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

11 In the Matter of:) CFL LICENSE NO.: 603H770
12 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,)
13 Complainant,) CONSENT ORDER
14 v.)
15 GALT VENTURES, LLC,)
16 Respondent.)

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19 This Consent Order is entered into between the Commissioner of Business Oversight
20 (Commissioner) and Galt Ventures, LLC (Galt Ventures), and is made with respect to the following
21 facts:

22 **RECITALS**

23 A. The Department of Business Oversight, through the Commissioner, has jurisdiction
24 over the licensing and regulation of persons and entities engaged in the business of finance lending
25 or brokering under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.).¹

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28 ¹ Effective October 4, 2017, the name of the California Finance Lenders Law changed to the California Financing Law. (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this document, a reference to the California Financing Law means the California Finance Lenders Law before October 4, 2017, and the California Financing Law on and after that date. (Fin. Code, § 22000.)

1 B. Under the CFL, the Commissioner has authority to issue orders to desist and refrain
2 from violations of the CFL; to deny, suspend, or revoke licenses pending or issued under the CFL;
3 and to assess penalties.

4 C. The purpose of the CFL is to ensure an adequate supply of credit to borrowers in
5 California; to simplify, clarify, and modernize the law governing loans made by finance lenders; to
6 foster competition among finance lenders; to protect borrowers against unfair practices by some
7 lenders, having due regard for the interests of legitimate and scrupulous lenders; to permit and
8 encourage the development of fair and economically sound lending practices; and to encourage and
9 foster a sound economic climate in this state. (Fin. Code, § 22001, subd. (a).)

10 D. Galt Ventures is a Kansas limited liability company with its principal place of
11 business at 3527 North Ridge Road, Wichita, Kansas 67205.

12 E. Galt Ventures is a finance lender licensed by the Commissioner under license
13 number 603H770. Galt Ventures does business under the names Speedy Cash and Speedy Cash
14 Installment Loans. As of December 31, 2016, Galt Ventures had 7 branch locations in California,
15 each with its own CFL license.

16 F. Beginning on September 16, 2014, the Commissioner conducted an examination of
17 Galt Ventures' CFL business (CFL Examination) and found evidence of the following:

18 i. Galt Ventures charged some borrowers rates greater than those authorized by
19 Financial Code sections 22303 and 22304 and administrative fees greater than those authorized by
20 section 22305 based on the following examination findings. Galt Ventures made loans of \$2,500.00
21 or more to borrowers who sought loans of less than \$2,500.00. Before making such loans, Galt
22 Ventures told the borrowers that the minimum loan amount it offered was \$2,600.00 but that they
23 could make an advance payment shortly after funding of whatever amount they did not want.
24 Therefore, although those borrowers' loans were loans of \$2,500.00 or more and therefore exceeded
25 the regulatory ceilings specified in sections 22303, 22304, and 22305, Galt Ventures used the
26 regulatory ceiling provisions for the purpose of evading the CFL within the meaning of section
27 22251. Thus, under section 22251, those borrowers' loans were not loans of a bona fide principal
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1 amount of \$2,500.00 or more and were subject to the limitations on charges and administrative fees
2 in sections 22303, 22304, and 22305.

3 ii. In response to some borrowers who initially sought a loan of less than
4 \$2,500.00, Galt Ventures stated that it was precluded by state law or rule from making loans of less
5 than \$2,600.00. In doing so, Galt Ventures made materially false or misleading statements or
6 representations to borrowers about the terms or conditions of their loans in violation of Financial
7 Code section 22161, subdivision (a)(1).²

8 iii. On its website at www.speedycash.com, Galt Ventures stated that “due to
9 California State law,” it offered only \$2,600.00 loans. In doing so, Galt Ventures advertised, printed,
10 displayed, or distributed statements or representations regarding the business subject to the CFL that
11 were false, misleading, or deceptive in violation of Financial Code section 22161, subdivision
12 (a)(2).

