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

12 In the Matter of:) CFL LICENSE NO.: 603 1716
13)
14 THE COMMISSIONER OF BUSINESS) STIPULATION
OVERSIGHT,)
15)
16 Complainant,)
17 v.)
18 JOHNSON & JOHNSON FINANCE)
CORPORATION,)
19)
20 Respondent.)
21

22 This Stipulation (Stipulation) is entered into between Johnson & Johnson Finance
23 Corporation (JJFC) and the Commissioner of Business Oversight (Commissioner) (collectively
24 referred to herein as the Parties) in consideration of the petition filed by JJFC for reinstatement of its
25 finance lenders license under the California Financing Law (CFL)¹ (Fin. Code, § 22000 et seq.), and
26 is made with respect to the following facts:

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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.)

RECITALS

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2 A. The Commissioner issued a finance lenders license under the CFL to Johnson &
3 Johnson Finance Corporation (JJFC), a New Jersey corporation, on July 1, 1995, license number 603
4 1716. JJFC’s principal place of business is located at 501 George Street, New Brunswick, New Jersey
5 08901.

6 B. On September 30, 2015, the Commissioner through her staff, served JJFC at the
7 address on file with the Commissioner, with the Assessment Notice for the fiscal year 2015 – 2016.
8 The assessment fee in the amount of \$250.00 was due on or before October 31, 2015. The
9 Department did not receive the assessment payment from JJFC.

10 C. On December 8, 2015, effective December 30, 2015, the Commissioner issued an
11 order summarily revoking JJFC’s finance lenders license for failing to pay the 2015 – 2016 annual
12 assessment fee (Order), as required by Financial Code section 22107. The Order along with a cover
13 letter dated December 8, 2015, was served via certified return receipt mail at JJFC’s address on file
14 with the Commissioner. JJFC was informed that its license would be revoked, effective December 30,
15 2015, if the annual assessment payment was not received on or about December 29, 2015. JJFC failed
16 to respond to the Commissioner’s demand for payment of the 2015 – 2016 assessment fee.

17 D. On December 4, 2017, the Commissioner received a petition for reinstatement of
18 JJFC’s lenders license. JJFC asserted that its “Tax Department went through a major reorganization”
19 during the 2015 tax year and it “inadvertently missed the Annual Assessment Fee.” JJFC also
20 claimed that it “did not realize this until sometime in March of 2017.”

21 E. During the review process it was discovered that JJFC made five finance leases during
22 the period from December 31, 2015 to the present. JJFC stated that the leases “were all incidental to
23 JJFC’s normal business operations and intended business purpose.” Financial Code section 22100,
24 subdivision (a) requires any person who engages in the business of a finance lender or broker to
25 obtain a license from the Commissioner. JJFC’s finance lenders license was summarily revoked on
26 December 8, 2015, effective December 30, 2015. Under Financial Code section 22050, subdivision
27 (e), licensure “does not apply to any person who makes five or fewer loans in a 12-month period,
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1 these loans are commercial loans as defined in Section 22502, and the loans are incidental to the
2 business of the person relying upon the exemption.”

3 E. It is the intention and desire of the Parties to resolve this matter without the necessity
4 of a hearing. The Commissioner finds that entering into this Stipulation is appropriate, in the public
5 interest, and consistent with the purposes fairly intended by the policy and provisions of the CFL.

6 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
7 forth herein, the Parties agree as follows:

8 **TERMS AND CONDITIONS**

9 1. Purpose. This Stipulation is entered into for the purpose of judicial economy and
10 expedience, and to avoid the expense of a hearing, and possible further court proceedings.

11 2. Finality of the Stipulation. JJFC agrees to comply with this Stipulation and agrees that
12 the Stipulation is final.

13 3. Finality of the Citation Issued. JJFC agrees to the issuance of the Citation issued
14 under section 22707.5 of the Financial Code for failing to timely pay the annual assessment for the
15 fiscal year 2015 – 2016, in violation of Financial Code section 22107, subdivision (a), and directing
16 JJFC to pay an administrative fine of \$2,500.00. The Citation will be considered final. JJFC agrees
17 that the delivery by certified mail of the executed Citation issued by the Commissioner to the address
18 set forth in paragraph A above shall constitute valid service of the Citation. A true and correct copy
19 of the Citation is attached hereto and incorporated herein by reference as **Exhibit 1**.

20 4. Waiver of Hearing Rights. JJFC acknowledges its right to an administrative hearing
21 under the CFL in connection with the Citation and the petition for reinstatement of its finance lenders
22 license under the CFL and hereby waives that right to a hearing, and to any reconsideration, appeal,
23 or other review which may be afforded under the CFL, the Administrative Procedure Act (Govt.
24 Code, § 11370 et seq.), or any other provision of law pertaining to this matter.

25 5. Reinstatement of CFL License. JJFC agrees that the Commissioner shall not approve
26 the reinstatement of its finance lenders license under the CFL unless, within 10 days of execution of
27 this Stipulation, as set forth in paragraph 20, JJFC pays the administrative fine in the amount of
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1 \$2,500.00 in the form of a cashier’s check or Automated Clearing House deposit to the “Department
2 of Business Oversight,” and transmitted to the attention of: Accounting- Enforcement Division, at the
3 Department of Business Oversight located at 1515 K Street, Suite 200, Sacramento, California,
4 95814.

