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

13 In the Matter of: ) Premium Finance License No.: 2400  
14 THE COMMISSIONER OF BUSINESS )  
OVERSIGHT, ) CONSENT ORDER  
15 )  
16 Complainant, )  
17 v. )  
18 )  
19 GBC PREMIUM FINANCE INC., )  
20 Respondent. )  
21 \_\_\_\_\_ )

22  
23 This Consent Order (Consent Order) is entered into between GBC Premium Finance, Inc.  
24 (GBC) and the Commissioner of Business Oversight (Commissioner) (collectively, the Parties) and is  
25 made with respect to the following facts:

26 **RECITALS**

27 A. GBC is a California corporation formed on or about July 12, 2010. Its principal place  
28 of business is located at 110 E. 9th Street, Suite A-1126, Los Angeles, California.

1           B.       GBC holds a premium finance company license issued by the Commissioner under the  
2 California Industrial Loan Law (Fin. Code, § 18000 et seq.) (Industrial Loan Law). GBC does not  
3 hold a finance lender or broker license issued by the Commissioner under the California Financing  
4 Law, fka California Finance Lenders Law (Fin. Code, § 22000 et seq.) (CFL).

5           C.       Daniel Ko is the chief executive officer of GBC and is authorized to enter into this  
6 Consent Order on behalf of GBC.

7           D.       GBC's parent is General Financial Group, Inc. (General Financial). General Financial  
8 is a California corporation formed on October 30, 2014. Its principal place of business is located at  
9 110 E. 9th Street, Suite A-1126, Los Angeles, California.

10          E.       General Financial owns and controls General Business Credit (General Business  
11 Credit). General Business Credit is a California corporation formed on April 30, 2001. Its principal  
12 place of business is located at 110 E. 9th Street, Suite A-1126, Los Angeles, California.

13          F.       General Business Credit holds finance lender and broker license number 603-8204  
14 issued by the Commissioner under the CFL on April 5, 2002.

15          G.       General Financial owned and controlled A-One Truck Finance, LLC (A-One). A-One  
16 was a California limited liability company formed on July 9, 2015. General Financial voluntarily  
17 dissolved A-One on March 8, 2017.

18          H.       In November 2015, A-One filed with the Commissioner an application for licensure  
19 under the CFL. In addition to the application, the Commissioner requested, and A-One provided, a  
20 loan report and supporting documentation for all loans made in the state of California for the period  
21 of December 2012 to March 2016 (collectively, the Application). A review of the Application by the  
22 Commissioner disclosed that A-One's sister entity, GBC, had engaged in unlicensed finance lender  
23 activity in the state of California during the above period, as described below at paragraph I.

24          I.       GBC originated 392 commercial equipment loans from at least December 21, 2012  
25 through March 10, 2016.

26          J.       In addition, the Commissioner reviewed the Application to determine if there were  
27 interest charges and fees in excess of the 10-percent usury limitation under Article 15, section 1, of  
28

1 the California Constitution. Based on the Commissioner’s review, it appears to the Commissioner  
2 that interest charges and fees in many of the commercial equipment loans originated by GBC from at  
3 least December 21, 2012 through March 10, 2016 may have exceeded or will exceed the 10-percent  
4 usury limitation under the California Constitution, provided all payments are made as scheduled.

5 K. While GBC admits it made commercial loans without first obtaining a CFL license  
6 from the Commissioner, GBC maintains that the equipment loans could have been made under the  
7 CFL license of its sister entity, General Business Credit. GBC further contends that it mistakenly  
8 originated the commercial loans under GBC’s premium finance company license based on a  
9 misunderstanding of the scope of permissible activities under the Industrial Loan Law.

10 L. A-One voluntarily withdrew its CFL license application on March 28, 2018.

11 M. It is the intention and desire of the Parties to resolve this matter without the necessity  
12 of a hearing. The Commissioner finds that entering into this Consent Order is appropriate, in the  
13 public interest, and consistent with the purposes fairly intended by the policy and provisions of the  
14 CFL and the Industrial Loan Law.

15 NOW, THEREFORE, in consideration of the foregoing (Recitals), and the terms and  
16 conditions set forth herein, the Parties agree as follows:

17 **TERMS AND CONDITIONS**

18 1. Purpose. The Parties have entered into this Consent Order to resolve the matters  
19 described in the Recitals, for the purpose of judicial economy and expedience, and to avoid the  
20 expense of a hearing, and possible further court proceedings.

