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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:) CFL LICENSE NO. 60DBO-82330
)
THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,) ACCUSATION TO REVOKE CALIFORNIA
) FINANCE LENDER LICENSE PURSUANT
Complainant,) TO FINANCIAL CODE § 22714(A)
v.)
)
CREDITNINJA LENDING, LLC DBA)
CREDITNINJA, a Limited Liability Company,)
)
Respondent.)
)
)

Complainant, the Commissioner of Financial Protection and Innovation (Commissioner) is informed and believes, and based upon such information and belief, alleges and charges Respondent as follows:

I.

Introduction

1. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of a finance lender or broker under the California Financing Law (CFL) (Fin. Code § 22000 et. seq).¹

¹ All further references are to the Financial Code unless otherwise indicated.

2. CreditNinja Lending, LLC. dba CreditNinja (CreditNinja), is a limited liability company licensed as a California finance lender on April 27, 2018, with the license number 60DBO-82330. CreditNinja's principal place of business is located at 222 South Riverside Plaza, Suite 2200, Chicago, IL 60606. CreditNinja engages in the business of originating unsecured consumer loans.

3. Mark Friedgan is, and was, at all relevant times, the chief executive officer of CreditNinja.

4. On or about December 12, 2021, CreditNinja filed a name change amendment with the California Secretary of State, changing its name from KMD Partners, LLC to CreditNinja.

5. On May 5, 2022, the Commissioner commenced a regulatory examination of CreditNinja's books and records. The examination showed that CreditNinja conducted business as a finance lender in violation of the CFL, as described below.

II.

2022 Regulatory Examination

A. CreditNinja Failed to Maintain a Minimum Net Worth Requirement of \$25,000

6. A review of CreditNinja's annual reports for the years 2019, 2020, and 2021 disclosed that it failed to maintain a minimum net worth of at least \$25,000 pursuant to section 22104, which requires licensees to maintain a net worth of at least \$25,000 at all times.

7. The Commissioner requested that CreditNinja produce evidence, including its financial statements, demonstrating that it met the minimum net worth requirement. The Commissioner further directed CreditNinja to describe the measures it had implemented to ensure future compliance with the minimum net worth requirement. CreditNinja failed to provide the information the Commissioner requested.

B. CreditNinja Changed its Name Without First Notifying the Commissioner

8. On December 23, 2021, CreditNinja changed its legal name from KMD Partners, LLC, to CreditNinja Lending, LLC, without first notifying the Commissioner, in violation of section 22155.

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1 addition, the Commissioner requested that CreditNinja state the corrective action it had taken to
2 ensure future compliance.

3 11. In response, CreditNinja identified 872 loan transactions with multiple NSF fees and
4 stated it would issue refunds to borrowers or have the balances on borrowers' accounts adjusted to
5 reflect the correct NSF fees no later than 30 days from the date of its response. The chart below
6 shows the number of loans for which CreditNinja assessed excessive NSF fees:

Loan Status	# of Identified Loans	Total Refund/Credit Amount Estimated
Paid in full	123	\$4,680.00
Open	2	\$210.00
Sold	747	\$34,940.00

14 D. CreditNinja Improperly Engaged and Paid Compensation to Brokers and Unlicensed
15 Entities

16 12. The examination further showed that various unlicensed third-party entities referred
17 borrowers to CreditNinja for compensation, in violation of California Code of Regulations title 10,
18 section 1451(c). Referral activities are deemed broker activities under section 22004. CreditNinja did
19 not prepare or obtain a borrower/broker statement in violation of sections 22161 and 22337.
20 CreditNinja obtained referral services in originating the loans listed below:

Loan No.	Borrower	Loan Date	Third-party Entities
220055	I.	09/16/19	LBMC
90158	H.	03/26/19	Lead Flash
679324	E.	09/24/20	Acquire Interactive
373556	S.	01/24/20	Leads Market

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13. The Commissioner demanded that CreditNinja immediately cease obtaining referral services from unlicensed entities or individuals in connection with its lending business. The Commissioner further requested that CreditNinja provide a list of all third-party entities that had referred customers to it since 2019, along with a description of the scope of services provided by each third party and any business arrangements or agreements with the third parties, including any referral fees paid to the third party. CreditNinja was also required to state the corrective actions it had taken to assure the DFPI of future compliance.

