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

11 In the Matter of:) OAH CASE NO.: 2017080314
)
12 THE COMMISSIONER OF BUSINESS) CFL LICENSE NO.: 603G706
OVERSIGHT,)
) SETTLEMENT AGREEMENT
13 Complainant,)
14 v.) Hearing Date: January 22, 2018
) Hearing Time: 1:30 p.m.
15 MGM LENDERS, INC.,) Location: Office of Administrative Hearings
) 320 West 4th Street, Suite 630
16 Respondent.) Los Angeles, California 90013
)
)
)

18
19 This Settlement Agreement is entered into between the Commissioner of Business Oversight
20 (Commissioner) and Respondent MGM Lenders, Inc. (MGM Lenders), and is made with respect to
21 the following facts:

22 **RECITALS**

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

26 B. The purpose of the CFL is to ensure an adequate supply of credit to borrowers in
27 California; to simplify, clarify, and modernize the law governing loans made by finance lenders; to
28 foster competition among finance lenders; to protect borrowers against unfair practices by some

1 lenders, having due regard for the interests of legitimate and scrupulous lenders; to permit and
2 encourage the development of fair and economically sound lending practices; and to encourage and
3 foster a sound economic climate in this state. (Fin. Code, § 22001, subd. (a).)

4 C. MGM Lenders is a California corporation with its principal place of business at 1912
5 North Broadway, Suite 102, Santa Ana, California.

6 D. Sean Sadeghi is the President of MGM Lenders.

7 E. On September 2, 2008, MGM Lenders was issued a license as a finance lender under
8 license number 603G706.

9 F. Under Financial Code section 22159, CFL licensees must file an annual report with
10 the Commissioner by March 15 of each year.

11 G. On March 6, 2017, the Commissioner reminded CFL licensees of the March 15
12 deadline for filing their annual reports by sending notice to the e-mail addresses designated by the
13 licensees for receiving communications from the Commissioner according to the Commissioner's
14 Order on Electronic Communications dated November 22, 2013.

15 H. As of March 22, 2017, MGM Lenders had not filed its annual report. The
16 Commissioner sent a final notice dated March 22, 2017, to MGM Lenders by certified mail,
17 informing it that if it did not file the annual report by the close of business on April 10, 2017, its
18 license would be summarily revoked under Financial Code section 22715.

19 I. On April 11, 2017, MGM Lenders still had not filed its annual report. Thus, on April
20 19, 2017, the Commissioner issued an order summarily revoking MGM Lenders' CFL license. The
21 order was effective that day.

22 J. On May 11, 2017, MGM Lenders filed its annual report, which was due on March
23 15, 2017.

24 K. MGM Lenders represented to the Commissioner that it had not conducted any
25 business requiring a CFL license from April 19, 2017, the effective date of the summary revocation,
26 to June 8, 2017.

27 L. The Commissioner is of the opinion that MGM Lenders failed to file an annual
28 report with the Commissioner in violation of Financial Code section 22159.

1 M. The Commissioner is also of the opinion that MGM Lenders failed maintain its
2 book, accounts and records in accordance with good business practices in violation of California
3 Code of Regulations, title 10, section 1426.

4 N. On June 8, 2017, based on her determination that MGM Lenders failed to file an
5 annual report and failed maintain its book, accounts and records in accordance with good business
6 practices, the Commissioner issued a Citation under Financial Code section 22707.5. A true and
7 correct copy of the Citation is attached as Exhibit A.

8 O. Concurrently with the Citation, the Commissioner issued an order rescinding the
9 April 19, 2017 revocation order and reinstating MGM Lenders’ CFL license.

10 P. On June 27, 2017, MGM Lenders timely requested a hearing on the Citation. A true
11 and correct copy of the request for hearing is attached as Exhibit B.

12 Q. A hearing is currently set to be held at the Office of Administrative Hearings on
13 January 22, 2018.

14 R. The Commissioner finds that entering into this Settlement Agreement is in the public
15 interest and consistent with the purposes fairly intended by the policy and provisions of the CFL.

16 The parties therefore agree as follows:

17 **TERMS AND CONDITIONS**

18 1. Purpose. The parties intend to resolve this matter for the purpose of judicial
19 economy and expediency and without the uncertainty and expense of a hearing or other litigation.

20 2. Waiver of Hearing Rights. MGM Lenders agrees to withdraw its request for an
21 administrative hearing on the Citation. MGM Lenders acknowledges its right under the CFL to an
22 administrative hearing on the Citation and hereby waives such right to a hearing and to any
23 reconsideration, appeal, injunction, or other review that may be afforded under the Financial Code;
24 Administrative Procedure Act, including Government Code section 11415.60, subdivision (b); Code
25 of Civil Procedure; or any other provision of law. By waiving such rights, MGM Lenders
26 effectively consents to the finality of the Citation.