5 6. Failure to Timely Comply. JJFC agrees that failure to timely comply with the
6 conditions set forth in paragraph 5 within 10 days of execution of this Stipulation, as such date is set
7 forth in paragraph 20, shall result in summary denial of JJFC’s petition for reinstatement of its CFL
8 license.

9 7. Commissioner’s Duties. The Parties further acknowledge and agree that nothing
10 contained in this Stipulation shall operate to limit the Commissioner’s ability to assist any other
11 agency (city, county, state or federal) with any prosecution (administrative, civil, or criminal) brought
12 by any such agency against JJFC or any other person based on any of the activities alleged in these
13 matters or otherwise.

14 8. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
15 has received independent advice from their attorneys or representatives with respect to the
16 advisability of executing this Stipulation.

17 9. No Other Representation. Each of the parties represents, warrants, and agrees that in
18 executing this Stipulation they have relied solely on the statements set forth herein and the advice of
19 their own counsel. Each of the parties further represents, warrants, and agrees that in executing this
20 Stipulation it has not relied on any statement, representation, or promise of any other party, or any
21 other person or entity not expressly set forth herein, or on the failure of any party or any other person
22 or entity to make any statement, representation or disclosure of anything whatsoever. The Parties
23 have included this clause: (1) to preclude any claim that any party was in any way fraudulently
24 induced to execute this Stipulation; and (2) to preclude the introduction of parol evidence to vary,
25 interpret, supplement, or contradict the terms of the Stipulation.

26 10. Full Integration. This Stipulation is the final written expression and the complete and
27 exclusive statement of all agreements, conditions, promises, representations, and covenants between
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1 the Parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous
2 agreements, negotiations, representations, understandings, and discussions between and among the
3 parties, their respective representatives, and any other person or entity, with respect to the subject
4 matter covered by the hereby.

5 11. No Presumption from Drafting. In that the Parties have had an opportunity to draft,
6 review, and edit the language of this Stipulation, no presumption for or against any party arising out
7 of drafting all or any part of this Stipulation will be applied in any action relating to, connected to, or
8 involving this Stipulation. Accordingly, the Parties waive the benefit of Civil Code section 1654 and
9 any successor or amended statute, providing that in cases of uncertainty, language of a contract
10 should be interpreted most strongly against the party who caused the uncertainty to exist.

11 12. Voluntary Agreement. JJFC enters into this Stipulation voluntarily and without
12 coercion and acknowledges that no promises, threats, or assurances have been made by the
13 Commissioner or any officer, or agent thereof, about this Stipulation.

14 13. Waiver. The waiver of any provision of this Stipulation shall not operate to waive any
15 other provision set forth herein, and any waiver, amendment, or change to the terms of this
16 Stipulation must be in writing and signed by the Parties.

17 14. Authority for Settlement. Each party warrants and represents that such party is fully
18 entitled and duly authorized to enter into and deliver this Stipulation. In particular, and without
19 limiting the generality of the foregoing, each party warrants and represents that it is fully entitled to
20 enter into the covenants, and undertake the obligations set forth herein.

21 15. Counterparts. The Parties agree that this Stipulation may be executed in one or more
22 separate counterparts, each of which, when so executed, shall be deemed an original and taken
23 together shall constitute one and the same Stipulation.

24 16. Signatures. This Stipulation may be executed by facsimile or scanned signature, and
25 any such facsimile or scanned signature by any party hereto shall be deemed to be an original
26 signature and shall be binding on such party to the same extent as if such facsimile or scanned
27 signature were an original signature.

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1 17. Capacity to Contract. Each signatory hereto covenants that he or she possesses all
2 necessary capacity and authority to sign and enter into this Stipulation.

3 18. Headings and Governing Law. The headings to the paragraphs of this Stipulation are
4 inserted for convenience only and will not be deemed a part hereof or affect the construction or
5 interpretation of the provisions hereof. This Stipulation shall be construed and enforced in
6 accordance with and governed by California law.

7 19. Public Record. JJFC acknowledges that this Stipulation and the Citation referenced
8 herein are public records.

9 20. Effective Date. This Stipulation shall become final and effective 10 business days
10 after all parties have signed and delivered by the Commissioner's agent to JJFC's Assistant Secretary
11 and S. Tax Director Laurie Jean Pearce at lpearce@its.jnj.com.

12 21. Notice. Any notices required under this Stipulation shall be provided to each party at
13 the following addresses:

14 If to JJFC: Johnson & Johnson Finance Corporation
15 501 George Street
16 New Brunswick, New Jersey
 Attn: Laurie Jean Pearce

17 If to the Commissioner to: Marlou de Luna, Senior Counsel
18 Department of Business Oversight
19 320 West 4th Street, Suite 750
20 Los Angeles, California 90013

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24 [SIGNATURE PAGE FOLLOWS]
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Dated: 3/26/18

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: 3/20/18

JOHNSON & JOHNSON FINANCE CORPORATION

By: _____
LAURIE JEAN PEARCE
Assistant Secretary and Sr. Tax Director

APPROVED AS TO FORM:

By: _____
Joann Needleman
Clark Hill PLC
Attorneys for Johnson & Johnson Finance Corporation