14. CreditNinja responded that it would no longer obtain referrals for compensation or buy leads from unlicensed providers going forward. CreditNinja identified 11 lead providers and 16 business agreements it executed with third parties but failed to provide copies of the agreements.

E. Failure to File Accurate CFL Annual Reports.

15. The examination disclosed that CreditNinja brokered consumer loans to other lenders beginning in October 2019, in violation of sections 22170, 22340, and 22059. CreditNinja failed to report its broker activities in 2019, 2020, and 2021 CFL annual reports. Further, CreditNinja failed to update its business plan to include its broker activities until August 24, 2022. The chart below shows some of the loans that CreditNinja brokered:

Year	Brokered Loans Per Exam Questionnaire		Brokered Loans Per CFL Annual Report		Brokered Loans Per Loan Report	
	Number	Amount	Number	Amount	Number	Amount
2019	N/A	N/A	0	\$0.00	710	\$1,397,933
2020	0	\$0.00	0	\$0.00	1,293	\$2,029,914
2021	0	\$0.00	0	\$0.00	2,672	\$2,585,281

16. In response to the Commissioner's request for an explanation concerning CreditNinja's brokering activities, CreditNinja stated that it purchases 100% participation interest in loans funded by First Electronic Bank as of the third business day following disbursement. The Commissioner observed from CreditNinja's loan reports that CreditNinja had equitable participation interests in all loans listed except for one loan, number 529846.

17. The Commissioner demanded that CreditNinja explain its reasons for failing to report its brokerage activities in its CFL annual reports and state the corrective action taken to ensure future compliance. CreditNinja attributed the omission to the "Examination Questionnaire and Annual Reports" (EQAR), asserting that the EQAR only required information for its direct lending, not lending via bank partners. CreditNinja stated that it now maintains a record of "prior-used queries" to ensure consistency in the data it provides and to prevent discrepancies resulting from "human error in the data querying process."

F. Interest Rate Exceeded Maximum Rate Allowed

18. The examination disclosed that CreditNinja's interest rate charges exceeded the maximum interest rate allowed under sections 22303 and 22304 on loans with a bona fide principal loan amount of less than \$2,500. The following are examples:

Loan No.	Borrower	Loan Date	Principal loan amount	Principal Bona Fide Amount	Interest Rate Charged
44695	A.	12/3/18	\$2,331.32	\$2,256.32	199.00%
48779	B.	12/7/18	\$2,225.76	\$2,156.64	199.00%
100638	H.	04/19/19	\$2,095.00	\$2,095.00	222.00%

19. The Commissioner directed CreditNinja to conduct a companywide review of all open and paid-off loans originated after September 1, 2018, and to identify and refund borrowers with similar interest overcharges. CreditNinja was asked to state the corrective action it had implemented to avoid a recurrence of the violation.

20. CreditNinja responded that it used a 19% flat rate to calculate the amount of interest it overcharged and agreed to issue refunds to borrowers. For loans sold to third parties, CreditNinja

1 stated it would adjust the balance on the borrower's accounts to reflect the amount of excess interest
 2 refunded. CreditNinja further reported that it no longer wishes to make loans under the CFL. The
 3 chart below shows some of the loans for which CreditNinja charged excess interest:

Loan Status	# of Identified Loans	Total Refund/Credit Amount
Paid in full	8	\$13,690.40
Open	4	\$1,295.75
Sold	7	\$37,732.47

11 G. Overcharging Annual Percentage Rate (APR) on Consumer Installment Loans and
 12 Failing to Establish Approved Credit Education Program

13 21. The examination disclosed that CreditNinja charged excess APRs on consumer loans
 14 while failing to create an approved credit education program, in violation of section 22304.5(a).

