### STATE OF CALIFORNIA

# BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY DEPARTMENT OF BUSINESS OVERSIGHT

TO: Balboa Capital Corporation 575 Anton Boulevard, 12th Floor Costa Mesa, California 92626

### **DESIST AND REFRAIN ORDER**

## (For violations of Financial Code sections 22159 and 22100, subdivision (a))

The Commissioner of Business Oversight (Commissioner) finds that:

- 1. Balboa Capital Corporation (Balboa Capital), is a California corporation with its principal place of business at 575 Anton Boulevard, 12th Floor, Costa Mesa, California 92626.
  - 2. Patrick Byrne is the chief executive officer of Balboa Capital.
- 3. On July 1, 1995, Balboa Capital was issued a license as a finance lender and broker under license number 6032159.
- 4. Under Financial Code section 22159, CFL licensees must file an annual report with the Commissioner by March 15 of each year.
- 5. On March 6, 2017, the Commissioner reminded CFL licensees of the March 15 deadline for filing their annual reports by sending notice to the e-mail addresses designated by the licensees for receiving communications from the Commissioner according to the Commissioner's Order on Electronic Communications dated November 22, 2013.
- 6. As of March 22, 2017, Balboa Capital had not filed its annual report. The Commissioner sent a final notice dated March 22, 2017, to Balboa Capital by certified mail, informing it that if it did not file the annual report by the close of business on April 10, 2017, its license would be summarily revoked under Financial Code section 22715.
- 7. On April 11, 2017, Balboa Capital still had not filed its annual report. Thus, on April 19, 2017, the Commissioner issued an order summarily revoking Balboa Capital's CFL license. The order was effective that day.

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2	within 30 days of the issuance of the revocation order, but it did not request one.
3	9. On July 17, 2017, Balboa Capital filed its annual report, which was due on March 15,
4	2017.
5	10. During these proceedings, Balboa Capital represented to the Commissioner that it
6	took applications for 70 loans from April 19, 2017, the effective date of the summary revocation, to
7	July 20, 2017.
8	11. Financial Code section 22100, subdivision (a), provides that "[n]o person shall
9	engage in the business of a finance lender or broker without obtaining a license from the
10	commissioner."
11	Based on the foregoing, the Commissioner is of the opinion that Balboa Capital failed to
12	timely file an annual report in violation of Financial Code section 22159. The Commissioner is also
13	of the opinion that Balboa Capital engaged in the business of a finance lender or broker without a
14	license in violation of Financial Code section 22100, subdivision (a).
15	Accordingly, under Financial Code section 22712, Balboa Capital Corporation is ordered to
16	desist and refrain from failing to timely file an annual report in violation of Financial Code section
17	22159 and from engaging in the business of a finance lender or broker without a license in violation
18	of Financial Code section 22100, subdivision (a).
19	This Order is in the public interest and consistent with the purposes fairly intended by the
20	policy and provisions of the California Finance Lenders Law (Fin. Code, § 22000 et seq.).
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22	Dated: August 31, 2017 Los Angeles, California
23	JAN LYNN OWEN
24	Commissioner of Business Oversight
25	By
26	MARY ANN SMITH
27	Deputy Commissioner Enforcement Division
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Under Financial Code section 22715, Balboa Capital was entitled to request a hearing