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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

11	In the Matter of:)	
12	THE COMMISSIONER OF BUSINESS)	
13	OVERSIGHT,)	CFL LICENSE NOS.: 603-J516; 603-J738; 603-
14	Complainant,)	J880; 603-J916; 603-J930; 60DBO-44461;
15	v.)	60DBO-44557; 60DBO-44664; 60DBO-44645;
16	DOLLAR LOAN CENTER CALIFORNIA,)	60DBO-45026; 60DBO-45647; 60DBO-45686;
17	LLC,)	60DBO-45905; and 60DBO-46111
18	Respondent.)	
19)	

20 This Consent Order (Consent Order) is entered into by and between the Commissioner of
21 Business Oversight (Commissioner) and Dollar Loan Center California, LLC (DLCCALLC)
22 (collectively the Parties), and is made with respect to the following facts:

23 **I.**

24 **Recitals**

25 A. DLCCALLC is a limited liability company in good standing, duly formed and
26 existing pursuant to the laws of the State of South Dakota and authorized to conduct business in
27 California.
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1 B. DLCCALLC is a finance lender licensed by the Commissioner pursuant to the
2 California Financing Law (CFL) (Fin. Code § 22000 et seq.). DLCCALLC has its principal place of
3 business located at 8860 West Sunset Road, Las Vegas, Nevada 89148. DLCCALLC currently has
4 13 CFL branch office licenses. DLCCALLC has been approved to do business under its CFL
5 licenses under the names Dollar Loan Center, Dontbebroke.com and DLC.

6 C. The Department of Business Oversight (Department), through the Commissioner, has
7 jurisdiction over the licensing and regulation of persons and entities engaged in the business of
8 lending and/or brokering pursuant to the CFL.

9 D. Pursuant to the CFL, the Commissioner has authority to issue orders to desist and
10 refrain from violations of the CFL, to deny, suspend, or revoke licenses pending or issued under the
11 CFL, and to assess penalties.

12 E. The CFL is intended to: ensure an adequate supply of credit to borrowers in
13 California; simplify, clarify, and modernize the law governing loans made by finance lenders; foster
14 competition among finance lenders; protect borrowers against unfair practices by some lenders,
15 having due regard for the interests of legitimate and scrupulous lenders; permit and encourage the
16 development of fair and economically sound lending practices; and encourage and foster a sound
17 economic climate in this state. (Fin. Code, § 22001, subdivision (a))

18 F. Charles C. Brennan (Brennan) is the chief executive officer of DLCCALLC, and as
19 such, is authorized to enter into this Consent Order on behalf of DLCCALLC.

20 G. As a result of a regulatory examination of DLCCALLC commenced in 2014, the
21 Commissioner found that DLCCALLC routinely made statements and/or representations regarding
22 the terms and conditions of the loans that were false, misleading or deceptive and/or omitted material
23 information that was necessary to make the statements and/or representations made not false,
24 misleading, or deceptive in violation of Financial Code section 22161 in that DLCCALLC informed
25 consumers when consumers stated they wanted a loan for less than \$2,500.00 that:

- 26 a. DLCCALLC could not make loans of less than \$2,500.00 because of state law; and
- 27 b. The consumer could immediately give back whatever amount they did not want
28 thereby reducing the principal balance to the amount desired without informing the consumer that

1 because the loan was for \$2,500.00, DLCCALLC was not subject to the interest rate limitations
2 (approximately 30%) set forth in Financial Code sections 22303 and 22304.

3 H. As of December 31, 2017, DLCCALLC ceased operations in California; originating
4 no new loans and engaging only in servicing outstanding loans.

5 I. The Commissioner finds that entering into this Consent Order is in the public interest
6 and is consistent with the purposes fairly intended by the policy and provisions of the CFL.

7 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
8 forth herein, the parties agree as follows:

9 **II.**

10 **Terms and Conditions**

11 1. Purpose. This Consent Order is entered into for the purpose of judicial economy and
12 to avoid the expense and uncertainty of a hearing or other litigation.

13 2. Finality of Consent Order. DLCCALLC agrees to comply with this Consent Order
14 and stipulates this Consent Order is hereby deemed final.

