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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
whether there has been a violation  
of the Securities Act of Washington by:

PAYDAY TODAY USA.COM, INC., and  
DAVID E. L'HOIR, PRESIDENT,

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Respondents.

SDO - 037 - 01

SUMMARY ORDER TO CEASE AND DESIST,  
REVOKING EXEMPTIONS, AND NOTICE OF  
INTENT TO IMPOSE FINES AND ORDER  
AFFIRMATIVE RELIEF

Case No. 01 - 04 - 137

THE STATE OF WASHINGTON TO:

David E. L'Hoir, President  
Payday Today USA.com, Inc.  
1040 Bayview Drive, Suite 606  
Ft. Lauderdale, Florida 33304

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**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Payday Today USA.com, Inc. and David E. L'Hoir, have each violated the Securities Act of Washington and that their violations justify the entry of an order against each by the Securities Administrator under RCW 21.20.390 to cease and desist from such violations, and RCW 21.20.325 withdrawing the availability of exemptions under RCW 21.20.320. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to investors and to the public, and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

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**TENTATIVE FINDINGS OF FACT**

**I. RESPONDENTS**

1. Payday Today USA.com, Inc. ("Payday") is a Nevada for-profit corporation authorized to do business March 10, 2000. Payday has been engaged in business as a check casher and seller, i.e., for compensation, cashes and sells checks, drafts, money orders, or other commercial paper serving the same purpose.

Payday does business as Payday Today, and maintains its corporate headquarters at 1040 Bayview Drive, Suite 606, Ft. Lauderdale, Florida.

2. David E. L'Hoir ("L'Hoir") is the President and Chief Executive Officer of Payday. L'Hoir is also known as David L'Hoir-Wynn.

**II. NATURE OF THE VIOLATIONS**

3. Starting on or about March 1, 2001 and continuing until on or about May 10, 2001, Respondents sent, or caused to be sent, unsolicited e-mail messages to residents of Washington State. The e-mail messages stated that, for a \$10,000 minimum investment, investors could make 42% annually, or 3.5% monthly by investing in what Respondents called "fully secured accounts receivable acquisitions." Recipients of the e-mail solicitations were instructed to complete and return via e-mail an attached electronic form providing their name, physical address, telephone number, and e-mail address. The e-mails also contained links to other websites offering additional information about Payday, each of which included similar electronic forms to be completed and returned. One e-mail contained a link to General Marketing Associates, Inc., ("GMA") of North Miami Beach, Florida. GMA is one of Payday's independent sales offices authorized to find and sell investors Payday's accounts receivable.

4. On or about March 25, 2001, a Washington resident (the "resident"), who had received more than two dozen similar e-mail messages from Payday, completed and returned the electronic form to GMA. On or about March 30, 2001, Steven Chausse ("Chausse"), a salesperson employed by GMA, called the resident on

1 behalf of Payday. Chausse asked if the resident had ever heard of factoring, and went on to describe how  
2 banks made money purchasing accounts receivable. Chausse said that the risk with factoring was in  
3 determining whether or not the accounts were collectable. He said that because a major check guarantee  
4 company was guaranteeing the Payday accounts there was no risk at all, and that Payday was guaranteeing  
5 investors 42% annual returns.