15 (a) Interest Rate Exceeded Maximum Rate Allowed

16 22. CreditNinja charged an APR exceeding 36 percent per annum plus the Federal Funds
 17 Rate allowed under sections 22304.5(a) and 22306 in at least one loan transaction made on or after
 18 January 1, 2020, as illustrated below:

Loan No.	Borrower	Loan Date	Principal Loan Amount	APR Charged	Permissible APR
413669	K.	02/28/20	\$2,619.44	248.31%	37.55%

23 23. The Commissioner directed CreditNinja to recast the above loan, refund the interest
 24 overcharge, and review all open and paid-off loans from January 1, 2020, forward, to identify similar
 25 overcharges. CreditNinja responded that the cited loan was created manually in error and agreed to
 26 issue a refund to the borrower. CreditNinja's companywide review did not identify any additional
 27 CFL loans made on or after January 1, 2020.

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(b) Failure to Submit a Consumer Credit Education Program to the Commissioner for Review and Approval.

24. Section 22304.5(c)(2) requires that, before disbursing a loan, a finance lender must either 1) offer a borrower a credit education program or seminar that has previously been reviewed and approved by the Commissioner or 2) offer a credit education program or seminar provided by an independent third party and previously approved by the Commissioner. CreditNinja failed to submit any credit education program or seminar to the Commissioner for review and approval or failed to offer consumers a credit education program or seminar approved by the Commissioner as prescribed under section 22304.5(c)(2).

25. The Commissioner requested that CreditNinja provide evidence confirming it had established a duly approved consumer education program that is readily available to consumers. In response, CreditNinja asserted that the cited loan was the only instance where it had made a CFL loan after December 31, 2019.

H. Charging Excessive Administrative Fees

26. The examination disclosed that CreditNinja charged excessive administrative fees on (a) loans with bona fide amounts under \$2,500, (b) loans with bona fide amounts of \$2,500, and (c) refinanced loans.

(a) Administrative Fee Overcharge on Loans of Under \$2,500

27. CreditNinja charged at least one borrower an excess administrative fee in violation of section 22305. Under section 22305, a licensee may not charge an administrative fee exceeding 5% or \$50, whichever is less, for loans with bona fide principal amounts under \$2,500. The chart below illustrates a transaction in which CreditNinja charged an excessive administrative fee:

Loan No.	Borrower	Loan Date	Bona Fide Principal Amount	Administrative Fee Charged	Administrative Fee Per Exam	Overcharge
679324	E.	09/24/20	\$1,500	\$75	\$50	\$25

28. The Commissioner directed CreditNinja to conduct a companywide review of all open and paid-off loans originated after September 1, 2018, with a bona fide principal loan amount

of less than \$2,500 to identify similar overcharges and to provide refunds/adjustments to the affected borrowers, including loans sold to third parties. CreditNinja was also instructed to describe the measures it had implemented to ensure future compliance.

29. CreditNinja attributed the administrative fee overcharge to an erroneous business rule setting in its transaction system. CreditNinja identified two paid-off loans, and two loans sold to third parties with overcharges, stating that refunds would be issued to borrowers no later than 30 days following the date of the response.

(b) Administrative Fee Overcharge on Loans of \$2,500

30. The examination revealed that CreditNinja made approximately 1,493 consumer loans with bona fide principal amounts of \$2,500 or less between May 22, 2018, and August 31, 2018. Of the 1,493 loan transactions, CreditNinja charged excessive administrative fees of \$125 on 1,355 loans and excess administrative fees of \$75 on one loan, in violation of section 22305. The Commissioner noted that CreditNinja discovered the administrative fee overcharges around mid-August 2018 and corrected the error. The chart below shows the loan transactions in which CreditNinja overcharged administrative fees on loans with bona fide amounts of \$2,500:

Month/Year	Bona Fide Principal Loan Amount	Loans with \$50 Admin Fee	Loans with \$75 Admin Fee	Loans with \$125 Admin Fee	Overcharge Per Loan	Total Overcharge
May 2018	\$2,500	0	0	\$45	\$75	\$3,375
June 2018	\$2,500	0	0	523	\$75	\$39,225
July 2018	\$2,500	0	0	700	\$75	\$52,500
August 2018	\$2,500	137	1	87	\$75	\$6,550
Total	\$2,500	137	1	1,355	\$75	\$101,650

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31. The Commissioner directed CreditNinja to conduct a companywide review of all loans made and paid off after April 27, 2018, with a bona fide principal loan amount of \$2,500, to identify similar overcharges and provide refunds/adjustments to the affected borrowers including loans sold to third parties. CreditNinja was also instructed to describe the corrective actions it has taken to ensure future compliance.