13 G. The Commissioner finds that entering into this Consent Order is in the public
14 interest and consistent with the purposes fairly intended by the policy and provisions of the CFL.

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

17 **TERMS AND CONDITIONS**

18 1. Purpose. This Consent Order is entered into for the purpose of judicial economy and
19 to avoid the expense and uncertainty of a hearing or other litigation.

20 2. Finality of Consent Order. Galt Ventures agrees to comply with this Consent Order
21 and stipulates that this Consent Order is hereby deemed final.

22 3. Desist and Refrain Order. In accordance with Financial Code section 22712, Galt
23 Ventures stipulates that it is ordered to desist and refrain from violating Financial Code sections
24 22303; 22304; 22305; 22337, subdivision (c); and 22161, subdivision (a)(1) and (a)(2).

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27 ² Financial Code section 22161 was amended on October 4, 2017, with changes mostly relating to the
28 numbering of subdivisions. (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 57.) The violations described in
subdivision (a)(1) to (a)(6) correspond to those described in former subdivisions (a) to (f). All references to section
22161, subdivision (a)(1), (a)(2), and so on mean former subdivisions (a), (b), and so on, respectively, before October 4,
2017, and subdivision (a)(1), (a)(2), and so on, respectively, on and after that date.

1 4. Waiver of Hearing Rights. Galt Ventures acknowledges that the Commissioner is
2 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
3 charges contained in this Consent Order. Galt Ventures hereby waives the right to any hearings and
4 to any reconsideration, appeal, or other right to review which may be afforded under the CFL,
5 Administrative Procedure Act, Code of Civil Procedure, or any other provision of law. Galt
6 Ventures further expressly waives any requirement for the filing of an accusation pursuant to
7 Government Code section 11415.60, subdivision (b). By waiving such rights, Galt Ventures
8 consents to the finality of this Consent Order and the desist-and-refrain order in it.

9 5. Refund Calculation. Galt Ventures shall calculate refunds to certain borrowers as
10 follows:

11 (a) Galt Ventures shall audit its files and identify all loans made under its CFL
12 licenses between January 1, 2011, and September 6, 2016, for which it received an advance
13 payment on the day of funding or one business day after funding that would have reduced the
14 outstanding principal balance to \$1,700.00 or less if the entire payment had been applied to the
15 principal (Refund Population).

16 (b) Galt Ventures shall recast each loan in the Refund Population by reducing the
17 original principal amount by the amount of the advance payment and determining the amount of
18 interest and administrative fee it would have charged for the reduced principal amount based on an
19 annual interest rate of 21 percent and the limitations on administrative fees in Financial Code
20 section 22305 (Recast Interest Amount and Recast Administrative Fee, respectively).

21 (c) For each loan in the Refund Population, Galt Ventures shall determine the
22 amount of excess interest charged (Interest Overcharge) by subtracting the Recast Interest Amount
23 from the actual amount of interest charged.

24 (d) For each loan in the Refund Population, Galt Ventures shall determine the
25 amount of excess administrative fee charged (Administrative-Fee Overcharge) by subtracting the
26 Recast Administrative Fee from the actual administrative fee charged.

27 (e) For each loan in the Refund Population, the amount Galt Ventures shall
28 refund to the borrower (Refund Amount) is 30 percent of the sum of the Interest Overcharge and

1 Administrative-Fee Overcharge. If the Refund Amount for any loan is \$5.00 or less, Galt Ventures
2 is not required to make a refund for that loan.

3 (f) Galt Ventures shall submit a report to the Commissioner detailing the Refund
4 Population, including each Recast Interest Amount, Recast Administrative Fee, Interest Overcharge,
5 Administrative-Fee Overcharge, and Refund Amount no later than 30 days after the effective date
6 of this Consent Order as defined in paragraph 29.

7 6. Refund Payments. Galt Ventures shall make the refunds described in paragraph 5 as
8 follows:

9 (a) Galt Ventures shall make the refunds no later than 60 days after the effective
10 date of this Consent Order as defined in paragraph 29.

