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8  
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
10 OF THE STATE OF CALIFORNIA  
11

12 In the Matter of the Accusation of THE ) File No.: 603-8780; 603-H991; 603-J333; 603-  
13 COMMISSIONER OF BUSINESS ) J386; 603-J514; and 603-J823  
OVERSIGHT, )  
14 ) ACCUSATION  
Complainant, )  
15 )  
16 vs. )  
17 CASHCALL, INC., )  
18 Respondent. )  
19 )  
20 )

21 The Complainant is informed and believes, and based upon such information and belief,  
22 alleges and charges Respondents as follows:

23 I

24 1. Respondent CashCall, Inc. (“CashCall”) is a finance lender licensed by the  
25 Commissioner of Business Oversight (“Commissioner”) pursuant to the California Finance Lenders  
26 Law of the State of California (California Financial Code § 17000 et seq.) (“CFLL”). CashCall  
27 currently has six (6) licenses issued under the CFLL. The main licensed office of CashCall is  
28 located at One City Boulevard, Suite 1000, Orange, California 92868.

1           2.       On or about November 23, 2010, the Commissioner, by and through staff,  
2 commenced a regulatory examination of the books and records of CashCall (“regulatory  
3 examination”). Under the provisions of the CFLL, interest rates are only regulated on loans under  
4 \$2,500. Accordingly, a CFLL licensed lender can charge whatever interest rate it chooses on loans  
5 of bona fide principal amounts of \$2,500 or more.

6                               **Material Misrepresentations and/or Omissions to Consumers**

7           3.       The regulatory examination disclosed that CashCall, with the intent to induce  
8 members of the public to enter into unregulated personal loans, advertised, published, distributed or  
9 broadcasted, or caused or permitted to be advertised, published, distributed, or broadcast, statements  
10 and/or representations regarding the terms and conditions of the loans that were false, misleading or  
11 deceptive and/or omitted material information that were necessary to make the statements and/or  
12 representations made not false, misleading, or deceptive in violation of Financial Code section  
13 22161 as follows:

14           a.       CashCall routinely advertised on television and radio that it made personal loans “up  
15 to” \$2,600, but when consumers telephoned CashCall or went to its website they were told that  
16 CashCall does not make loans under \$2,600.

17           b.       CashCall routinely represented, when consumers stated they only wanted a loan for  
18 less than \$2,600, that on the day of funding or shortly thereafter, they could just give back whatever  
19 amount they did not want (prepayment), which would reduce the principal balance resulting in  
20 significant interest savings. However, CashCall failed to inform the consumers that because the loan  
21 was for “\$2,600”, CashCall could charge any interest rate it choose (and did charge up to 179%), but  
22 that loans of less than \$2,500 would carry a maximum interest rate of approximately 30%.

23           c.       Cashcall routinely represented to consumers seeking to borrow less than \$2,600 that  
24 by making a prepayment, the loan term would be substantially reduced (paid off in several months  
25 versus three years) resulting in significant interest savings. It was explained that the term of the loan  
26 would be reduced because the prepayment would reduce the principal balance at the onset resulting  
27 in more of the monthly payments going towards principal, but CashCall then failed on numerous  
28 occasions to take initially scheduled monthly payment(s) resulting in an extended loan term and less

1 interest savings. See also paragraph 9 below.

### 2 **False Reports to the Commissioner**

3 4. During the course of the regulatory examination, CashCall was requested to submit a  
4 loan report covering the period of January 1, 2008 through December 31, 2010. The initial loan  
5 report submitted to the Commissioner in February 2011, disclosed, with respect to loans for  
6 \$2,600.00, that 502 borrowers made an initial payment on the same day their loan was funded. As  
7 such, the Commissioner was concerned that CashCall was making loans for a bona fide principal  
8 amount of less than \$2,500, but charging interest rates and fees allowed only for loans of a bona fide  
9 principal amount of \$2,500 or more. Accordingly, on or about August 11, 2011, the Commissioner  
10 made demand on CashCall to perform a self-audit for the period covering January 1, 2008 through to  
11 the present and refund all interest and administrative fee overcharges.

