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Attorneys for Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:)	CFL LICENSE NO.: 603-A646
)	
THE COMMISSIONER OF BUSINESS OVERSIGHT,)	STIPULATION TO ENTRY OF DESIST AND REFRAIN ORDER, ISSUANCE OF REFUNDS, AND PAYMENT OF PENALTIES
)	
Complainant,)	
)	
vs.)	
)	
MERCHANT FACTORS CORP.,)	
)	
Respondent.)	
)	

In compliance with the Order Conditionally Granting Petition For Reinstatement (Reinstatement Order) pursuant to Government Code section 11522 that was issued on January 16, 2015, this Stipulation to Entry of Desist and Refrain Order and Payment of Penalties (Stipulation) is entered into by and between the Commissioner of Business Oversight (Commissioner), on the one hand, and Merchant Factors Corp. (Respondent), on the other hand (Parties).

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1 NOW, THEREFORE, for good and valuable consideration, and the terms and conditions
2 set forth herein, the Parties agree as follows:

3 TERMS AND CONDITIONS

4 1. Respondent stipulates to the issuance of the Desist and Refrain Order issued pursuant
5 to Financial Code section 22712, in the form attached hereto as Exhibit A, directing Respondent to
6 desist and refrain from engaging in the business of a finance lender in this state in violation of
7 Financial Code section 22100. Respondent agrees that the delivery by certified mail of the executed
8 Desist and Refrain Order issued by the Commissioner to the address set forth in Paragraph A above
9 shall constitute valid service of the Desist and Refrain Order.

10 2. Respondent hereby waives all rights to any hearing or appeal of the Desist and Refrain
11 Order.

12 3. Respondent agrees that the Commissioner shall not reinstate its CFLL license unless,
13 within 30 days after the date of service of this Stipulation, as set forth in paragraph 9, Respondent
14 does the following:

15 (a) Submits evidence of compliance to the Commissioner that Respondent has issued refunds
16 totaling no less than \$159,000.00, which amount shall be determined according to proof and subject
17 to the sole approval of the Commissioner, to all California borrowers who were charged usurious
18 amounts in excess of the 10 percent rate allowed under article 15, section 1 of the California
19 Constitution during the period that Respondent did not have a CFLL license, then in effect; and,

20 (b) Pays penalties to the Commissioner totaling \$143,000.00 in the form of a cashier’s check
21 payable to the “Department of Business Oversight” and mailed to the attention of Assistant Chief
22 Counsel Douglas M. Gooding, One Sansome Street, Suite 600, San Francisco, California, 94104.
23 Respondent further agrees that failure to timely pay the penalties set forth in this paragraph shall
24 result in summary denial of its Petition.

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1 4. Respondent acknowledges that remedies for violations of the CFLL are not exclusive
2 and may be sought and employed in any combination to enforce the purpose and provisions of this
3 law.

4 5. Respondent agrees that nothing in this Stipulation shall preclude the Commissioner, or
5 her agents or employees, to the extent authorized by law, from assisting or cooperating in any
6 investigation and/or action brought by any other federal, state or county agency. Respondent further
7 agrees that this Stipulation shall not bind or otherwise prevent any other federal, state or county
8 agency from the performance of its duties.

9 6. Respondent has obtained the advice of legal counsel, and enters into this Stipulation
10 voluntarily and without coercion and acknowledges that no promises, threats or assurances have been
11 made by the Commissioner or any officer, or agent thereof, about this Stipulation.

12 7. Respondent acknowledges that this Stipulation and the Exhibit attached thereto are a
13 public record.

14 8. Respondent and the Commissioner agree that this Stipulation may be executed in one
15 or more separate counterparts, each of which when so executed, shall be deemed an original. Such
16 counterparts shall together constitute and be one and the same instrument.

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