21 2. Finality of the Consent Order. GBC agrees to comply with this Consent Order and  
22 agrees that the Consent Order is final.

23 3. Finality of the Desist and Refrain Order Issued. GBC agrees to the issuance of the  
24 Desist and Refrain Order (Order) issued under section 22712 of the Financial Code, directing GBC to  
25 desist and refrain from engaging in the business of a finance lender in this state without first  
26 obtaining a license from the Commissioner in violation of Financial Code section 22100. The Order  
27 will be considered a final order. GBC agrees that the delivery by certified mail of the executed Order  
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1 issued by the Commissioner to the address set forth in paragraph A., above, shall constitute valid  
2 service of the Order. A true and correct copy of the Order is attached hereto and incorporated herein  
3 by reference as **Exhibit 1**.

4 4. Waiver of Hearing Rights. GBC acknowledges its right to an administrative hearing  
5 under the CFL in connection with the Order and hereby waives its right to a hearing and to any  
6 reconsideration, appeal, or other review which may be afforded under the CFL, the Industrial Loan  
7 Law, Government Code section 11415.60, subdivision (b), the Administrative Procedure Act (Gov.  
8 Code, § 11340 et seq.) (APA), the Code of Civil Procedure (Code Civ. Proc., § 1 et seq.) (CPC), or  
9 any other provision of law pertaining to this matter.

10 5. Administrative Penalty. GBC agrees to pay an administrative penalty in the amount of  
11 \$175,000.00 in two equal installments of \$87,500.00. Each such installment payment shall be made  
12 payable in the form of a cashier's check or Automated Clearing House deposit to the "Department of  
13 Business Oversight," and transmitted to the attention of: Accounting – Enforcement Division, at the  
14 Department of Business Oversight located at 1515 K Street, Suite 200, Sacramento, California,  
15 95814. The first installment payment shall be paid within 48 hours from the effective date of this  
16 agreement, as described in paragraph 24., and the second installment payment shall be paid on or  
17 prior to January 15, 2019. GBC shall submit evidence of the penalty payment installments required  
18 under this paragraph to the attention of Blaine A. Noblett, Senior Counsel, Enforcement Division,  
19 320 W. 4th Street, Suite 750, Los Angeles, California 90013.

20 6. Effect of Consent Order on GBC. In consideration of GBC entering into this Consent  
21 Order, agreeing to the issuance of the Order, and agreeing to pay the administrative penalty required  
22 by paragraph 5. hereof, the Commissioner hereby agrees that except as expressly set forth in this  
23 Consent Order, she shall not take any further action against GBC, General Financial, General  
24 Business Credit, A-One, or any of them arising out of, related to or based upon any matter or thing  
25 related to the loans described in the Recitals including, in particular, any of the 392 loans originated  
26 by GBC from at least December 21, 2012 through March 10, 2016, which GBC has disclosed to the  
27 Commissioner.

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1           7.       Full and Final Settlement. The Parties acknowledge and agree that this Consent Order  
2 is intended to, and shall, constitute a full, final, and complete resolution of all matters or things  
3 arising out of, related to or based upon the loans described in the Recitals including, in particular, any  
4 of the 392 loans originated by GBC from at least December 21, 2012 through March 10, 2016, which  
5 GBC has disclosed to the Commissioner, and that no further proceedings or actions will be brought  
6 by the Commissioner in connection with those matters under the Industrial Loan Law, the CFL, or  
7 any other provision of law, excepting therefrom any proceeding to enforce compliance with this  
8 terms of this Consent Order.

9           8.       Binding. This Consent Order is binding on the Parties and their respective successors  
10 and assigns.

11           9.       Suspension of License for Failure to Comply. GBC agrees that, following 10 business  
12 days from the receipt of notice from the Commissioner of GBC's failure to comply with any of the  
13 terms of this Consent Order, GBC may be suspended from engaging in business under its premium  
14 finance company license upon the issuance of an order from the Commissioner until it provides  
15 evidence satisfactory to the Commissioner that the terms are met. GBC hereby waives any notice and  
16 hearing rights that may be afforded under the Industrial Loan Law, the CFL, Government Code  
17 section 11415.60, subdivision (b), the APA, the CPC, or any other provision of law to contest the  
18 immediate suspension of its license. GBC further acknowledges that its failure to comply with  
19 paragraph 5., shall constitute a failure to comply with this Consent Order and  
20 be subject to this paragraph.