15 3. Desist and Refrain Order. In accordance with Financial Code section 22712,
16 DLCCALLC stipulates that it is ordered to desist and refrain from violating Financial Code section
17 22161, subdivisions (a) and (b).

18 4. Waiver of Hearing Rights. DLCCALLC acknowledges that the Commissioner is
19 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
20 charges contained in this Consent Order. DLCCALLC hereby waives the right to any hearings, and
21 to any reconsideration, appeal, or other right to review which may be afforded pursuant to the CFL,
22 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
23 provision of law. DLCCALLC further expressly waives any requirement for the filing of an
24 Accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such
25 rights, DLCCALLC effectively consents to this Consent Order and Desist and Refrain Order herein
26 becoming final.

1 5. Refund Population Calculation. DLCCALLC shall audit its files and identify all new
2 loans (not up-loans or re-loans) made under its various CFL licenses that were originated between
3 April 1, 2012 and December 31, 2016 and on which an advance payment of \$800.00 or more was
4 received by DLCCALLC on the day of funding or up to one day thereafter (Refund Population).
5 DLCCALLC represents that it has already completed this audit and has identified 887 loans that
6 constitute the Refund Population.

7 6. Refund Payments. DLCCALLC shall make the refunds as follows:

8 (a) DLCCALLC shall pay the sum of \$60.00 to the borrower of each loan
9 identified in the Refund Population (Refunds, or, individually, Refund) no later than 90 days after
10 the Effective Date of this Consent Order, as defined in Paragraph 28.

11 (b) DLCCALLC shall submit evidence of such payment to the Commissioner no
12 later than 120 days after the Effective Date of this Consent Order, as defined in Paragraph 28. Such
13 evidence shall include a copy of the refund checks, loan balances, and/or advisements of outstanding
14 balance reductions to assignees and borrowers of charged-off loans assigned to outside collections
15 for each loan in the Refund Population. Evidence shall be sent to the Commissioner via Judy L.
16 Hartley, Senior Counsel, 320 West 4th Street, Suite 750, Los Angeles, CA 90013-2344.

17 (c) Each Refund shall be applied as follows:

18 i. for current borrowers whose loans have an outstanding balance of
19 more than the Refund, by reducing the loan’s principal balance of current borrowers who have an
20 outstanding balance in excess of the Refund owed;

21 ii. for current borrowers whose loans have an outstanding balance of less
22 than the Refund, by reducing the loan’s principal balance and mailing a check for the remaining
23 amount to the borrower;

24 iii. for former borrowers who repaid their loans in full and do not have
25 any loans from DLCCALLC with an outstanding balance, by mailing a check for amount of the
26 Refund; or

27 iv. for borrowers whose loans were charged off by the Refund amount, by
28 reducing the charged-off balance. As to charged-off loans, DLCCALLC shall apply the reduction

1 for the Refund amount directly to any loan it retained for collection and shall advise the assignee of
2 the reduced outstanding balance for those assigned for collection. DLCCALLC shall also advise
3 each borrower of a charged-off loan that has been assigned for collection of the reduction in
4 outstanding balance by sending notice electronically to the borrower’s last known e-mail address in
5 DLCCALLC’s records or, if the borrower has opted out of receiving electronic communications
6 from DLCCALLC, by sending notice by U.S. mail to the borrower’s last known mailing address in
7 DLCCALLC’s records.

8 (d) DLCCALLC shall escheat all checks that are not cashed to the California
9 State Controller’s Office within the period provided by and in accordance with the Unclaimed
10 Property Act. (Code of Civ. Proc., § 1500 et seq.).

11 7. Administrative Penalty and Investigative Costs. DLCCALLC shall pay to the
12 Commissioner the sum of \$12,500.00 as and for her legal, investigative and clerical costs, and
13 \$12,500.00 as administrative penalties, for a total of \$25,000.00, no later than 90 days after the
14 Effective Date of this Consent Order, as defined in Paragraph 28. The payment shall be made by
15 cashiers’ check payable to the Department of Business Oversight and shall be sent to the
16 Department, attention, Accounting-Litigation, 1515 K Street, Suite 200, Sacramento, CA 95814-
17 4052.

18 8. Remediation. DLCCALLC represents that on or about February 3, 2017 through its
19 cessation of loan originations on December 31, 2017, it had implemented the below disclosures,
20 training, monthly internal review, and employee enforcement in its California operations:

21 (a) Disclosures.