11 (b) Galt Ventures shall apply each refund as follows:

12 i. For a current borrower whose loan has an outstanding balance that is
13 greater than the Refund Amount, Galt Ventures shall reduce the loan’s principal balance by the
14 Refund Amount.

15 ii. For a current borrower whose loan has an outstanding balance that is
16 less than the Refund Amount, Galt Ventures shall reduce the loan’s principal balance to zero dollars
17 and mail to the borrower’s last known address a check for the difference between the outstanding
18 balance and Refund Amount.

19 iii. For a former borrower whose loan was paid in full and who does not
20 have any loans from Galt Ventures with an outstanding balance, Galt Ventures shall mail to the
21 borrower’s last known address a check for the Refund Amount.

22 iv. For a borrower whose loan was charged off and retained for internal
23 collection, Galt Ventures shall reduce the charged-off balance by the Refund Amount.

24 v. For a borrower whose loan was charged off and assigned for outside
25 collection, Galt Ventures shall direct the assignee to reduce the outstanding balance by the Refund
26 Amount. Galt Ventures shall notify the borrower of the reduced outstanding balance by electronic
27 mail or U.S. mail at the borrower’s last known address.
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1 (c) Galt Ventures shall submit evidence of payment of the Refund Amounts to
2 the Commissioner no later than 90 days after the effective date of this Consent Order as defined in
3 paragraph 29. Such evidence must include, at a minimum, for each loan in the Refund Population,
4 an electronic schedule extracted from Galt Ventures’ books and records of loan balances and, as
5 applicable, an affidavit of mailing of refund checks or notices of balance reductions.

6 (d) Galt Ventures shall escheat any unclaimed refunds to the California State
7 Controller’s Office within the period provided by Code of Civil Procedure section 1520,
8 subdivision (a) of the Unclaimed Property Law (Code of Civ. Proc., § 1500 et seq.).

9 7. Administrative Penalty. Galt Ventures shall pay an administrative penalty of
10 \$5,000.00 no later than 30 days after the effective date of this Consent Order as defined in
11 paragraph 29. Galt Ventures shall pay in accordance with paragraph 9.

12 8. Investigative Fee. Galt Ventures shall pay the Commissioner’s investigative fees in
13 the amount of \$10,000.00 no later than 30 days after the effective date of this Consent Order as
14 defined in paragraph 29. Galt Ventures shall pay in accordance with paragraph 9.

15 9. Payment of Fees and Penalties. Galt Ventures shall pay fees and penalties by
16 cashier’s check or Automated Clearing House deposit to the Department of Business Oversight and
17 transmitted to the attention of Accounting – Litigation, at the Department of Business Oversight,
18 1515 K Street, Suite 200, Sacramento, California 95814. Notice of payments must be sent to
19 Samuel J. Park, Counsel, 320 West 4th Street, Suite 750, Los Angeles, California 90013.

20 10. Compliance Procedures. No later than 30 days after the effective date of this Consent
21 Order as defined in paragraph 29, Galt Ventures shall implement certain programs, policies, and
22 procedures with respect to loans made under its CFL licenses, as described below. Galt Ventures
23 shall comply with the following provisions unless it receives written approval from the
24 Commissioner to do otherwise:

25 (a) Advertising. Galt Ventures shall remove from its advertising and all printed,
26 displayed, or distributed materials any statement that Galt Ventures cannot make loans of less than
27 \$2,500.00 because of California law, rule, or regulation.
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1 (b) Verbal Disclosures. Galt Ventures shall require its employees to give the
2 following disclosures:

