSA 399-A:7, I(i); RSA 399-A:8, I; RSA 399-A:18, II; RSA 399-A:18, V.
9. The respondent shall be assessed an administrative fine of \$2,500 for knowingly or negligently violating RSA 399-A:2, I when it made a small loan or payday loan to Consumer F without a license from the Department. RSA 399-A:7, I(i); RSA 399-A:8, I; RSA 399-A:18, II; RSA 399-A:18, V.

NOTICE OF RIGHT TO A HEARING

The respondent has a right to request a hearing in writing on this Order to Cease and Desist. If requested, “[a] hearing shall be held not later than 10 days after the request for such hearing is received by the commissioner” RSA 399-A:8, I.

If the respondent “fails to request a hearing within 30 calendar days of receipt of such order, then such person shall likewise be deemed in default, and the order shall, on the thirty-first day, become permanent, and shall remain in full force and effect until and unless later modified or vacated by the commissioner, for good cause shown.” Id.

RECOMMENDED by:

05/16/13
Date

_____/s/
Emelia A.S. Galdieri
N.H. Bar #19840
Hearings Examiner
State of New Hampshire Banking Department

ORDERED by:

05/16/13
Date

_____/s/
Glenn A. Perlow
Bank Commissioner
State of New Hampshire Banking Department

CERTIFICATE OF SERVICE

I, Michele Kelleher, hereby certify that on May 21, 2013, a copy of this Order to Cease and Desist was sent to the following parties via U.S. Certified Mail First Class:

East Side Lenders
314 East Main Street, Ste 304
Newark, DE 19711

David S. Swayze, Esq.
Law Offices of Parkowski, Guerke & Swayze
800 King Street, Ste 203
Wilmington, DE 19801

/s/
Michele Kelleher
Paralegal
State of New Hampshire Banking Department