32. CreditNinja did not dispute the Commissioner's findings but asserted that the administrative fee overcharge was due to an "erroneous business-rule setting" in its transaction system. CreditNinja identified 183 paid-off loans, 226 open loans, and 908 loans sold to third parties in which it had charged excess administrative fees. CreditNinja further stated it would issue refunds or make balance adjustments to the affected loans, including loans sold to third parties, no later than 30 days following the date of the response.

(c) Administrative Fee Overcharge on Refinanced Loans

33. CreditNinja charged an administrative fee on refinanced loans before one year had passed since the receipt of a previous administrative fee, in violation of section 22305. The following are examples:

Loan No.	Borrower	Loan Date	Bona Fide Principal Amount	Administrative Fee Overcharged	Refinanced Loan No.
44695	A.	12/3/18	\$2,256.32	\$75	21592
48779	B.	12/7/18	\$2,156.64	\$69.12	19763

34. CreditNinja was instructed to conduct a companywide review of all loans made and paid off after September 1, 2018, with bona fide principal loan amounts of less than \$2,500 to identify similar overcharges and to provide refunds/adjustments to the affected borrowers, including loans sold to third parties. CreditNinja was further directed to describe the measures it had implemented to ensure future compliance.

35. CreditNinja responded that the administrative fee overcharge was caused by an erroneous business rule setting in its transaction system but failed to provide the report requested.

I. Failure to Update Company Business Plan

36. The examination disclosed that CreditNinja engaged in brokering or servicing activities that were not disclosed to the DFPI in its original CFL lender application, nor in any subsequent amendment to its business plan, in violation of sections 22108(a) and 22154. CreditNinja brokered and purchased consumer loans from First Electronic Bank and CC Connect, a division of Capital Community Bank. Further, CreditNinja's website at www.creditninja.com/ccconnect describes CreditNinja as an authorized servicer of CC Connect.

37. The Commissioner directed CreditNinja to describe the services it provided to First Electronic Bank and CC Connect banks and/or their affiliates. The Commissioner also requested that CreditNinja provide its servicing agreement with CC Connect, along with five sample loans made by CC Connect that CreditNinja serviced. In addition, CreditNinja was directed to contact the DFPI's CFL Licensing Unit to update its business plan and state the corrective actions or procedures it had established to ensure future compliance.

38. CreditNinja confirmed that it is an authorized servicer of CC Connect and provided a copy of its service agreement and an updated business plan to the examiner assigned to the examination. However, CreditNinja has yet to contact the DFPI's CFL Licensing Unit with updates on its business plan.

J. Delinquency Fee Overcharges

39. The examination disclosed that CreditNinja overcharged borrowers delinquency fees by (1) assessing a late fee when a payment was not late or (2) charging a late fee in excess of the maximum allowed or the amount stated in the loan agreement, in violation of section 22320.5. The chart below illustrates some of the loan transactions in which CreditNinja overcharged delinquency fees:

Loan No.	Borrower	Loan Date	Payment Due Date	Payment Date	#Days Late	Late Fee Charged	Allowed Late Fee	Late Fee Overcharge
318746	V.	12/13/19	7/2/20	07/24/20	22	\$16.86	\$15	\$1.86
			7/31/20	08/26/20	26	\$16.86	\$15	\$1.86
			8/28/20	09/25/20	28	\$16.86	\$15	\$1.86