12 5. According to CashCall, its self-audit covering the period of January 1, 2008 through  
13 August 31, 2011, disclosed only 6 loans wherein the borrower made an initial payment on the same  
14 day their loan was funded. The self-audit information conflicted with the initial loan report  
15 submitted by CashCall in February 2011, which disclosed 502 such borrowers for a shorter time  
16 period. However, CashCall was now stating that the “prepayment date” set forth in the initial loan  
17 report provided on or about February 9, 2011 was actually the date upon which the payment was  
18 credited to the borrower’s account and not the actual date of the “prepayment”.

19 6. Due to the conflicting information provided by CashCall, the Commissioner made  
20 demands on CashCall to submit further information and documentation. In particular, on or about  
21 December 2, 2011, demand was made upon CashCall to provide an accurate loan report. On or  
22 about December 6, 2011, CashCall provided a revised loan report for the period of January 1, 2008  
23 through December 31, 2010, which it re-submitted on or about December 12, 2011 to include  
24 borrower addresses. The revised loan report disclosed only 2 borrowers having made an initial  
25 payment on the same day their loan was funded. However, a review of loan records sampled during  
26 the regulatory examination<sup>1</sup> disclosed that CashCall, in the revised report, misrepresented the

27 \_\_\_\_\_  
28 <sup>1</sup> The number of loans sampled during the regulatory examination numbered twenty-one. The documents reviewed included the underwriting summary, promissory note, transaction history and conversation log for 5 borrowers, the promissory note, transaction history, conversation log, and recordings of telephone communications for the remaining 16 borrowers. The Department also obtained recordings of telephone communications for 10 other borrowers.

1 prepayment date in 100% (21 of 21) of the loans sampled in violation of Financial Code sections  
2 22159(b) and 22170(a). Examples are as follows:

3 a. In loan number 651232 [REDACTED], the revised loan report states a prepayment date of  
4 August 30, 2008, but the transaction log discloses that the borrower authorized CashCall to  
5 electronically debit a prepayment in the amount of \$1,000 from the borrower's bank account on  
6 April 21, 2008; the date of funding. The original loan report submitted by CashCall had set forth a  
7 prepayment date of April 21, 2008.

8 b. In loan number 1854545 [REDACTED], the revised loan report states a prepayment date of  
9 March 26, 2008, but the transaction log discloses that the borrower authorized CashCall to  
10 electronically debit a prepayment in the amount of \$1,400 from the borrower's bank account on  
11 March 25, 2008; the date of funding. The original loan report submitted by CashCall had set forth a  
12 prepayment date of March 25, 2008.

13 c. In loan number 1859087 [REDACTED], the revised loan report states a prepayment  
14 date of April 11, 2008, but the transaction log discloses that the borrower authorized CashCall to  
15 electronically debit a prepayment in the amount of \$1,725 from the borrower's bank account on  
16 April 10, 2008; the date of funding. The original loan report submitted by CashCall had set forth a  
17 prepayment date of April 10, 2008.

18 d. In loan number 1861863 [REDACTED], the revised loan report states a prepayment date  
19 of February 12, 2008, but the transaction log discloses that the borrower authorized CashCall to  
20 electronically debit a prepayment in the amount of \$1,100 from the borrower's bank account on  
21 February 11, 2008; the date of funding. The original loan report submitted by CashCall had set forth  
22 a prepayment date of February 11, 2008.

23 e. In loan number 1874559 [REDACTED], the revised loan report states a prepayment date of  
24 January 10, 2008, but the transaction log discloses that the borrower authorized CashCall to  
25 electronically debit a prepayment in the amount of \$1,500 from the borrower's bank account on  
26 January 9, 2008; the date of funding. The original loan report submitted by CashCall had set forth a  
27 prepayment date of January 9, 2008.  
28

1 f. In loan number 4166107 [REDACTED], the revised loan report states a prepayment date of  
2 August 4, 2010, but the transaction log and telephone recordings disclose that the borrower  
3 authorized CashCall to electronically debit a prepayment in the amount of \$1,178 from the  
4 borrower's bank account on August 3, 2010. The original loan report submitted by CashCall had set  
5 forth a prepayment date of August 3, 2010.

6 g. In loan number 4698250 [REDACTED], the revised loan report states a prepayment date  
7 of November 9, 2010, but the transaction log and telephone recordings disclose that the borrower  
8 authorized CashCall to electronically debit a prepayment in the amount of \$525 from the borrower's  
9 bank account on November 8, 2010; the date of funding. The original loan report submitted by  
10 CashCall had set forth a prepayment date of November 8, 2010.