21           10.       Commissioner's Duties. The Parties further acknowledge and agree that nothing  
22 contained in this Consent Order shall operate to limit the Commissioner's ability to assist any other  
23 agency (city, county, state or federal) with any prosecution (administrative, civil, or criminal) brought  
24 by any such agency against GBC or any other person based on any of the activities alleged in these  
25 matters or otherwise.

26           11.       Third Party Actions. The Parties acknowledge and agree that this Consent Order is not  
27 intended to, and shall not, create either private rights of action or remedies against GBC in favor of  
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1 any person or party not a party to it, or limit any defenses GBC might assert against the claims of any  
2 person or party not a party to it.

3 12. Independent Legal Advice. Each of the Parties represents, warrants, and agrees that it  
4 has received independent advice from their attorneys or representatives with respect to the  
5 advisability of executing this Consent Order.

6 13. No Other Representation. Each of the Parties represents, warrants, and agrees that in  
7 executing this Consent Order they have relied solely on the statements set forth herein and the advice  
8 of their own counsel. Each of the Parties further represents, warrants, and agrees that in executing this  
9 Consent Order it has not relied on any statement, representation, or promise of any other party, or any  
10 other person or entity not expressly set forth herein, or on the failure of any party or any other person  
11 or entity to make any statement, representation or disclosure of anything whatsoever. The Parties  
12 have included this clause: (1) to preclude any claim that any party was in any way fraudulently  
13 induced to execute this Consent Order; and (2) to preclude the introduction of parol evidence to vary,  
14 interpret, supplement, or contradict the terms of the Consent Order.

15 14. Full Integration. This Consent Order is the final written expression and the complete  
16 and exclusive statement of all agreements, conditions, promises, representations, and covenants  
17 between the Parties with respect to the subject matter hereof, and supersedes all prior or  
18 contemporaneous agreements, negotiations, representations, understandings, and discussions between  
19 and among the Parties, their respective representatives, and any other person or entity, with respect to  
20 the subject matter covered by this Consent Order.

21 15. No Presumption from Drafting. In that the Parties have had an opportunity to draft,  
22 review, and edit the language of this Consent Order, no presumption for or against any party arising  
23 out of drafting all or any part of this Consent Order will be applied in any action relating to,  
24 connected to, or involving this Consent Order. Accordingly, the Parties waive the benefit of Civil  
25 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,  
26 language of a contract should be interpreted most strongly against the party who caused the  
27 uncertainty to exist.

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1           16.    Voluntary Agreement. GBC enters into this Consent Order voluntarily and without  
2 coercion and acknowledges that no promises, threats, or assurances have been made by the  
3 Commissioner or any officer, or agent thereof, about this Consent Order.

4           17.    Waiver. The waiver of any provision of this Consent Order shall not operate to waive  
5 any other provision set forth herein, and any waiver, amendment, or change to the terms of this  
6 Consent Order must be in writing and signed by the Parties.

7           18.    Authority for Settlement. Each party warrants and represents that such party is fully  
8 entitled and duly authorized to enter into and deliver this Consent Order. In particular, and without  
9 limiting the generality of the foregoing, each party warrants and represents that it is fully entitled to  
10 enter into the covenants, and undertake the obligations set forth herein.

11          19.    Counterparts. The Parties agree that this Consent Order may be executed in one or  
12 more separate counterparts, each of which, when so executed, shall be deemed an original and taken  
13 together shall constitute one and the same Consent Order.

14          20.    Signatures. This Consent Order may be executed by facsimile or scanned signature,  
15 and any such facsimile or scanned signature by any party hereto shall be deemed to be an original  
16 signature and shall be binding on such party to the same extent as if such facsimile or scanned  
17 signature were an original signature.

18          21.    Capacity to Contract. Each signatory hereto covenants that he or she possesses all  
19 necessary capacity and authority to sign and enter into this Consent Order.

20          22.    Headings and Governing Law. The headings to the paragraphs of this Consent Order  
21 are inserted for convenience only and will not be deemed a part hereof or affect the construction or  
22 interpretation of the provisions hereof. This Consent Order shall be construed and enforced in  
23 accordance with and governed by California law.

24          23.    Public Record. GBC acknowledges that this Consent Order and the Desist and Refrain  
25 Order referenced herein are public records.

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