			10/9/20	10/26/20	17	\$16.86	\$15	\$1.86
			11/6/20	11/25/20	19	\$16.86	\$15	\$1.86
			12/4/20	12/24/20	20	\$16.86	\$15	\$1.86
			Total			\$101.16	\$90	&11.16
90158	H.	03/26/19	06/12/19	07/31/19	49	\$29.64	\$15	\$14.64
			08/14/19	09/04/19	21	\$29.64	\$15	\$14.64
			09/11/19	10/4/19	23	\$29.64	\$15	\$14.64
			10/09/19	11/4/19	26	\$29.64	\$15	\$14.64
			11/13/19	12/4/19	21	\$29.64	\$15	\$14.64
			12/11/19	01/6/20	26	\$29.64	\$15	\$14.64
			01/08/20	02/4/20	27	\$29.64	\$15	\$14.64
			02/20/20	03/4/20	21	\$29.64	\$15	\$14.64
			03/11/20	04/6/20	25	\$29.64	\$15	\$14.64
			Total			\$266.75	\$135.00	\$131.75

40. The Commissioner directed CreditNinja to conduct a companywide review of all open and paid-off accounts originated after September 1, 2018, and to identify similar late fee overcharges. CreditNinja was also instructed to submit to the Commissioner an electronic report of all applicable refunds/adjustments issued to the affected borrowers, including loans sold to third parties.

41. In response, CreditNinja stated that the late fee overcharge was due to a business rule setting in the administrative module of its loan management system. It identified 139 loans with late fee overcharges and stated it would issue refunds and/or make balance adjustments to borrowers' accounts no later than 30 days following the date of the response.

K. Failure to Demonstrate Adequate Knowledge of CFL Laws and Rules

42. California Code of Regulations, title 10, section 1446 states that "[e]very employee of a finance company who negotiates for or makes any loan pursuant to the Law shall familiarize

oneself with the laws, rules, and regulations governing such loan business.” Based on the examination findings, the Commissioner determined that CreditNinja sold loans with overstated loan balances to various third-party debt collectors by failing to apply the CFL provisions properly. The Commissioner determined that CreditNinja’s misapplication of the CFL provisions showed a lack of familiarity with the CFL laws that govern CreditNinja’s finance lending business. The chart below illustrates loans in which CreditNinja failed to properly apply the provisions of the CFL:

Loan No.	Borrower	Loan Date	Debt Collector
44695	A.	12/03/18	Rocky Mountain Capital
100638	H.	04/19/19	Rocky Mountains
251712	A.	10/28/19	National Credit Adjusters, LLC
67343	B.	01/29/19	Plaza Services LLC
413669	K.	02/28/20	Structured Settlements

43. CreditNinja denied intentionally or knowingly overstating loan balances to third-party debt collectors. CreditNinja claimed that most of the violations noted in the Commissioner’s findings stemmed from its system setting errors, which resulted in incorrect balances that it was, allegedly unaware of.

44. By reason of the foregoing, CreditNinja has violated the CFL by:

- a. Failing to maintain a minimum net worth requirement of \$25,000.00 in violation of section 22104.
- b. Changing its name without first notifying the Commissioner in violation of section 22155.
- c. Charging borrowers excess non-sufficient funds fee in violation of section 22161(a)(1).
- d. Improperly engaging and paying compensation to unlicensed brokers or entities in its finance lending business in violation of sections 22161 and 22337 and California Code of Regulations section 1451(c).

- e. Failing to file accurate CFL annual reports in violation of FC 22161.
- f. Charging borrowers excess interest rate in violation of sections 22303 and 22304.
- g. Charging borrowers excess Annual Percentage Rate in violation of section 22304.5.
- h. Charging borrowers excess administrative fees in violation of section 22305.
- i. Failing to update its business plan in violation of sections 22108(a) and 22154.
- j. Charging excess delinquency fees in violation of 22320.5.
- k. Failing to demonstrate that its employees who negotiate loans are familiar with the laws and regulations governing the loan business in violation of California Code of Regulations Section 1446.

III.

Applicable Law

45. Section 22059 states:

A license to act as a broker under this division does not authorize the licensee to negotiate or perform any act as a broker in connection with loans made or to be made by a lender not licensed as a finance lender under this division.