11 h. In loan number 4817668 [REDACTED], the revised loan report states a prepayment date  
12 of December 6, 2010, but the transaction log and telephone recordings disclose that the borrower  
13 authorized CashCall to electronically debit a prepayment in the amount of \$800 from the borrower's  
14 bank account on December 4, 2010. The original loan report submitted by CashCall had set forth a  
15 prepayment date of December 4, 2010.

16 i. In loan number 4928001 [REDACTED], the revised loan report states a prepayment date  
17 of December 6, 2010, but the telephone recordings disclose that the borrower authorized CashCall to  
18 electronically debit a prepayment in the amount of \$1,000 from the borrower's bank account on  
19 December 3, 2010; the date of funding. The original loan report submitted by CashCall had set forth  
20 a prepayment date of December 3, 2010.

21 j. In loan number 4888026 [REDACTED], the revised loan report states a prepayment date of  
22 December 2, 2010, but the telephone recordings disclose that the borrower authorized CashCall to  
23 electronically debit a prepayment in the amount of \$900 from the borrower's bank account on  
24 December 1, 2010. The original loan report submitted by CashCall had set forth a prepayment date  
25 of December 1, 2010.

26 k. In loan number 4107506 [REDACTED], the revised loan report states a prepayment  
27 date of July 13, 2010, but the telephone recordings disclose that the borrower authorized CashCall to  
28 electronically debit a prepayment in the amount of \$525 from the borrower's bank account on

1 July 12, 2010; the date of funding. The original loan report submitted by CashCall had set forth a  
2 prepayment date of July 12, 2010.

3 1. In loan number 4483223 [REDACTED], the revised loan report states a prepayment date  
4 of October 18, 2010, but the telephone recordings disclose that the borrower authorized CashCall to  
5 electronically debit a prepayment in the amount of \$1,000 from the borrower's bank account on  
6 October 15, 2010; the date of funding. The original loan report submitted by CashCall had set forth  
7 a prepayment date of October 15, 2010.

8 7. It was also noted that the prepayment amount was misrepresented in both loan reports  
9 in violation of Financial Code sections 22159(b) and 22170(a) in at least 6 of the loans for which  
10 either loan records and/or telephone recordings were reviewed. The misrepresentations are as  
11 follows:

12 a. In loan number 4107506 [REDACTED], both loan reports state a prepayment amount of  
13 \$330.00, but the telephone recordings disclose that the borrower authorized CashCall to  
14 electronically debit a prepayment in the amount of \$525 from the borrower's bank account on July  
15 12, 2010; the date of funding. [See also paragraph 9.a. below.]

16 b. In loan number 4191188 [REDACTED], both loan reports state a prepayment amount of  
17 \$746.50, but the transaction log and telephone recordings disclose that the borrower authorized  
18 CashCall to electronically debit a prepayment in the amount of \$1,000 from the borrower's bank  
19 account on August 12, 2010; six days after funding.

20 c. In loan number 4483223 [REDACTED], both loan reports state a prepayment amount of  
21 \$805.00, but the transaction log and telephone recordings disclose that the borrower authorized  
22 CashCall to electronically debit a prepayment in the amount of \$1,000 from the borrower's bank  
23 account on October 15, 2010; three days after funding and during the welcome call. [See also  
24 paragraphs 8.e. and 9.b. below]

25 d. In loan number 4717338 [REDACTED], both loan reports state a prepayment amount  
26 of \$785.50, but the telephone recordings disclose that the borrower authorized CashCall to  
27 electronically debit a prepayment in the amount of \$1,000 from the borrower's bank account on  
28 November 12, 2010; three days after funding. [See also paragraph 9.c. below.]

1 e. In loan number 4790238 [REDACTED], both loan reports state a prepayment amount of  
2 \$664.56, but the telephone recordings disclose that the borrower authorized CashCall to  
3 electronically debit a prepayment in the amount of \$1,100 from the borrower’s bank account on  
4 November 18, 2010; one day after funding. [See also paragraph 9.d. below.]