3 i. If a prospective borrower in California contacts Galt Ventures and
4 expresses an interest in or desire for a loan of less than \$2,600.00, Galt Ventures employees must
5 respond with statements substantially similar to the following: “Galt Ventures does not make
6 consumer installment loans of less than \$2,600.00 to California consumers. Licensed finance
7 lenders are permitted to make smaller loans, but Galt Ventures chooses not to do so. If you want a
8 loan of less than \$2,600.00, you may wish to seek a loan from another lender. Galt Ventures does
9 not refer borrowers to other lenders. You can find a list of licensed lenders from the California
10 Department of Business Oversight’s website at <https://docqnet.dbo.ca.gov/licensesearch>.” Galt
11 Ventures employees must not state that Galt Ventures cannot make loans of less than \$2,600.00
12 because of California law, rule, or regulation. Except as set forth in the following sentence, the
13 responsive statements must not refer to borrowers’ ability to make advance payments of any amount
14 at any time. Galt Ventures employees may explain borrowers’ statutory right to prepay to
15 prospective borrowers so long as the explanation is not in response to an expressed interest in or
16 desire for a loan of less than \$2,600.00.

17 ii. If a prospective borrower in California contacts Galt Ventures and
18 expresses an interest in or desire for a loan of less than \$2,600.00, Galt Ventures employees must
19 not refer to any alleged interest-saving from taking a loan of \$2,600.00 or more and making an
20 advance payment, unless they also concurrently explain that any interest-saving would be many
21 times greater if the prospective borrower instead took a loan of less than \$2,500.00.

22 (c) Written Disclosures. Galt Ventures shall provide to applicants a written
23 statement that discloses in a clear and conspicuous manner the following: (i) Galt Ventures’
24 minimum loan amount; (ii) that California law limits the interest rate that can be charged for loans
25 of less than \$2,500.00 to about 30 percent; and (iii) that California law does not limit the interest
26 rate that can be charged for loans of \$2,500.00 or more.

27 (d) Quality-Control Procedures. Galt Ventures shall conduct appropriate quality-
28 control procedures, including periodic retraining and telephone and in-person testing, to assure

1 compliance with sub-paragraphs (a), (b), and (c). Galt Ventures shall conduct such quality-control
2 procedures at reasonably frequent intervals and promptly take corrective action to address any
3 deficiencies in compliance.

4 11. Proof of Compliance. The Commissioner may periodically review Galt Ventures’
5 compliance with paragraphs 5 through 10 and may request proof of such compliance. In response to
6 any such request, Galt Ventures shall promptly provide evidence of compliance to the
7 Commissioner’s satisfaction.

8 12. Failure to Comply. If Galt Ventures fails to comply with any of the terms of this
9 Consent Order, other than through inadvertent and isolated errors that are promptly corrected by
10 Galt Ventures after discovering such errors and that are reported to the Commissioner no later than
11 10 business days after such corrections, the Commissioner may suspend Galt Ventures from
12 engaging in business under its CFL licenses until it provides evidence of compliance to the
13 Commissioner’s satisfaction. Galt Ventures hereby waives any hearing rights afforded under the
14 Administrative Procedure Act, including Government Code section 11415.60, subdivision (b); Code
15 of Civil Procedure; or any other provision of law to contest the summary suspension.

16 13. Consideration. In consideration of Galt Ventures’ stipulation to the issuance of this
17 Consent Order, the Commissioner agrees not to initiate disciplinary proceedings against Galt
18 Ventures because of this action, except as provided in paragraph 12.

19 14. Full and Final Resolution. This Consent Order is entered into in settlement of
20 disputed claims and shall not constitute an admission by Galt Ventures of any wrongdoing or of
21 consumer harm. Except as provided in paragraph 12, this Consent Order is intended to constitute a
22 full and final resolution of the findings described in paragraph F of the recitals. The Commissioner
23 will not bring any further action or proceeding concerning those findings unless she discovers new
24 and further violations by Galt Ventures that do not form the basis for this Consent Order, including
25 violations knowingly or willfully concealed from the Commissioner. If the Commissioner discovers
26 that Galt Ventures knowingly or willfully withheld information used and relied on in this Consent
27 Order, the Commissioner may rescind this Consent Order and pursue all remedies available under
28 law against Galt Ventures. Without limiting the generality of the foregoing, if Galt Ventures

1 complies with the provisions of this Consent Order, the Commissioner will not initiate any action or
2 proceeding against Galt Ventures based on alleged acts or omissions by Galt Ventures of the kinds
3 described in paragraph F that occurred between September 7, 2016, and 30 days after the effective
4 date of this Consent Order as defined in paragraph 29.