46. Section 22104 states:

The applicant shall file with the application for a finance lender, broker, or program administrator license financial statements prepared in accordance with generally accepted accounting principles and acceptable to the commissioner that indicate a net worth of at least twenty-five thousand dollars (\$25,000). Except as provided in subdivisions (b) and (c), a licensee shall maintain a net worth of at least twenty-five thousand dollars (\$25,000) at all times.

47. Section 22108(a) states:

22108. (a) The commissioner may by rule require licensees to file, at the times that he or she may specify, the information that he or she may reasonably require regarding any changes in the

information provided in any application filed pursuant to this division.

48. Section 22154 states:

22154. (a) Subject to Section 22157.1, a licensee shall not conduct the business of making loans ... within any office, room, or place of business in which any other business is solicited or engaged in, ..., except as is authorized in writing by the commissioner upon the commissioner's finding that the character of the other business is such that the granting of the authority would not facilitate evasions of this division or of the rules and regulations made pursuant to this division.

49. Section 22155 states:

Subject to Section 22157.1, a finance lender ..., shall not transact the business licensed under any other name or at any other place of business than that named in the license except pursuant to a currently effective written order of the commissioner authorizing the other name or other place of business.... Section 22104 states: business provided for by this division, other than the business described in subdivision (b) of Section 22154, at a place other than the licensed location under either of the following conditions:
 (a) The borrower requests, either orally or in writing, that a loan be initiated or made at a location other than the licensee's licensed location. The use by the licensee of a preprinted solicitation form returned to the licensee by the borrower shall not constitute a request by the borrower that a loan be initiated or made at a location other than the licensee's licensed location.
 (b) The licensee makes a solicitation or advertises for, or makes an offer of, a loan or assessment contract displayed on "home pages" or similar methods by the licensee on the internet, the World Wide Web, or similar proprietary or common carrier electronic systems, and the prospective borrower or property owner may transmit information over these electronic systems to the licensee in connection with the licensee's offer to make a loan or assessment contract.

50. Section 22161 states:

(a) A person subject to this division shall not do any of the following:

(1) Make a materially false or misleading statement or representation to a borrower about the terms or conditions of that borrower's loan, when making or brokering the loan.

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(2) Make a materially false or misleading statement or representation to a property owner about the terms or conditions of an assessment contract.

(3) Advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast in any manner, any statement or representation with regard to the business subject to the provisions of this division, including the rates, terms, or conditions for making or negotiating loans, or for making or negotiating assessment contracts, that is false, misleading, or deceptive, or that omits material information that is necessary to make the statements not false, misleading, or deceptive, or in the case of a licensee, that refers to the supervision of the business by the state or any department or official of the state.

(4) Commit an act in violation of Section 1695.13 of the Civil Code.

(5) Engage in any act in violation of Section 17200 of the Business and Professions Code.

(6) Knowingly misrepresent, circumvent, or conceal, through subterfuge or device, any material aspect or information regarding a transaction to which the person is a party.

(7) Commit an act that constitutes fraud or dishonest dealings.

51. Section 22170 states:

(a) It is unlawful for any person to knowingly alter, destroy, mutilate, conceal, cover up, falsify, or make a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the administration or enforcement of any provision of this division.

(c) It is unlawful for any person to knowingly make an untrue statement to the commissioner or the Nationwide Mortgage Licensing System and Registry during the course of licensing, investigation, or examination, with the intent to impede, obstruct, or influence the administration or enforcement of any provision of this division.

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52. Sections 22303, 22304, 22304.5, 22305, 22320.5, 22328, and 22337 (a) state:

22303. Every licensee who lends any sum of money may contract for and receive charges at a rate not exceeding the sum of the following:

(a) Two and one-half percent per month on that part of the unpaid principal balance of any loan up to, including, but not in excess of two hundred twenty-five dollars (\$225).

(b) Two percent per month on that portion of the unpaid principal balance in excess of two hundred twenty-five dollars (\$225) up to, including, but not in excess of nine hundred dollars (\$900).

(c) One and one-half percent per month on that part of the unpaid principal balance in excess of nine hundred dollars (\$900) up to, including, but not in excess of one thousand six hundred fifty dollars (\$1,650).

(d) One percent per month on any remainder of such unpaid balance in excess of one thousand six hundred fifty dollars (\$1,650).