5 f. In loan number 4928001 [REDACTED], both loan reports state a prepayment amount of  
6 \$717.25, but the telephone recordings disclose that the borrower authorized CashCall to  
7 electronically debit a prepayment in the amount of \$1,000 from the borrower’s bank account on  
8 December 3, 2010; the date of funding and welcome call. Moreover, the borrower paid off the loan  
9 in full on December 31, 2010 before the first scheduled monthly installment was due.

10 **False Representations to the Commissioner**

11 8. On or about September 2, 2011, CashCall also represented to the Commissioner that  
12 it is “CashCall’s policy to credit any payments authorized during the welcome call as of the date of  
13 the loan funded.” Records from the sampled loan transactions disclose that this is another  
14 misrepresentation on the part of CashCall in violation of Financial Code 22170(a). Examples are as  
15 follows:

16 a. In loan number 4166107 [REDACTED], the transaction log and telephone recordings reveal  
17 that the borrower authorized a prepayment in the amount of \$1,178 during the welcome call on  
18 August 3, 2010, but was charged \$78.00 in interest indicating that the prepayment was not credited  
19 as of the date the loan funded.

20 b. In loan number 4817668 [REDACTED], the transaction log and telephone recordings  
21 reveal that the borrower authorized a prepayment in the amount of \$800 during the welcome call on  
22 December 4, 2010, but was charged \$9.75 in interest indicating that the prepayment was not credited  
23 as of the date the loan funded.

24 c. In loan number 4249965 [REDACTED], the transaction log and telephone recordings  
25 reveal that the borrower authorized a prepayment in the amount of \$1,000 during the welcome call  
26 on August 19, 2010, but was charged \$9.75 in interest indicating that the prepayment was not  
27 credited as of the date the loan funded.

28

1 d. In loan number 4225624 [REDACTED], the transaction log and telephone recordings  
2 reveal that the borrower authorized a prepayment in the amount of \$1,325 during the welcome call  
3 on September 8, 2010, but was charged \$9.75 in interest indicating that the prepayment was not  
4 credited as of the date the loan funded.

5 e. In loan number 4483223 [REDACTED], the transaction log and telephone recordings  
6 reveal that the borrower authorized a prepayment in the amount of \$1,000 during the welcome call  
7 on October 15, 2010, but was charged \$29.25 in interest indicating that the prepayment was not  
8 credited as of the date the loan funded.

9 f. In loan number 5108266 [REDACTED], the transaction log and telephone recordings  
10 reveal that the borrower authorized a prepayment in the amount of \$1,250 before or during the  
11 welcome call on December 30, 2010, but was charged \$9.75 in interest indicating that the  
12 prepayment was not credited as of the date the loan funded.

13 **Other Material Misrepresentations to Consumers**

14 9. The regulatory examination also disclosed that CashCall, during the “welcome call”  
15 or when customers called in to make a prepayment, made statements and/or representations  
16 regarding the terms and conditions of the loans were false, misleading or deceptive in violation of  
17 Financial Code section 22161 as follows:

18 a. In loan number 4107506 [REDACTED], the borrower authorized Cashcall to  
19 electronically debit a prepayment in the amount of \$525 from the borrower’s bank account on July  
20 12, 2010; the date of funding. CashCall, despite reiterating to the borrower that monthly  
21 installments would still be taken as scheduled, applied \$195 of the prepayment to cover the first  
22 monthly installment scheduled to be taken via Automated Clearing House (“ACH”) payment thereby  
23 reducing the interest savings sought by the borrower in making a prepayment.

24 b. In loan number 4483223 [REDACTED], the borrower authorized CashCall to  
25 electronically debit a prepayment in the amount of \$1,000 from the borrower’s bank account on  
26 October 15, 2010; three days after funding and during the welcome call. CashCall, despite  
27 reiterating to the borrower that monthly installments would still be taken as scheduled, applied the  
28 \$1,000 to principal as requested minus interest of \$29.25 (interest that should not have been charged



1 - see paragraph 8.e. above) and then did not take the ACH payment for the first scheduled monthly  
2 installment thereby reducing the interest savings sought by the borrower in making a prepayment.

