

1 PRESTON DUFAUCHARD
California Corporations Commissioner
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Deputy Commissioner
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7 Attorneys for Complainant

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BEFORE THE DEPARTMENT OF CORPORATIONS

10

OF THE STATE OF CALIFORNIA

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IN THE MATTER OF THE ACCUSATION OF)
THE CALIFORNIA CORPORATIONS)
12 COMMISSIONER,)

File No: 100-2184

13

Complainant,

) OAH File No.: L-2007100646

14

vs.

) Agency File No.: 100-2184

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16 FADI KHOURI doing business as MONEY
PALACE)

) **SETTLEMENT AGREEMENT**

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Respondent.)

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19 **SETTLEMENT AGREEMENT**

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21 This SETTLEMENT AGREEMENT (“Agreement”) is entered into as of February 25, 2008
22 by and between the California Corporations Commissioner (“Commissioner”), on the one hand, and
23 Fadi Khouri doing business as Money Palace (“Khouri”):

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24 **RECITALS**

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This Agreement is made with reference to the following facts:

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27 A. Respondent Fadi Khouri, an individual, doing business as Money Palace, is a deferred
28 deposit transaction originator licensed by the California Corporations Commissioner

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(“Commissioner”) pursuant to the California Deferred Deposit Transaction Law (California Financial

1 Code section 23000 et seq.) (“CDDTL”). Khouri has his principal place of business located at 6979
2 Cerritos Avenue, Stanton, California 90680.

3 B. Khouri is, and was at the time of the issuance of the Accusation described in paragraph D
4 below, the sole owner of Money Palace. Khouri is authorized to enter into this Agreement on his
5 behalf and on behalf of Money Palace.

6 C. Khouri currently holds a deferred deposit originator license number 100-2184, issued by
7 the California Commissioner pursuant to the California Deferred Deposit Transaction Law
8 (California Financial Code section 23000 et seq.) (“CDDTL”).

9 D. On July 9, 2007, the Commissioner issued an Accusation with Citations, and a Notice of
10 Intention to Issue Order Revoking the California Deferred Deposit Transaction License of Khouri
11 (“Accusation”) for violation of California Financial Code sections 23024, 23026, 23035(c),
12 23035(d)(1), 23035(e), 23036(b), 23036(e) and (f), 23037(f), and sections 2025(c)(1) and 2025(b),
13 and 2030 of Title 10 of the California Code of Regulations, a copy of which is attached and
14 incorporated herein as Exhibit “1.” Khouri was served with the Accusation on August 30, 2007.

15 E. It is the intention and desire of the parties to resolve this matter without the necessity of a
16 hearing and/or other litigation.

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

19 **TERMS AND CONDITIONS**

20 1. Purpose. The purpose of this Agreement is to settle and resolve the matters between the
21 parties hereto, for judicial economy and expediency, and to avoid the expense of a hearing, and
22 possible further court proceedings.

23 2. Waiver of Hearing Rights. Khouri acknowledges his right to a hearing under the CDDTL
24 in connection with the Accusation and hereby waives that right to a hearing, and to any
25 reconsideration, appeal, or other right to review which may be afforded pursuant to the CDDTL, the
26 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
27 provision of law, and by waiving such rights, consents to the Accusation and Citations becoming
28 final.

1 3. Advice of Counsel. Khouri further acknowledges that he was advised to consult with
2 counsel prior to entering into this Agreement and has decided not to consult with counsel.

3 4. Admissions. Khouri admits the findings contained in the Accusation. The admissions of
4 Khouri are solely for the limited purposes of this proceeding.

5 5. Citations. Khouri hereby agrees to pay to the Commissioner a citation of TWENTY
6 THOUSAND DOLLARS (\$20,000) (the "Citation"). Khouri shall pay the Citation by way of four
7 (4) equal installments of FIVE THOUSAND (\$5,000), quarterly, on or before the last day of every
8 three months to commence on March 31, 2008. In the event the payment due date falls on a weekend
9 or holiday, the payment shall be due the next business day. Khouri shall make the checks for the
10 payments payable to the California Department of Corporations and mail the checks to the attention
11 and address of the Department of Corporations person listed in paragraph 20. Notices.

12 6. Revocation of License. Khouri hereby agrees to the immediate issuance by the
13 Commissioner of an Order Revoking California Deferred Deposit Transaction License of Khouri
14 ("Order"). The Order shall become fully effective upon the execution of this Agreement. A copy of
15 the Order is attached and incorporated as Exhibit 2. In connection with the revocation, Khouri agrees
16 that effective immediately, Khouri will cease from further originating deferred deposit transactions.
17 Khouri agrees that the Order is hereby deemed a final order.