6 5. Chausse said that the payday loan industry had done \$80 billion in business in 2000, and was expected to  
7 double that to \$160 billion in 2001. He said that Payday was a leader in the industry and that their growth  
8 rate was "phenomenal." Chausse identified TeleCheck Services as the guarantor of the accounts, and  
9 described TeleCheck as a "huge" company. Chausse said that with TeleCheck guaranteeing the Payday  
10 accounts there was no risk at all. Chausse claimed that any money invested would be placed in a secured and  
11 guaranteed account, and used only to make payday loans. He said the resident could get his principal  
12 returned at any time by giving 90 days written notice. Chausse stated that while Payday had the use of the  
13 investor's money, the resident would receive a 3.5% monthly fee, for a 42% annual return. The resident  
14 asked Chausse for more information about the investment opportunity, and Chausse said that he would send  
15 more information describing the offer via an e-mail. On or about April 9, 2001, the resident received an e-  
16 mail from Chausse that included as an attachment 15-pages of documents describing the Payday offer. The  
17 documents included a one-page letter from L'Hoir addressed "Dear Prospective Investor"; a one-page  
18 overview of the offering; an eight-page "Accounts Receivable Purchase Agreement" dated 2001; and wiring  
19 instructions describing how to wire money to Payday.  
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21 6. The "Dear Prospective Investor" letter from L'Hoir states that Payday is offering a 3.5% monthly return,  
22 paid monthly on the first of each month, with the investment collateralized by customer checks guaranteed by  
23 TeleCheck. The "Overview" states that Payday, as the seller, is offering \$2,000,000 of accounts receivables  
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1 on loans with an annualized yield of 42%; that investments are 100% liquid, as investors can get a full return  
2 of principal with 90 days written notice; and that the minimum investment is \$10,000.

3 7. The 2001 "Accounts Receivable Purchase Agreement" sets forth the terms of the investment contract  
4 between Payday and any potential investor. The agreement provides that Payday will provide checks written  
5 by their customers, described in the contract as "accounts," to investors. The investors, called "factors" in the  
6 agreement, then decide whether to invest in that particular account. Once an investment is made, Payday will  
7 then pay investors a monthly fee of 3.5% of the face amount of the investment. Pursuant to the agreement,  
8 Payday agrees to pay investors the full amount of any checks purchased within 30 days of a demand for  
9 payment, regardless of any default or dispute between Payday and its customer.

10 8. The Washington resident had no experience in or knowledge of the factoring business or account  
11 collection, and was completely dependent upon Payday's recommendations in determining whether or not to  
12 purchase any check presented. Furthermore, the resident would be dependent upon Payday for submission  
13 and payments of all accounts.

14 9. On or about April 11, 2001, the resident received a second telephone call from Chausse. The resident  
15 indicated that he had reviewed the material and was interested in investing, but wanted more information  
16 about Payday. Chausse said that he would send an information package to the resident. On April 16, 2001,  
17 the resident received an Airborne Express package from Payday. Inside the package was a folder printed  
18 with information about Respondents; a two-page letter from L'Hoir addressed "Dear Prospective Investor"; an  
19 eight-page document from L'Hoir titled "Frequently Asked Questions" ("FAQ's"); and a nine-page "Accounts  
20 Receivable Purchase Agreement" dated 2000; a business card from David E. L'Hoir, President and Chief  
21 Executive officer; and a return Airborne Express air bill addressed and billable to Payday. All the documents  
22 in the package dated from either 1999 or 2000.  
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1 10. The folder provided the following information: Payday operates "financial centers" in California and  
2 Nevada, with gross sales of approximately \$1.3 million in 1999 and a growth rate of 120% annually; Payday  
3 intends to acquire locations in 3,200 existing retail stores, and expects to gross more than \$50 million in sales  
4 from those new locations; Payday expects to gross \$13 million in sales from Internet loans based on an  
5 advertising contract signed with America On Line; and Payday expects to gross more than \$63 million in  
6 sales based on a television advertising campaign on Turner Broadcasting Network.

7 11. The "Dear Prospective Investor" letter was significantly different from the similarly addressed letter  
8 received earlier. In this version, L'Hoir claims Payday is seeking additional lending capital from prospective  
9 investors prior to a planned "\$25 million Private Placement Memorandum Offering." L'Hoir claims to have  
10 twenty-six outstanding notes for a total of \$1,640,000, and that "once the capital requirement of \$2,000,000 is  
11 funded (on a first-come, first-serve basis), we will no longer seek additional capital." L'Hoir advises that  
12 factored capital will be used solely for loans, and that investors are purchasing accounts receivable checks  
13 made payable to Payday. L'Hoir claims that Payday will be experiencing exponential growth in the months  
14 and years ahead, and that Payday has entered into contracts for an offering of its convertible preferred stock  
15 through a NASD member broker/dealer.

