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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA
12

13 In the Matter of:) CFL LICENSE NO. 60DBO-87284
14 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) STATEMENT OF ISSUES IN SUPPORT OF
15) NOTICE OF INTENT TO ISSUE ORDER
Complainant,) DENYING CALIFORNIA FINANCE
16) LENDER’S APPLICATION
v.)
17)
18 GREAT ATLANTIC FINANCE)
CORPORATION,)
19)
Respondent.)

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21 The Commissioner of Business Oversight (Commissioner), alleges and charges the
22 Respondent Great Atlantic Finance Corporation (Great Atlantic Finance) as follows:
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24 **I.**

25 **INTRODUCTION**

26 The proposed order seeks to deny the issuance of a finance lender’s license to Great Atlantic
27 Finance pursuant to Financial Code § 22109, in that the owner of Great Atlantic Finance made a
28 false statement on the application and another company owned by the applicant had violated a

1 provision of the California Financing Law by failing to file the 2017 CFL annual report in violation
2 of Financial Code section 22159.

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4 **II.**

5 **THE APPLICATION**

6 1. On June 8, 2018, the Department of Business Oversight (DBO) received from Great
7 Atlantic Finance an application for a finance license under California Financing Law (CFL) as
8 both a lender and broker. Great Atlantic Finance proposed place of business was listed as 411
9 Hackensack Avenue, Hackensack, New Jersey, 07601.

10 2. The application of Great Atlantic Finance is signed by John Francis Wallace (Wallace)
11 who has 100% ownership and is listed as the President. The application discloses that Great
12 Atlantic Finance was organized in the State of New Jersey on September 17, 2017.

13 3. Great Atlantic Finance’s business plan is described in the application as providing
14 equipment finance to companies in the manufacturing industry. The description further states
15 that: “All of the loans/leases are assigned to a specific bank, whereby the bank will bill/collect
16 the loan or lease through the life of the loan/lease.” Great Atlantic Finance will handle the
17 administration of the loan/lease.

18 4. On the application form, Wallace answered “No” to Question 7.b. which specifically
19 asked: “Has the applicant at any time violated he California Financing Law or regulations, or any
20 similar regulatory scheme of California or a foreign jurisdiction?”

21 5. As part of the application process, Wallace completed a Statement of Identity and
22 Questionnaire form. Wallace answered “No” to Question 4.b which specifically asked: “Have
23 you ever been refused a license to engage in any business in this state or any other state, or has
24 any such license ever been suspended, revoked, or surrendered subject to a settlement, or any
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1 other similar action?”

2 6. In submitting his application, Wallace declared under penalty of perjury under the laws of the
3 State of California that the contents and statements contained in the application are true and correct.

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5 **III.**

6 **GREAT ATLANTIC CAPITAL CORPORTION**

7 7. The Commissioner’s review of the application revealed that Wallace is also a 50% owner of
8 Great Atlantic Capital Corporation (Great Atlantic Capital). Great Atlantic Capital held a CFL
9 license, but the license was revoked on April 9, 2018.

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11 9. Wallace is listed in the Great Atlantic Capital’s 2016 CFL Annual Report as the
12 President of the corporation. Great Atlantic Capital’s address is listed as 411 Hackensack
13 Avenue, Hackensack, New Jersey, 07601, the same address as the proposed address for Great
14 Atlantic Finance.

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16 10. On April 9, 2018, the Commissioner revoked Great Atlantic Capital’s CFL license pursuant
17 to Finance Code section 22715, as a result of Great American Finance failing to file the 2017 CFL
18 annual report as required by Financial Code section 22159.

19 **IV.**

20 **DENIAL OF APPLICATON**

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22 11. Financial Code section 22109 provides as follows:

23 (a) Upon reasonable notice and opportunity to be heard, the commissioner may deny the
24 application for any of the following reasons:

25 (1) A false statement of a material fact has been made in the application . . .

26 (3) The applicant or any officer, director, general partner, or person owning or controlling,
27 directly or indirectly, 10 percent or more of the outstanding interests or equity securities of
the applicant has violated any provision of this division or the rules thereunder. . .

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1 12. After a review of Wallace’s application, the Commissioner finds that a false statement of
2 material fact was made when Wallace answered “No” to Question 4.b which specifically asked:
3 “Have you ever been refused a license to engage in any business in this state or any other state,
4 or has any such license ever been suspended, revoked, or surrendered subject to a settlement, or
5 any other similar action?” Because Wallace was the President and 50% owner of Great Atlantic
6 Capital, a company which had its CFL license revoked, Wallace should have answered Question
7 4.b as “Yes” and disclosed this material fact.

9 13. Wallace also falsely answered to Question 7.b. which specifically asked: “Has the
10 applicant at any time violated he California Financing Law or regulations, or any similar
11 regulatory scheme of California or a foreign jurisdiction?” Wallace answered “No” when the
12 answer should have been “Yes” as a company that he owns greater than 10 percent of, Great
13 Atlantic Finance Capital, failed to file the 2017 CFL Annual Report in violation of Financial
14 Code section 22519. The failure to file the 2017 CFL Annual Report ultimately lead to the
15 revocation of Great American Capital’s CFL license.
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17

18 **V.**

19 **CONCLUSION**

20 The Commissioner finds, by reason of the foregoing, that Wallace’s false responses on the
21 application for a finance lender’s license warrants the denial of the license.

22 THEREFORE, the Commissioner is mandated under Financial Code section 22109 to deny
23 the application of Great Atlantic Finance Corporation for a California Financing License.

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WHEREFORE IT IS PRAYED that the California Financing License application filed by John Francis Wallace on behalf of Great Atlantic Finance Corporation be denied.

Dated: August 3, 2018
San Francisco, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
PAUL YEE
Senior Counsel