3 c. In loan number 4717338 [REDACTED], the borrower authorized CashCall to  
4 electronically debit a prepayment in the amount of \$1,000 from the borrower's bank account on  
5 November 12, 2010; three days after funding. CashCall, despite reiterating to the borrower that  
6 monthly installments would still be taken as scheduled, applied the \$1,000 minus accrued interest of  
7 \$29.25 to principal as requested and then did not take the ACH payment for the first scheduled  
8 monthly installment thereby reducing the interest savings sought by the borrower in making a  
9 prepayment.

10 d. In loan number 4790238 [REDACTED], the borrower authorized CashCall to  
11 electronically debit a prepayment in the amount of \$1,100 from the borrower's bank account on  
12 November 18, 2010; one day after funding. CashCall, despite reiterating to the borrower that  
13 making a prepayment would not change the scheduled monthly installments, applied the \$1,100  
14 minus accrued interest of \$9.75 to principal as requested and then failed to take the ACH payment  
15 for the first scheduled installment thereby reducing the interest savings sought by the borrower in  
16 making a prepayment.

17 e. In loan number 4698250 [REDACTED], the borrower authorized CashCall to  
18 electronically debit a prepayment in the amount of \$525 from the borrower's bank account on  
19 November 8, 2010; the date of funding. CashCall, despite reiterating to the borrower that monthly  
20 installments would still be taken as scheduled, applied the \$525 to principal as requested and then  
21 did not take the ACH payment for the first scheduled monthly installment thereby reducing the  
22 interest savings sought by the borrower in making a prepayment.

23 f. In loan number 4249965 [REDACTED], the borrower authorized CashCall to  
24 electronically debit a prepayment in the amount of \$1,000 from the borrower's bank account on  
25 August 19, 2010; the day after funding and during the welcome call. CashCall, despite reiterating to  
26 the borrower that monthly installments would still be taken as scheduled, applied the \$1,000 to  
27 principal as requested minus interest of \$9.75 (interest that should not have been charged - see  
28

1 paragraph 8.c. above) and then did not take the ACH payment for the second scheduled installment  
2 thereby reducing the interest savings sought by the borrower in making a prepayment.

3 g. In loan number 4225624 [REDACTED], the borrower authorized CashCall to  
4 electronically debit a prepayment in the amount of \$1,325 from the borrower's bank account on  
5 September 8, 2010; the day after funding and during the welcome call. CashCall, despite reiterating  
6 to the borrower that monthly installments would still be taken as scheduled, applied the \$1,325 to  
7 principal as requested minus interest of \$9.75 (interest that should not have been charged - see  
8 paragraph 8.d. above) and then did not take the full ACH payment for the first scheduled installment  
9 thereby reducing the interest savings sought by the borrower in making a prepayment.

10 h. In loan number 3817310 [REDACTED], the borrower authorized CashCall to  
11 electronically debit a prepayment in the amount of \$1,100 from the borrower's bank account on  
12 February 17, 2010; nine days after funding. On or about February 22, 2010, the borrower authorized  
13 CashCall to electronically debit a further prepayment in the amount of \$1,000.00 from the  
14 borrower's bank account. CashCall, despite reiterating to the borrower that monthly installments  
15 would still be taken as scheduled, applied the \$1,100 and \$1,000 to principal as requested minus  
16 accrued interest of \$87.75 and \$29.77 respectively and then did not take the full ACH payment for  
17 the first scheduled installment thereby reducing the interest savings sought by the borrower in  
18 making prepayments.

19 i. In loan number 3944275 [REDACTED], the borrower authorized CashCall to electronically  
20 debit a prepayment in the amount of \$800 from the borrower's bank account on April 28, 2010; two  
21 days after funding. CashCall, despite being told by the borrower that he wanted the full monthly  
22 payments taken as scheduled, applied the \$800.00 to principal as requested minus accrued interest of  
23 \$19.50 and then did not take the ACH payment for the first scheduled installment thereby reducing  
24 the interest savings sought by the borrower in making a prepayment.

25 10. In those instances where CashCall told a customer(s) that it would not be taking the  
26 first monthly scheduled payment because the customer had made a significant prepayment<sup>2</sup>,  
27 CashCall failed to inform the customer as to the effect of not having the regularly scheduled

28 \_\_\_\_\_  
<sup>2</sup> This statement was contrary to representations made during the sales pitch.

1 payment taken further violating Financial Code section 22161.