18 7. Future Actions by the Commissioner. The Commissioner reserves the right to bring any
19 future action(s) against Khouri or any of his officers, directors, shareholders, or employees for any
20 and all unknown or future violations of the CDDTL. This Agreement shall not serve to exculpate
21 Khouri or any of his officers, directors, shareholders, or employees from liability for any and all
22 unknown or future violations of the CDDTL.

23 8. Failure to Timely Remit Citations and Refund. Khouri acknowledges that failure to timely
24 pay any payment installment under this Agreement shall be a breach of this Agreement and shall be
25 cause for the Commissioner to deny any pending application(s) of Khouri, his successors and assigns,
26 by whatever names they might be known, and/or any company owned or controlled by Khouri.
27 Khouri hereby waives any notice and hearing rights to contest such denial(s) which may be afforded
28 under the CDDTL, the California Administrative Procedure Act, the California Code of Civil

1 Procedure, or any other provision of law in connection therewith. Further, failure to make payments
2 timely shall result in any and all outstanding payments becoming due and payable immediately.

3 9. Effective Date. This Agreement shall not become effective until signed, and delivered by
4 all parties.

5 10. Settlement Agreement Coverage. The parties hereby acknowledge and agree that this
6 Agreement is intended to constitute a full, final and complete resolution of this matter. The parties
7 further acknowledge and agree that nothing contained in this Agreement shall operate to limit the
8 Commissioner's ability to assist any other agency, (county, state or federal) with any prosecution,
9 administrative, civil or criminal, brought by any such agency against Khouri based upon any of the
10 activities alleged in this matter or otherwise.

11 11. Independent Legal Advice. Each of the Parties represents, warrants, and agrees that s/he
12 has received or been advised to seek independent legal advice from his or her attorneys with respect
13 to the advisability of executing this Agreement.

14 12. No Other Representation. Each of the parties represents, warrants, and agrees that in
15 executing this Agreement s/he has relied solely on the statements set forth herein and the advice of
16 his or her own counsel. Each of the parties further represents, warrants, and agrees that in executing
17 this Agreement s/he has placed no reliance on any statement, representation, or promise of any other
18 party, or any other person or entity not expressly set forth herein, or upon the failure of any party or
19 any other person or entity to make any statement, representation or disclosure of anything
20 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in
21 any way fraudulently induced to execute this Agreement; and (2) to preclude the introduction of parol
22 evidence to vary, interpret, supplement, or contradict the terms of this Agreement.

23 13. Modifications and Qualified Integration. No amendment, change or modification of this
24 Agreement shall be valid or binding to any extent unless it is in writing and signed by all of the
25 parties affected by it.

26 14. Full Integration. This Agreement, including the attached Order, is the final written
27 expression and the complete and exclusive statement of all the agreements, conditions, promises,
28 representations, and covenants between the parties with respect to the subject matter hereof, and

1 supercedes all prior or contemporaneous agreements, negotiations, representations, understandings,
2 and discussions between and among the parties, their respective representatives, and any other person
3 or entity, with respect to the subject matter covered hereby.

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

11 16. Counterparts. This Agreement may be executed in any number of counter-parts by the
12 Parties, and when each Party has signed and delivered at least one such counterpart to the other Party,
13 each counterpart shall be deemed an original and taken together shall constitute one and the same
14 Agreement.

15 17. Headings and Governing Law. The headings to the paragraphs of this Agreement are
16 inserted for convenience only and will not be deemed a part hereof or affect the construction or
17 interpretation of the provisions hereof. This Agreement shall be construed and enforced in
18 accordance with, and governed by, the laws of the State of California.

19 18. Authority For Settlement. Each Party warrants and represents that such Party is fully
20 entitled and duly authorized to enter into and deliver this Agreement. In particular, and without
21 limiting the generality of the foregoing, each Party warrants and represents that it is fully entitled to
22 enter into the covenants, and undertake the obligations set forth herein.

23 19. Public Record. Khouri hereby acknowledges that this Agreement will be a matter of
24 public record.

25 20. Voluntary Agreement. The Parties each represent and acknowledge that he, she or it is
26 executing this Agreement completely voluntarily and without any duress or undue influence of any
27 kind from any source.

28 21. Notices. Notice shall be provided to each party at the following addresses:

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If to Money Palace to: 6352 San Harco Circle
Buena Park
California 90620
Attn: Fadi Khouri

If to the Commissioner to: Steven C. Thompson
Special Administrator
Financial Services Division
Department of Corporations
320 W. 4th Street, Suite 750
Los Angeles, CA 90013-2344

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement on
the dates set forth opposite their respective signatures.

Dated: 2/25/08 PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division

Dated: 2/25/08 FADI KHOURI doing business as MONEY PALACE

By _____
FADI KHOURI
An Individual