This section does not apply to any loan of a bona fide principal amount of two thousand five hundred dollars (\$2,500) or more as determined in accordance with Section 22251.

22304. As an alternative to the charges authorized by Section 22303, a licensee may contract for and receive charges at the greater of the following:

(a) A rate not exceeding 1.6 percent per month on the unpaid principal balance.

(b) A rate not exceeding five-sixths of 1 percent per month plus a percentage per month equal to one-twelfth of the annual rate prevailing on the 25th day of the second month of the quarter preceding the quarter in which the loan is made, as established by the Federal Reserve Bank of San Francisco, on advances to member banks under Sections 13 and 13a of the Federal Reserve Act, as now in effect or hereafter from time to time amended, or if there is no single determinable rate for advances, the closest counterpart of this rate as shall be determined by the Commissioner of Financial Institutions. Charges shall be calculated on the unpaid principal balance.

(c) This section does not apply to any loan of a bona fide principal amount of two thousand five hundred dollars (\$2,500) or more as determined in accordance with Section 22251.

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22304.5. (a) For any loan of a bona fide principal amount of at least two thousand five hundred dollars (\$2,500) but less than ten thousand dollars (\$10,000), as determined in accordance with Section 22251, a finance lender may contract for or receive charges at a rate not exceeding an annual simple interest rate of 36 percent per annum plus the Federal Funds Rate....

22305. In addition to the charges authorized by Section 22303, 22304, or 22304.5, a licensee may contract for and receive an administrative fee, which shall be fully earned immediately upon making the loan, with respect to a loan of a bona fide principal amount of not more than two thousand five hundred dollars (\$2,500) at a rate not in excess of 5 percent of the principal amount (exclusive of the administrative fee) or fifty dollars (\$50), whichever is less, and with respect to a loan of a bona fide principal amount in excess of two thousand five hundred dollars (\$2,500), at an amount not to exceed seventy-five dollars (\$75). No administrative fee may be contracted for or received in connection with the refinancing of a loan unless at least one year has elapsed since the receipt of a previous administrative fee paid by the borrower. Only one administrative fee may be contracted for or received until the loan has been repaid in full. For purposes of this section, "bona fide principal amount" shall be determined in accordance with Section 22251.

22320.5. (a) A licensee may contract for and receive a delinquency fee not in excess of one of the following amounts:
(1) For a period in default of not less than 10 days, an amount not in excess of ten dollars (\$10).

(2) For a period in default of not less than 15 days, an amount not in excess of fifteen dollars (\$15).

(b) The delinquency fee may not be collected more than once for the same default and may be collected at the time of the default or at any time thereafter. If the delinquency fee is deducted from any payment received after default occurs, and the deduction results in the default of a subsequent installment, no fee may be collected for the resulting default. The delinquency fee under this section is not included in charges

defined in this division or in determining applicable maximum charges that may be made under this article.

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(c) For open-end loans made under Article 5 (commencing with Section 22450), a licensee shall not collect or receive the delinquency fee set forth in subdivision (a) unless there is a minimum of 20 days, inclusive, between the monthly billing date and the date upon which the minimum payment is due, exclusive of the applicable grace period provided in subdivision (a).

(d) This section shall not apply to precomputed loans as described in Section 22400.22328(a)(d), 22337, 22346, and 22601.

22328. (a) This section applies to a loan secured in whole or in part by a lien on a motor vehicle as defined by subdivision (k) of Section 2981 of the Civil Code.

...
(d) In all sales that result in a surplus, the licensee shall furnish an accounting as provided in subdivision (c) whether or not requested by the borrower. The surplus shall be returned to the borrower within 45 days after the sale is conducted.

22337 (a). Each licensed finance lender shall:

Deliver or cause to be delivered to the borrower, or any one thereof, at the time the loan is made, a statement showing in clear and distinct terms the name, address, and license number of the finance lender and the broker, if any. The statement shall show the date, amount, and maturity of the loan contract, how and when repayable, the nature of the security for the loan, if any, and the agreed rate of charge or the annual percentage pursuant to Regulation Z promulgated by the Consumer Financial Protection Bureau (12 C.F.R. 1026).

