1 2 3 4 5 6 7 8	MARY ANN SMITH Deputy Commissioner DOUGLAS M. GOODING Assistant Chief Counsel MIRANDA LEKANDER (State Bar No. 210082) Senior Counsel Department of Business Oversight 1515 K Street, Suite 200 Sacramento, California 95814 Telephone: (916) 322-8730 Facsimile: (916) 445-6985 Attorneys for Complainant	
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11	BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA	
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14	In the Matter of: Output Output Description: Output Descripti	
15	THE COMMISSIONER OF BUSINESS OVERSIGHT, STIPULATION TO ENTRY OF DESIST AND DEFINATION TO ENTRY OF DESIST AND	
16) REFUNDS, AND PAYMENT OF PENALTIES	
17	Complainant,)	
18	VS.)	
19	MERCHANT FACTORS CORP.,	
20	Respondent.	
21		
22	In compliance with the Order Conditionally Granting Petition For Reinstatement	
23	(Reinstatement Order) pursuant to Government Code section 11522 that was issued on January 16,	
24	2015, this Stipulation to Entry of Desist and Refrain Order and Payment of Penalties (Stipulation) is	
25	entered into by and between the Commissioner of Business Oversight (Commissioner), on the one	
26 27	hand, and Merchant Factors Corp. (Respondent), on the other hand (Parties).	
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RECITALS

This Stipulation is made with reference to the following facts:

- A. On December 7, 2004, Merchant Factors Corp. first became licensed pursuant to the California Finance Lenders Law (CFLL) (CFLL License No. 603-A646) to engage in the business of a finance lender in this state from its office located at 700 Flower Street, Suite 1100, Los Angeles, California, 90017.
- B. Neville Grusd is the Executive Vice President and a control person of Respondent and, as such, is authorized to enter into this Stipulation on behalf of Respondent.
- C. On May 1, 2007, the Commissioner issued an order summarily revoking the CFLL license of Merchant Factors Corp. for failure to file its annual report pursuant to Financial Code section 22159.
- D. On or about September 9, 2014, Respondent filed a Petition for Reinstatement of License pursuant to Financial Code section 11522 (Petition).
- E. On January 16, 2015, the Commissioner issued an order conditionally granting reinstatement of Respondent's CFLL license provided that, within 45 days of the order, Respondent agreed, among other things, to:
- (1) Pay penalties in an amount up to \$2,500.00 for each consumer or commercial loan that the Commissioner determined that Respondent had made or brokered in California without first obtaining a license from the Commissioner than in effect, or being otherwise exempt, and,
- (2) Stipulate to the entry of a final Desist and Refrain Order issued pursuant to Financial Code section 22712 for engaging in the business of a finance lender in this state in violation of section 22100.
- F. The Commissioner is of the opinion that after its CFLL license was revoked on May 1, 2007, Respondent continued to engage in the business of a finance lender by making at least 143 loans in this state in violation of Financial Code section 22100.
- G. It is the intention and desire of the Parties to resolve this matter without the necessity of a hearing and/or other litigation.

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

TERMS AND CONDITIONS

- 1. Respondent stipulates to the issuance of the Desist and Refrain Order issued pursuant to Financial Code section 22712, in the form attached hereto as Exhibit A, directing Respondent to desist and refrain from engaging in the business of a finance lender in this state in violation of Financial Code section 22100. Respondent agrees that the delivery by certified mail of the executed Desist and Refrain Order issued by the Commissioner to the address set forth in Paragraph A above shall constitute valid service of the Desist and Refrain Order.
- 2. Respondent hereby waives all rights to any hearing or appeal of the Desist and Refrain Order.
- 3. Respondent agrees that the Commissioner shall not reinstate its CFLL license unless, within 30 days after the date of service of this Stipulation, as set forth in paragraph 9, Respondent does the following:
- (a) Submits evidence of compliance to the Commissioner that Respondent has issued refunds totaling no less than \$159,000.00, which amount shall be determined according to proof and subject to the sole approval of the Commissioner, to all California borrowers who were charged usurious amounts in excess of the 10 percent rate allowed under article 15, section 1 of the California Constitution during the period that Respondent did not have a CFLL license, then in effect; and,
- (b) Pays penalties to the Commissioner totaling \$143,000.00 in the form of a cashier's check payable to the "Department of Business Oversight" and mailed to the attention of Assistant Chief Counsel Douglas M. Gooding, One Sansome Street, Suite 600, San Francisco, California, 94104. Respondent further agrees that failure to timely pay the penalties set forth in this paragraph shall result in summary denial of its Petition.

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- 4 Respondent acknowledges that remedies for violations of the CFLL are not exclusive and may be sought and employed in any combination to enforce the purpose and provisions of this law.
- 5. Respondent agrees that nothing in this Stipulation shall preclude the Commissioner, or her agents or employees, to the extent authorized by law, from assisting or cooperating in any investigation and/or action brought by any other federal, state or county agency. Respondent further agrees that this Stipulation shall not bind or otherwise prevent any other federal, state or county agency from the performance of its duties.
- 6. Respondent has obtained the advice of legal counsel, and enters into this Stipulation voluntarily and without coercion and acknowledges that no promises, threats or assurances have been made by the Commissioner or any officer, or agent thereof, about this Stipulation.
- 7. Respondent acknowledges that this Stipulation and the Exhibit attached thereto are a public record.
- 8. Respondent and the Commissioner agree that this Stipulation may be executed in one or more separate counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall together constitute and be one and the same instrument.

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1	9. For the purpose of this Stipulation, the date of service shall be the date that the		
2	Commissioner's counsel or other authorized representative places a copy of this Stipulation signed b		
3	all parties in the U.S. mail in a prepaid envelope, certified receipt, addressed to Respondent at 1441		
4	Broadway, 22 nd Floor, New York, New York, 10018.		
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6	Dated: 6/8/15	JAN LYNN OWEN Commissioner of Business Oversight	
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8		By	
9		Mary Ann Smith Deputy Commissioner	
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11		MERCHANT FACTORS CORP.	
12	D-4-4. (/5/15	D	
13	Dated: 6/5/15	ByNeville Grusd, Executive Vice President	
14		On behalf of Merchant Factors Corp.	
15	Approved as to Form and Content		
16	Dated: 6/5/2015		
17	By		
18	Jeffrey Leacox, Esq.	_	
19	Greenberg Traurig LLP Attorneys on behalf of Merchant Factors Corp.		
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