22 i. If a California consumer contacts DLCCALLC, in person or
23 otherwise, inquiring about or applying for a loan and states at any point that he or she is interested in
24 or desires to borrow an amount less than \$2,500.00, DLCCALLC employees shall respond with a
25 statement substantially similar to the following: “Dollar Loan Center does not make loans of less
26 than \$2,500.00. California law caps interest rates on loans of less than \$2,500.00 at or about 30
27 percent, which is lower than the interest rates offered on loans made by Dollar Loan Center. If you
28 want a loan of less than \$2,500.00, you should consider whether another lender may offer such a

1 loan to you.” The responsive statement shall not refer to the ability of borrowers to prepay at any
2 time. DLCCALLC employees are not prohibited from advising the prospective borrower about the
3 borrower’s right to prepay pursuant to Financial Code Section 22337, so long as the advisement is
4 not in response to a question about whether DLCCALLC makes loans of less than \$2,500.00 or in
5 response to a statement of interest in or a desire to borrow an amount less than \$2,500.00.

6 ii. Provide in writing and read to all California applicants for CFL loans
7 the following statement: “If you have asked to make partial prepayment of a loan that you have
8 just obtained from Dollar Loan Center before the first scheduled due date you need to be
9 informed that under California law, you have the right to make prepayment of your loan in any
10 amount at any time, so we must accept your prepayment. Dollar Loan Center does not make
11 loans for less than \$2500. Under California law loans for less than \$2500 are capped at an interest
12 rate of about 30% which is a lower interest rate than what Dollar Loan Center offers on their
13 loans. If you want a loan for less than \$2500 you may want to consider whether a different lender
14 would be a better option for you. If you choose to pay back a portion of the loan today or any time
15 before your first scheduled payment is due, you understand that the loan that was extended to you
16 was for \$2500 and making a payment before your due date does not alter the terms of the contract
17 that you signed. Your regular loan payments will be due as set forth in the payment schedule
18 provided to you in your loan agreement, until your loan is paid in full.”

19 iii. If a California consumer contacts DLCCALLC, in person or
20 otherwise, inquiring about or applying for a loan of less than \$2,500.00, DLCCALLC shall not claim
21 that loans of less than \$2,500.00 are prohibited under any California state laws, regulations, or rules.

22 (b) Training. Training all California employees on the mandated disclosures
23 described in Paragraph 8 (a) above.

24 (c) Monthly Internal Reviews. Reviewing monthly all CFL loans in which the
25 borrower made a pre-payment within two days of origination to ensure that proper procedures,
26 including those described in Paragraph 8 (a) were followed.
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1 (d) Employee Enforcement. Implemented a periodic secret shopper program to
2 promote compliance with the provisions set forth in paragraph 8 (a).

3 9. License Surrender. The parties hereby agree that the CFL licenses of DLCCALLC
4 shall be deemed surrendered upon completion of all the terms and conditions of this Consent Order.
5 DLCCALLC shall submit the original of its CFL licenses to the Department prior to the
6 effectiveness of such surrenders.

7 10. Future Remediation. DLCCALLC and Brennan agree that if DLCCALLC, or any
8 entity that is affiliated with DLCCALLC, applies for a CFL license in the future; such future
9 applicant will comply with the provisions set forth in paragraph 8 above upon licensure unless and
10 until it receives prior written approval from the Commissioner to do otherwise.

11 11. Revocation of Licenses for Failure to Comply. DLCCALLC agrees that, if it fails to
12 comply with Paragraphs 5 through 7 of this Consent Order, the CFL licenses of DLCCALLC shall
13 be summarily revoked. DLCCALLC hereby waives any notice and hearing rights that may be
14 afforded pursuant to the CFL, the California Administrative Procedure Act, the California Code of
15 Civil Procedure, or any other provision of law.

16 12. Consideration. Except as set forth in Paragraph 11 of this Consent Order, in
17 consideration of DLCCALLC’s agreement to the issuance of a final desist and refrain order,
18 payment of refunds, and other relief as provided for herein, the Commissioner hereby agrees that she
19 shall not suspend, revoke or commence other adverse administrative proceedings against the CFL
20 licenses of DLCCALLC as a result of this action.