2 11. The regulatory examination further disclosed that CashCall was otherwise making  
3 materially false or misleading statements or representations in regards to the terms or conditions of  
4 unregulated personal loans in violation of Financial Code sections 22161 in that:

5 a. CashCall required consumers to agree to repayment of the loan by means of  
6 electronic fund transfers as a condition of loan approval, when the Electronic Fund Transfer Act (15  
7 U.S.C. section 1693 et seq. (“EFTA”), in particular, Section 1693k and Regulation E, 12 C.F.R.  
8 section 1005.10(e)(1) prohibits conditioning the extension of credit on the customer’s agreement to  
9 repayment by means of electronic fund transfers.

10 b. CashCall routinely represented to consumers that they had to notify CashCall in  
11 writing at least three business days in advance in order to cancel an electronic fund transfer  
12 authorization, when EFTA only requires oral notice in order to cancel electronic fund transfer  
13 authorizations (15 U.S.C. section 1693e(a) and 12 C.F.R. section 1005.10(c)(1)

14 **Failure to Provide Records**

15 12. In furtherance of the regulatory examination, on March 4, 2014, a written demand  
16 was made to CashCall to provide a detailed explanation of its loan origination process as it pertains  
17 to unsecured loans and to provide all training materials provided to loan agents and collection staff  
18 and any and all materials provided to consumer services representatives. On or about March 21,  
19 2014, CashCall responded that it has previously provided detailed information about its loan  
20 origination process. However, CashCall has only provided a summary chart of its loan origination  
21 process. To date, CashCall has failed to provide any training materials as demanded in the March 4,  
22 2014 letter in violation of Financial Code section 22701.

23 **False Filings**

24 13. CashCall originates residential mortgage loans in addition to unsecured loans. As  
25 such, Financial Code section 22100(e), CashCall was required to transition its CFLL license by  
26 registering with and maintaining a unique identifier issued by the National Mortgage Licensing  
27 System and Registry (“NMLS”). On or about March 3, 2010, CashCall submitted the Uniform  
28 Mortgage Lender/Broker Application (“Form MU1”) to the Commissioner through the NMLS for

1 purposes of transitioning its CFLL license. Jordana Boag, associate counsel, on behalf of and with  
2 the authority of CashCall, signed the Form MU1 under penalty of perjury, or unsworn falsification to  
3 authorities, or similar provisions provided by law, that the information provided in the MU1 was  
4 current, true, and complete.

5 14. CashCall, in the March 3, 2010 Form MU1 responded “NO” to Disclosure Question  
6 (F)(1) that asks “[h]as any domestic or foreign court (1) in the past ten years enjoined the entity or a  
7 control affiliate in connection with any financial services-related activity?” The term “financial  
8 services-related” is defined in pertinent part as “pertaining to . . . consumer lending . . .” However,  
9 on or about August 24, 2009, CashCall was enjoined in Los Angeles County Superior Court case  
10 number BC420115 brought by the California Department of Justice. In that action, CashCall was  
11 permanently enjoined from committing numerous illegal acts and practices relating to the offering  
12 and collection of consumer loans. Financial Code section 22170(b) makes it a violation to  
13 knowingly make an untrue statement to the Commissioner or NMLS. CashCall did not disclose the  
14 Final Judgment and Permanent Injunction obtained by the California Department of Justice in  
15 August 2009 until on or about November 12, 2010.

16 15. CashCall further violated Financial Code section 22170(b) on March 3, 2010 when it  
17 responded “NO” to Disclosure Questions (C)(4) and (C)(5) on Form MU1, which questions ask:  
18 “(C) In the past ten years, has any State or federal regulatory agency or foreign financial regulatory  
19 authority: (4) entered an order against the entity or a control affiliate in connection with a financial  
20 services-related activity?” and “(5) denied, suspended, or revoked the entity’s or a control affiliate’s  
21 registration or license or otherwise, by order, prevented it from associating with a financial services-  
22 related business or restricted its activities?” On or about June 23, 2009, the Maryland Commissioner  
23 of Financial Regulation had issued a Summary Order to Cease and Desist against CashCall, which  
24 prohibited CashCall from engaging in credit services business activities with Maryland consumers.  
25 CashCall did not disclose the 2009 Maryland Order until on or about May 9, 2011.