16 12. The "FAQ's" promise a guaranteed return of 36% annually, paid at 3% monthly as a fee for the use of the  
17 investor's money. The document claims that investor funds are "100% secured by the Accounts Receivable"  
18 purchased by the investor; that Payday has two years of independent CPA-audited financial statements; that  
19 Payday has an "extensive" business plan; that Payday receives an average 150% return on money they loan to  
20 customers; that Payday is interested in attracting serious investors, either "sophisticated" or not; and that there  
21 is only a 1% risk of a Payday customer not making good on their check.  
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23 13. On or about April 17, 2001, Chausse made a third telephone call to the Washington resident, this time to  
24 discuss the offering materials sent via Airborne Express and received by the resident April 16. In response to  
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1 the resident's questions about the offering, Chausse said that the investment was guaranteed, and that the  
2 investor's money would be deposited into a segregated account similar to an escrow account. Chausse told  
3 the resident that the investment was guaranteed through the cash flow of Payday. The resident asked Chausse  
4 about the discrepancy in the two sets of offering materials regarding rate of return. Chausse stated that  
5 Payday was receiving money from investors so quickly that they were forced to lower the rate of return. The  
6 3% and 36% rates of return stated in the materials shipped through Airborne referred to the new reduced  
7 returns. Chausse then told the resident that since the Washington resident had contacted Payday before the  
8 reduction, the resident was "locked in" at the "old" 3.5% and 42% return. Chausse then stated that this  
9 opportunity would be forever closed once completed. Chausse asked whether the Washington resident was  
10 still interested in investing, and if so, at what level. The resident said that he was interested and would invest  
11 \$100,000.

12 14. The Securities Division has identified more than 50 Washington residents who received offering  
13 documents from Respondents between January 1, 2001 and April 2, 2001. In addition, more than a dozen  
14 Washington residents made shipments to Respondents.

15 15. None of the offering documents provided by Respondents included audited financial statements. The  
16 financial information Respondents provided on gross sales and projections of gross sales did not contain  
17 information sufficient to allow investors to reach reasonable conclusions regarding the offering. No risk  
18 factors associated with the investment were disclosed, and the "Management" section of the offering  
19 materials failed to include sufficient information about the employment history of the officers. In particular,  
20 the Management section failed to disclose that L'Hoir had defaulted on promises to pay San Diego investors  
21 5% returns for factoring account receivables in a related payday loan venture.

22 16. In early May 2001, the U.S. Federal Bureau of Investigation ("F.B.I.") arrested L'Hoir on charges of wire  
23 fraud, mail fraud, and money laundering in connection with the offer and sale of Payday investment contracts.  
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1 According to affidavits filed in the case by F.B.I. agents, L'Hoir does not own any Payday loan stores and  
2 may have been operating a Ponzi scheme.

3 17. Respondents Payday, L'Hoir, their agent GMA, and their agents or employees are not currently registered  
4 to offer or sell securities in the State of Washington, and have not previously been so registered. Respondent  
5 Payday's securities are not currently registered in the State of Washington, have not previously been so  
6 registered, and no claim of exemption for said securities is on file with the Division.

7 18. The Securities Administrator finds that the continued offering of Payday account receivable contracts in  
8 the manner described in Tentative Findings of Fact, Section II, paragraphs 3 through 15, and the continued  
9 availability of exemptions to Respondents, presents a threat to the investing public.