27 3. Administrative Fine. MGM Lenders shall pay an administrative fine of \$1,500.00 no
28 later than 60 days after the effective date of this Settlement Agreement as defined in paragraph 18.

1 The penalty must be made payable in the form of a cashier’s check or Automated Clearing House
2 deposit to the Department of Business Oversight and transmitted to the attention of Accounting –
3 Litigation, at the Department of Business Oversight, 1515 K Street, Suite 200, Sacramento,
4 California 95814. Notice of the payment must be sent to Adam Wright, Senior Counsel, 320 West
5 4th Street, Suite 750, Los Angeles, California 90013.

6 4. Failure to Pay Administrative Fine. If MGM Lenders fails to comply with paragraph
7 3, the Commissioner may summarily suspend it from engaging in business under its license until it
8 provides evidence of compliance to the Commissioner’s satisfaction. MGM Lenders hereby waives
9 any notice or hearing rights afforded under the Administrative Procedure Act, including
10 Government Code section 11415.60, subdivision (b); Code of Civil Procedure; or any other
11 provision of law to contest the summary suspension.

12 5. Full and Final Resolution. Except as stated in paragraph 4, this Settlement
13 Agreement is intended to constitute a full and final resolution of the matter described in it. The
14 Commissioner will not bring any further action or proceeding concerning the matter unless she
15 discovers violations by MGM Lenders that do not form the basis for this Settlement Agreement,
16 including violations knowingly concealed from the Commissioner.

17 6. Commissioner’s Duties. Nothing in this Settlement Agreement limits the
18 Commissioner’s ability to assist any other government agency with any action brought by that
19 agency against MGM Lenders, including an action based on any of the acts, omissions, or events
20 described in this Settlement Agreement.

21 7. Independent Legal Advice. Each party represents that it has received independent
22 advice from its counsel or representatives regarding the advisability of executing this Settlement
23 Agreement.

24 8. Reliance. Each party represents that in executing this Settlement Agreement it has
25 relied solely on the statements in the Settlement Agreement and on the advice of its counsel or
26 representatives. Each party also represents that it has not relied on any statement or promise not
27 contained in this Settlement Agreement from any other person or on the failure of such person to
28 make a statement or promise. The parties have included this clause to preclude any claim that a

1 party was fraudulently induced to execute this Settlement Agreement.

2 9. Integration. This Settlement Agreement is the final written expression and the
3 complete and exclusive statement of all the agreements, conditions, promises, representations, and
4 covenants between the parties concerning its subject matter and supersedes all discussion regarding
5 such subject matter between the parties, their representatives, and any other person. The parties
6 have included this clause to preclude the introduction of parol evidence to vary, interpret,
7 supplement, or contradict the terms of this Settlement Agreement.

8 10. No Presumption Against Drafting Party. Each party acknowledges that it has had the
9 opportunity to draft, review, and edit the language of this Settlement Agreement. Accordingly, the
10 parties intend that no presumption for or against the drafting party will apply in construing any part
11 of this Settlement Agreement. The parties waive the benefit of Civil Code section 1654 as amended
12 or corresponding provisions of any successor statute, which provide that in cases of uncertainty,
13 language of a contract should be interpreted most strongly against the party that caused the
14 uncertainty to exist.

15 11. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
16 this Settlement Agreement will be valid or binding unless it is in writing and signed by all parties
17 affected by it. Waiver of a provision of this Settlement Agreement will not be deemed a waiver of
18 any other provision.

19 12. Headings. The headings in this Settlement Agreement are for convenience only and
20 do not affect its meaning.

21 13. Governing Law. This Settlement Agreement will be governed by and construed in
22 accordance with the laws of the State of California.

23 14. Authority to Sign. Each party represents that the person signing this Settlement
24 Agreement on its behalf has the authority and capacity to do so.

25 15. Voluntary Agreement. MGM Lenders enters into this Settlement Agreement
26 voluntarily and without coercion and acknowledges that no promises, threats, or assurances about
27 this Settlement Agreement have been made by the Commissioner or any of her officers or agents.

28 16. Counterparts. This Settlement Agreement may be executed in any number of

1 counterparts, each of which will be deemed an original when executed. All counterparts together
2 will be deemed to constitute a single document.

3 17. Signatures. A signature delivered by facsimile or electronic mail will be deemed an
4 original signature.

5 18. Effective Date. This Settlement Agreement will become effective on the date it is
6 signed by all parties and delivered by the Commissioner to MGM Lenders by electronic mail at
7 sean@mgmlenders.com.

8
9 Dated: 1/16/18

JAN LYNN OWEN
Commissioner of Business Oversight

10
11 By: _____
12 MARY ANN SMITH
Deputy Commissioner

13 Dated: 1/12/18

MGM Lenders

14
15 By: _____
16 Sean Sadeghi
17 President