26 16. CashCall again violated Financial Code section 22170(b) on March 3, 2010 when it  
27 responded “NO” to Disclosure Question (G) on Form MU1, which question asks “[i]s the entity or a  
28 control affiliate named in any pending financial services-related action that could result in a ‘yes’

1 answer to any part of (F)?” On or about October 8, 2008, the West Virginia Attorney General filed a  
2 Complaint for Injunction, Consumer Restitution, Civil Penalties and other Appropriate Relief against  
3 CashCall regarding lending activities of CashCall. CashCall did not disclose the October 2008 West  
4 Virginia civil action until on or about September 12, 2012.

5 17. Pursuant to Financial Code section 22108 and California Code of Regulations, title  
6 10, section 1409.1, CashCall was required to promptly notify the Commissioner through NMLS of  
7 any change in the information contained in its Form MU1, other than financial information.  
8 CashCall violated Financial Code section 22108 and California Code of Regulations, title 10, section  
9 1409.1 on numerous occasions as follows:

10 a. On or about September 27, 2011, the Kansas Commissioner of Banking, Consumer &  
11 Mortgage Lending Division issued a Summary Order Revoking Supervised Loan License, to Cease  
12 and Desist, Pay Civil Penalties, etc. against CashCall. CashCall did not disclose the September 2011  
13 Order action until on or about May 7, 2012.

14 b. On or about October 11, 2011, CashCall entered into a Consent Order with the  
15 Alaska Department of Commerce, Community and Economic Development, Division of Banking  
16 wherein CashCall was assessed a penalty in the amount of \$2,000 for failing to disclose the  
17 permanent injunction obtained by the California Department of Justice and described in paragraph  
18 13 above. CashCall did not disclose the October 2011 Consent Order until on or about May 7, 2012.

19 c. On or about March 12, 2013, the Connecticut Banking Commissioner issued a  
20 Temporary Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Issue Order to  
21 Cease and Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing (later  
22 amended on June 5, 2013 to include additional allegations and a Notice Intent to Revoke Mortgage  
23 Lender Licenses) against CashCall. CashCall did not disclose the March 2013 Order until on or  
24 about May 6, 2013 despite having filed an amended disclosure explanation on or about April 15,  
25 2013.

26 d. On or about August 23, 2013, the Georgia Attorney General obtained an Interlocutory  
27 Injunction Order against Cashcall in a civil action filed against CashCall in July 2013. The  
28 Interlocutory Injunction Order prohibits CashCall from engaging in any business that consists in

1 whole or in part in the making, offering, arranging or acting as an agent in the making of unsecured  
2 loans of \$3,000 or less in Georgia. CashCall has yet to disclose the August 23, 2013 Georgia  
3 Interlocutory Injunction Order despite having filed amended disclosure explanations on or about  
4 September 23, 2013, October 25, 2013, November 26, 2013, December 20, 2013, and May 14, 2014.

5 e. On or about December 23, 2013, the Florida Attorney General and the Florida Office  
6 of Financial Regulation filed a civil action against CashCall seeking injunctive relief along with  
7 restitution and civil penalties for violations involving consumer lending. CashCall has yet to  
8 disclose the December 23, 2013 Florida civil action despite having filed an amended disclosure  
9 explanation on or about May 14, 2014.

10 18. CashCall violated Financial Code section 22170(b) again on or about May 14, 2013,  
11 when it filed an amended disclosure explanation that:

12 a. Described the March 23, 2013 Connecticut Order (see paragraph 17.c. above) as  
13 having been settled and the order lifted. In fact, as noted in paragraph 16.c. above, the Temporary  
14 Order to Cease and Desist, Order to Make Restitution, Notice of Intent to Issue Order to Cease and  
15 Desist, Notice of Intent to Impose Civil Penalty and Notice of Right to Hearing was amended on  
16 June 5, 2013 to include additional allegations and a Notice of Intent to Revoke Mortgage Lender  
17 Licenses. Additionally, the matter went to hearing on June 19, 2013 wherein afterwards on or about  
18 February 4, 2014, Findings of Fact, Conclusions of Law, and Order were issued in favor of the  
19 Connecticut Banking Commissioner and ordering that (i) the Temporary Cease and Desist Order  
20 issued against CashCall become permanent, (ii) CashCall make restitution, (iii) the mortgage lender  
21 license of CashCall be revoked, and (iv) CashCall pay a penalty of \$350,000. Thereafter, on or about  
22 April 2, 2014, the matter was settled with no admissions or denials on the part of Cashcall. However,  
23 the Consent Order issued as a result of the settlement contained an Order that (i) CashCall cease and  
24 desist from violating certain statutes related to consumer lending, (ii) CashCall make restitution, (iii)  
25 CashCall pay Connecticut a penalty of \$350,000, and (iv) Cashcall's mortgage lender license was  
26 revoked.