5 15. Commissioner’s Duties. Nothing in this Consent Order limits the Commissioner’s
6 ability to assist any other government agency with any action brought by that agency against Galt
7 Ventures, including an action based on any of the acts, omissions, or events described in this
8 Consent Order.

9 16. Third-Party Liability. The parties intend that this Consent Order does not create any
10 private rights or remedies against Galt Ventures, create any liability for Galt Ventures, or limit Galt
11 Ventures’ defenses against any person or entity not a party to this Consent Order.

12 17. Independent Legal Advice. Each party represents that it has received independent
13 advice from its counsel or representatives regarding the advisability of executing this Consent
14 Order.

15 18. Reliance. Each party represents that in executing this Consent Order it has relied
16 solely on the statements in the Consent Order and on the advice of its counsel or representatives.
17 Each party also represents that it has not relied on any statement or promise not contained in this
18 Consent Order from any other person or on the failure of such person to make a statement or
19 promise. The parties have included this clause to preclude any claim that a party was fraudulently
20 induced to execute this Consent Order.

21 19. Integration. This Consent Order is the final written expression and the complete and
22 exclusive statement of all the agreements, conditions, promises, representations, and covenants
23 between the parties concerning its subject matter and supersedes all discussion regarding such
24 subject matter between the parties, their representatives, and any other person. The parties have
25 included this clause to preclude the introduction of parol evidence to vary, interpret, supplement, or
26 contradict the terms of this Consent Order.

27 20. No Presumption Against Drafting Party. Each party acknowledges that it has had the
28 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties

1 intend that no presumption for or against the drafting party will apply in construing any part of this
2 Consent Order. The parties waive the benefit of Civil Code section 1654 and corresponding
3 provisions of any successor statute, which provide that in cases of uncertainty, language of a
4 contract should be interpreted most strongly against the party that caused the uncertainty to exist.

5 21. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
6 this Consent Order will be valid or binding unless it is in writing and signed by all parties affected
7 by it. Waiver of a provision of this Consent Order will not be deemed a waiver of any other
8 provision.

9 22. Headings. The headings in this Consent Order are for convenience only and do not
10 affect its meaning.

11 23. Governing Law. This Consent Order will be governed by and construed in
12 accordance with California law.

13 24. Authority to Sign. Each party represents that the person signing this Consent Order
14 on its behalf has the authority and capacity to do so.

15 25. Voluntary Agreement. Galt Ventures enters into this Consent Order voluntarily and
16 without coercion and acknowledges that no promises, threats, or assurances about this Consent
17 Order have been made by the Commissioner or any of the Commissioner’s officers or agents.

18 26. Public Record. Galt Ventures acknowledges that this Consent Order is a public
19 record.

20 27. Counterparts. This Consent Order may be executed in any number of counterparts,
21 each of which will be deemed an original when executed. All counterparts together will be deemed
22 to constitute a single document.

23 28. Signatures. A signature delivered by facsimile (including any electronic signature) or
24 electronic mail will be deemed an original signature.

25 29. Effective Date. This Consent Order will become effective on the date it is signed by
26 all parties and delivered by the Commissioner to Galt Ventures’ counsel by electronic mail at
27 hilary@miller.net.
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30. Notice. Any notice to Galt Ventures required under this Consent Order must be sent by mail to Galt Ventures at 3527 North Ridge Road, Wichita, Kansas 67205 and contemporaneously by electronic mail to Hilary B. Miller, Esq., at hilary@miller.net.

Dated: 10/5/18

JAN LYNN OWEN
Commissioner of Business Oversight

By: MARY ANN SMITH
Deputy Commissioner

Dated: 10/5/18

GALT VENTURES, LLC

By: DONALD F. GAYHARDT
President and Chief Executive Officer