53. California Code of Regulations, title 10, section 1446 states:

Tit. 10, § 1446 - Employees: Knowledge of Laws and Rules Required. Every employee of a finance company who negotiates for or makes any loan pursuant to the Law shall familiarize oneself with the laws, rules, and regulations governing such loan business.

54. The violations of the CFL described above, if committed by CreditNinja on or before having initially sought a license from the Commissioner under the CFL, would have constituted grounds for the Commissioner to deny the license application of CreditNinja under section 22109.

56. Pursuant to section 22109, the Commissioner may refuse to issue a license if the “applicant . . . has violated any provision of this division or the rules thereunder or any similar regulatory scheme of the State of California . . .” Thus, a fact or condition now exists that, if it had existed at the time of the original application of CreditNinja for a license under the CFL, reasonably would have warranted the Commissioner in refusing to issue the license.

IV.

CFL Revocation/Penalty Statutes

57. Section 22714(a) provides in pertinent part:

(a) The commissioner shall suspend or revoke any license, upon notice and reasonable opportunity to be heard, if the commissioner finds any of the following:

- (1) The licensee has failed to comply with any demand, ruling, or requirement of the commissioner made pursuant to and within the authority of this division.
- (2) The licensee has violated any provision of this division or any rule or regulation made by the commissioner under and within the authority of this division.
- (3) A fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.
- (4) There has been repeated failure by the finance lender, when making or negotiating loans, to take into consideration in determining the size and duration of loans, the financial ability of the borrower to repay the loan in the time and manner provided in the loan contract, or to refinance the loan at maturity.

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1 58. Section 22750 (a) and (b) provide in pertinent part:

2 (a) If any amount other than, or in excess of, the charges permitted
3 by this division is willfully charged, contracted for, or received, the
4 contract of loan is void, and no person has any right to collect or
5 receive any principal, charges, or recompense in connection with
6 the transaction.

7 (b) If any provision of this division is willfully violated in the
8 making or collection of a loan, whether by a licensee or by an
9 unlicensed person subject to this division, the contract of loan is
10 void, and no person has any right to collect or receive any
11 principal, charges, or recompense in connection with the
12 transaction.

13 59. Section 22751 (a) and (b) provide in pertinent part:

14 (a) If any amount other than or in excess of the charges permitted
15 by this division is charged or contracted for, or received, for any
16 reason other than a willful act of the licensee, the licensee shall
17 forfeit all interest and charges on the loan and may collect or
18 receive only the principal amount of the loan.

19 (b) Subdivision (a) shall not apply to an error in computation if
20 (1) the licensee shows by a preponderance of evidence that the
21 violation was not intentional and resulted from a bona fide error
22 notwithstanding the maintenance of procedures reasonably adapted
23 to avoid any such error, and (2) within 60 days of discovering the
24 error the licensee notifies the borrower of the error and makes
25 whatever adjustments in the account are necessary to correct the
26 error.

27 V.

28 Conclusion

 The Commissioner finds that, by reason of the foregoing, CreditNinja has violated sections,
22059, 22104, 22155, 22161, 22337(a), and California Code of Regulations, title 10, sections
1451(c); 22170, 22340, 22303, 22304, 22304.5, 22305, 22108(a), 22154, 22320.5, and California
Code of Regulations, title 10, section 1446. Additionally, a fact or condition now exists, that if it had
existed at the time of original licensure under the CFL, that fact or condition would reasonably have
warranted the Commissioner to refuse to issue the CFL license; based on all of the foregoing,

1 grounds exist to revoke CreditNinja's finance lender license.

3 **VI.**

4 **Prayer**

5 WHEREFORE, IT IS PRAYED THAT:

6 Pursuant to section 22714(a), the CFL finance lender license of CreditNinja Lending, LLC
7 dba CreditNinja, license number 60DBO-82330, is revoked.

8 Dated: March 22, 2025
9 Los Angeles, California

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation

10 By _____
11 UCHE L. ENENWALI
12 Senior Counsel
13 Enforcement Division
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