27 b. Described the August 12, 2013 civil action brought against it by the New York  
28 Attorney General as pending. In fact, on or about February 14, 2104, the New York Supreme Court

1 had entered a Consent Order and Judgment against CashCall based upon a settlement entered into  
2 between CashCall and New York whereby CashCall was (i) permanently enjoined from, among  
3 other things, (a) targeting residents with advertisements, offers, or solicitations for loans with interest  
4 rates greater than that prescribed by law, (b) making, financing, or collecting on loans to residents  
5 with interest rates greater than that prescribed by law, (c) engaging in the business of making loans  
6 until licensed; and (d) engaging in any deceptive, fraudulent, or illegal practices in connection with  
7 the promotion of financial goods and services; (ii) ordered to pay restitution up to \$7,000,000.00;  
8 and (iii) pay penalties of \$1,500,000.00.

### 9 **Disciplinary Actions**

10 19. In addition to the nine civil and administrative actions discussed above, during the  
11 course of the Commissioner's regulatory examination, there have been at least twelve further civil or  
12 administrative actions brought against CashCall by the states of Arkansas, Colorado, Illinois, Iowa,  
13 Massachusetts, Minnesota, New Hampshire, North Carolina, Oklahoma, Pennsylvania, and  
14 Washington, and the federal Consumer Financial Protection Bureau. These actions involve the  
15 lending and servicing activities of CashCall, and allegations of unlicensed lending, usury violations,  
16 engaging in deceptive, fraudulent or illegal practices in promoting financial goods and services, and  
17 false license applications. At least three of the twenty-one civil and/or administrative actions have  
18 become final, including the Alaska administrative action described in paragraph 16.b. above, the  
19 Connecticut administrative action described in paragraphs 17.c. and 18.a. above, and the New York  
20 civil action described in paragraph 18.b. above.

21 20. Financial Code section 22705.1 provides:

22 (a) For any licensee, a disciplinary action taken by the State of California,  
23 another state, an agency of the federal government, or another country for  
24 an action substantially related to the activity regulated under this division  
25 may be grounds for disciplinary action by the commissioner. A certified  
26 copy of the record of the disciplinary action taken against the licensee by  
27 the State of California, another state, an agency of the federal government,  
28 or other country shall be conclusive evidence of the events related therein.

(b) Nothing in this section shall preclude the commissioner from applying  
a specific statutory provision in this division providing for discipline against  
a licensee as a result of disciplinary action taken against a licensee by the  
State of California, another state, an agency of the federal government, or

1 another country.

2 II

3 California Financial Code section 22714 provides in pertinent part:

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

7 (1) The licensee has failed to comply with any demand, ruling, or requirement  
8 of the commissioner made pursuant to and within the authority of this division.

9 (2) The licensee has violated any provision of this division or any rule or  
10 regulation made by the commissioner under and within the authority of this  
11 division.

12 III

13 Complainant finds that, by reason of the foregoing, Respondent CashCall, Inc. (i) has  
14 violated Financial Code sections 22108, 22159(b), 22161(a) and (b), 22170(a) and (b), and 22701  
15 and California Code of Regulations, title 10, section 1409.1, (ii) has failed to comply with a demand  
16 of the Commissioner, and (iii) has been disciplined by other states, and based thereon, grounds exist  
17 to suspend the finance lenders licenses of CashCall, Inc.

18 WHEREFORE, IT IS PRAYED that the finance lenders licenses of CashCall be suspended  
19 for a period of up to 12 months;

20 Dated: June 4, 2014  
21 Los Angeles, CA

JAN LYNN OWEN  
Commissioner of Business Oversight

22 By \_\_\_\_\_  
23 Judy L. Hartley  
24 Senior Corporations Counsel  
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26  
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