21 13. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
22 interest.

23 14. Third Party Actions. This Consent Order does not create any private rights or
24 remedies against DLCCALLC, create any liability for DLCCALLC, create any contractual third-
25 party beneficiaries, or limit defenses of DLCCALLC for any person or entity not a party to this
26 Consent Order.

27 15. Full and Final Settlement. The parties hereby acknowledge and agree that this
28 Consent Order is intended to constitute a full, final, and complete resolution of any and all known

1 claims of the Commissioner against DLCCALLC through the Effective Date of this Consent Order,
2 as defined in Paragraph 28 and that no further proceedings or actions will be brought by the
3 Commissioner in connection therewith either under the CFL, or any other provision of law,
4 excepting therefrom (i) any proceeding to enforce compliance with the terms of this Consent Order
5 or (ii) any proceeding or action if such action or proceeding is based upon violations of the CFL
6 which were knowingly or willfully concealed from the Commissioner by DLCCALLC. Further, this
7 Consent Order may be revoked and the Commissioner may pursue any and all remedies available
8 under law against DLCCALLC if the Commissioner later discovers that DLCCALLC knowingly or
9 willfully withheld information used for and relied upon in this Consent Order. In entering into this
10 Consent Order, DLCCALLC neither admits nor denies liability for the findings in Paragraph G of
11 the recitals above.

12 16. Commissioner’s Duties. The parties acknowledge and agree that nothing contained in
13 this Consent Order shall operate to limit the Commissioner’s ability to assist any other agency (city,
14 county, state or federal) with any prosecution, administrative, civil or criminal, brought by any such
15 agency against DLCCALLC or any other person based upon any of the activities alleged in these
16 matters or otherwise.

17 17. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
18 has received independent advice from its attorney(s) and/or representatives with respect to the
19 advisability of executing this Consent Order.

20 18. Reliance. Each of the parties represents, warrants, and agrees that in executing this
21 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel
22 and/or representative. Each of the parties further represents, warrants, and agrees that in executing
23 this Consent Order it has placed no reliance on any statement, representation, or promise of any
24 other party, or any other person or entity not expressly set forth herein, or upon the failure of any
25 party or any other person or entity to make any statement, representation or disclosure of anything
26 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in
27 any way fraudulently induced to execute this Consent Order, and (2) to preclude the introduction of
28 parol evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

1 19. Full Integration. This Consent Order is the final written expression and the complete
2 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
3 between the parties with respect to the subject matter hereof, and supersedes all prior or
4 contemporaneous agreements, negotiations, representations, understandings, and discussions
5 between and among the parties, their respective representatives, and any other person or entity, with
6 respect to the subject matter covered hereby.

7 20. No Presumption from Drafting. In that the parties have had the opportunity to draft,
8 review and edit the language of this Consent Order, no presumption for or against any party arising
9 out of drafting all or any part of this Consent Order will be applied in any action relating to,
10 connected to, or involving this Consent Order. Accordingly, the parties waive the benefit of Civil
11 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,
12 language of a contract should be interpreted most strongly against the party who caused the
13 uncertainty to exist.

14 21. Waiver, Amendments, and Modification. The waiver of any provision of this
15 Consent Order shall not operate to waive any other provision set forth herein. No waiver,
16 amendment, or modification of this Consent Order shall be valid or binding to any extent unless it is
17 in writing and signed by all of the parties affected by it.

18 22. Headings. The headings to the paragraphs of this Consent Order are inserted for
19 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
20 the provisions hereof.

21 23. Governing Law. This Consent Order will be governed by and construed in
22 accordance with and governed by California law.

23 24. Voluntary Agreement. DLCCALLC enters into this Consent Order voluntarily and
24 without any coercion and acknowledges that no promise, threats, or assurances about this Consent
25 Order have been made by the Commissioner or any of her officers or agents.

26 25. Counterparts. This Consent Order may be executed in one or more separate
27 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
28 together constitute a single document.

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APPROVED AS TO FORM:
LAW OFFICES OF PAUL SOTER
By _____
PAUL SOTER, ESQ. attorneys for
DOLLAR LOAN CENTER CALIFORNIA, LLC