10  
11 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

### 12 **III. CONCLUSIONS OF LAW**

- 13  
14 1. The offer and/or sale of accounts receivable by Respondents constitutes the offer and/or sale of a security  
15 as defined in RCW 21.20.005(10) and (12).
- 16 2. The offer and/or sale of said securities by Respondents was made in violation of RCW 21.20.140 because  
17 no registration or notification of claim of exemption for such offer and/or sale was or is on file with the  
18 Securities Administrator, State of Washington, and it appears that the Respondents do not otherwise qualify  
19 for an exemption from registration.
- 20 3. Respondents have each violated RCW 21.20.040 by offering and/or selling said securities through their  
21 agent General Marketing Associates, Inc., while not registered as securities salespersons or as broker/dealers  
22 in the State of Washington.
- 23 4. Respondents have each violated RCW 21.20.010 in connection with the offer and/or sale of said securities  
24 because the representations made to potential investors regarding the guaranteed return, the default rate on  
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1 payday loans, projections of future sales growth, and the liquidity of the investment were made with no  
2 reasonable basis in fact. Respondents also omitted material facts in their offering documents, that made the  
3 statements made in those documents misleading. Additionally, the acts, practices, and course of business  
4 conduct engaged in by Respondents served to operate as a fraud or deceit upon investors.

### 5 **EMERGENCY**

6 Based upon the foregoing, the Securities Administrator finds that an emergency exists, that  
7 Respondents' continued violations of RCW 21.20.140, RCW 21.20.040, and RCW 21.20.010, and the  
8 continued availability of exemptions under RCW 21.20.320, constitutes a threat to the investing public. The  
9 Securities Administrator finds that a Summary Order to Cease and Desist from those violations, and the  
10 summary withdrawal of the availability of exemptions available under RCW 21.20.320, is in the public  
11 interest and necessary for the protection of the investing public.

### 12 **SUMMARY ORDER**

13 Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that  
14 Respondents Payday Today USA.com, Inc. and David E. L'Hoir, their agents and employees, shall each  
15 cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the  
16 securities registration section of the Securities Act of Washington.

17 It is further SUMMARILY ORDERED that Respondents, their agents and employees, shall each cease  
18 and desist from violation of RCW 21.20.040, the broker/dealer and salesperson registration section of the  
19 Securities Act of Washington.

20 It is further SUMMARILY ORDERED that Respondents, their agents and employees, shall each cease  
21 and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.  
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1 It is further SUMMARILY ORDERED that based upon the foregoing violations of RCW 21.20.010,  
2 the exemptions available to Respondents under RCW 21.20.320(1), (9), (11), and (17) are hereby  
3 withdrawn.

4  
5 **NOTICE OF INTENT TO IMPOSE FINES**

6 Pursuant to RCW 21.20.395, and based upon the above Tentative Findings of Fact and Conclusions of Law,  
7 the Securities Administrator finds that Respondents have committed ten or more knowing or reckless  
8 violations of the Securities Act such that the imposition of fines is required. Therefore, the Securities  
9 Administrator intends to order that Respondents shall be jointly and severally liable for and pay a fine in the  
10 amount of \$5,000 per violation, for a total of \$50,000.

11  
12 **NOTICE OF INTENT TO ORDER AFFIRMATIVE RELIEF**

13 Pursuant to RCW 21.20.390, and based upon the above Tentative Findings of Fact and Conclusions of Law,  
14 the Securities Administrator intends to order that Respondents shall be jointly and severally liable for and  
15 shall provide appropriate affirmative relief, including, without limitation, a requirement to provide full  
16 restitution to all Washington purchasers of Payday investment contracts.

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18 **AUTHORITY AND PROCEDURE**

19  
20 This Order is entered pursuant to the provisions of RCW 21.20.390 and RCW 21.20.325, and is  
21 subject to the provisions of Chapter 34.05 RCW. Respondents may each make a written request for a  
22 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR  
23 HEARING accompanying this order. If any Respondent does not request a hearing, as to that Respondent,  
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1 the Securities Administrator intends to adopt the above Tentative Findings of Fact, Conclusions of Law,  
2 and Summary Order as final, impose the fines and affirmative relief sought, and permanently revoke the  
3 exemptions available under RCW 21.20.320(1), (9), (11), and (17).  
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5 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**  
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7 ENTERED this 30th day of May, 2001.  
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11 Deborah R. Bortner  
12 Deborah R. Bortner  
13 Securities Administrator

14 Approved by:

15 Presented by:

16 Michael E. Stevenson  
17 Chief of Enforcement

18 Anthony W. Carter  
19 Securities Examiner  
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