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STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: Deutsche Leasing USA, Inc.
190 S. LaSalle Street, Suite 2150
Chicago, IL 60603

DESIST AND REFRAIN ORDER

(For violations of section 22100 of the Financial Code)

The Commissioner of Business Oversight (“Commissioner”) finds that:

1. Deutsche Leasing USA, Inc. (“Deutsche Leasing”) is a Delaware corporation formed on or about August 14, 2007. Its principal place of business is located at 190 South LaSalle Street, Suite 2150, Chicago, IL 60603.

2. On or about July 29, 2015, Deutsche Leasing filed with the Commissioner an application for licensure under the California Finance Lenders Law (“CFL”) (Application No. 184670). In addition to the application, the Commissioner requested, and Deutsche Leasing provided, a loan report and the supporting documentation for all loans made in the state of California for the period of August 17, 2008 through January 1, 2016 (collectively the “Application”). A review of the Application disclosed that Deutsche Leasing had engaged in unlicensed finance lender activity in the state of California during the period August 17, 2008 through January 1, 2016, as described below.

3. Deutsche Leasing made 23 non-real estate secured commercial loans in California during the relevant period. Out of the 23 commercial loans, 14 were originated by Deutsche Leasing, and nine were purchased from two third parties who are not related to Deutsche Leasing. Deutsche Leasing modified the terms of eight of the promissory notes purchased from one of the third parties. A loan whose terms are modified after being purchased would be considered a new loan origination falling under the purview of the CFL.

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1 4. Additionally, Deutsche Leasing made 55 commercial equipment finance leases in
2 California during the relevant period. These commercial equipment finance leases are essentially
3 “capitalized leases” or “equipment purchase financing,” that are considered to be commercial
4 equipment loans under the CFLL. Deutsche Leasing originated 48 of the 55 equipment finance leases
5 and purchased seven from an unrelated third party. It appears that Deutsche Leasing did not modify
6 the terms in the seven equipment finance lease agreements purchased from the unrelated third party.

7 5. Furthermore, the Commissioner reviewed the Application to determine if there were
8 interest charges and fees in excess of the 10% usury limitation under Article 15, section 1, of the
9 California Constitution. The Commissioner considered loan points and fees paid directly to Deutsche
10 Leasing in calculating whether the company violated California’s 10% usury limitation. The
11 Commissioner found one equipment finance lease had interest overcharges totaling \$599.00 in excess
12 of the 10% usury limitation.

13 Based on the foregoing findings, the Commissioner of Business Oversight is of the opinion
14 that during the period of August 17, 2008 through January 1, 2016, Deutsche Leasing USA, Inc.
15 engaged in the business of a finance lender in the state of California by making 70 loans without first
16 obtaining a license from the Commissioner, then in effect, or being otherwise exempt, in violation of
17 Financial Code section 22100. Under section 22712 of the Financial Code, Deutsche Leasing USA,
18 Inc. is hereby ordered to desist and refrain from engaging in the business of a finance lender in the
19 state of California without first obtaining a license from the Commissioner of Business Oversight, or
20 otherwise being exempt.

21 This Order is necessary, in the public interest, for the protection of consumers and is
22 consistent with the purposes, policies, and provisions of the California Finance Lenders Law.

23 Dated: 10/10/16
24 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

26 By: _____
27 MARY ANN SMITH
28 Deputy Commissioner
 Enforcement Division