

BEFORE THE DEPARTMENT OF CORPORATIONS
OF THE STATE OF CALIFORNIA

In the Matter of the Citations and Orders)	OAH Case No. 2008030896
against:)	
)	
)	SETTLEMENT AGREEMENT
)	
BU YOUNG LEE CO., INC., dba OMEGA)	
FINANCIAL,)	
)	
Respondent.)	HEARING DATE: June 10, 2008
)	TIME: 10:00 a.m.
)	LOCATION: OAH, San Diego

In the Matter of the Citation and Orders against:)
)
)
)
JOHN LEE)
)
Respondent.)
)
)
)

This Settlement Agreement ("Agreement") is entered into between Bu Young Lee Co., Inc. dba Omega Financial ("Omega Financial"), John Lee, and the California Corporations Commissioner ("Commissioner") with respect to the following facts:

RECITALS

A. Omega Financial is a corporation in good standing, duly formed and existing pursuant to the laws of the State of California, and authorized to conduct business in the State of California.

B. From May 2, 2005 through February 14, 2008, Omega Financial was licensed by the Commissioner pursuant to the California Deferred Deposit Transaction Law ("CDDTL"), Cal. Fin. Code § 23000 et seq. Omega Financial's principal place of business was 108 W. Katella Avenue #F, Orange, California 92867.

C. Bu Young Lee is the owner of Omega Financial. Bu Young Lee is authorized to enter into this Agreement on behalf of Omega Financial.

D. At no time has John Lee been licensed under the CDDTL.

E. John Lee is authorized to enter this Agreement on behalf of himself as an individual.

F. On or about February 14, 2008, the Commissioner issued his Citations and Desist and Refrain Order and Order Voiding Deferred Deposit Transactions ("Citations and Orders") against Omega Financial pursuant to California Financial Code sections 23050, 23058, and 23060. The Citations and Orders required Omega Financial to pay administrative penalties of \$25,000.00 for ten violations of the CDDTL. The Citations and Orders also required Omega Financial to void loans and refund all principal, excess fees, extension fees, and late fees to its customers. Finally, Omega Financial was also ordered to desist and refrain from further violating the CDDTL.

G. The Citations and Orders against Omega Financial were personally served on Bu Young Lee, as owner and control person of Omega Financial, at 108 West Katella Avenue, Suite F, Orange, California on March 6, 2008. On March 10, 2008, Omega Financial filed its request for hearing with the Commissioner.

H. On or about February 14, 2008, the Commissioner issued his Citation and Desist and Refrain Order and Order Voiding Deferred Deposit Transactions ("Citation and Orders") against John Lee pursuant to Financial Code sections 23050, 23058, and 23060. The Citation and Orders required John Lee to pay an administrative penalty of \$2,500.00 for originating deferred deposit transactions without a license in violation of Financial Code section 23005. The Citation and Orders also required John Lee to void all loans and refund all principal and fees to his customers. Finally,

1 John Lee was also ordered to desist and refrain from engaging in the business of deferred deposit
2 transactions without a license.

3 I. The Citation and Orders against John Lee were personally served on Bu Young Lee,
4 person authorized to accept of process on behalf of John Lee, at 108 West Katella Avenue, Suite F,
5 Orange, California on March 6, 2008.

6 J. Pursuant to Financial Code sections 23050 and 23058, John Lee had 30 days to
7 request a hearing on the Citation and Orders against him. John Lee did not request a hearing within
8 30 days.

9 K. The Office of Administrative Hearings ("OAH") set the Citations and Orders against
10 Omega Financial to commence hearing on June 10, 2008, at 10:00 a.m.

11 L. It is the intention and the desire of the parties to resolve these matters without the
12 necessity of a hearing and/or other litigation.

13 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
14 forth herein, the parties agree as follows:

16 TERMS AND CONDITIONS

17 1. This Agreement is entered into for the purposes of judicial economy and expediency,
18 and to avoid the time and expense of a hearing and possible further court proceedings.

19 2. Omega Financial hereby admits the allegations contained in the Citations and Orders
20 against it. John Lee hereby admits the allegations contained in the Citation and Orders against him.
21 The admissions of Omega Financial and John Lee are solely for the limited purposes of these
22 proceedings and any future proceeding(s) that may be initiated by or brought before the
23 Commissioner against either party. It is the intent and understanding of the parties that this
24 Agreement, and the admissions of Omega Financial and John Lee contained herein, shall not be
25 binding or admissible against Omega Financial or John Lee in any action(s) brought against them by
26 third parties.

27 3. Omega Financial agrees to the following conditions:

28 a. Omega Financial agrees to pay the Commissioner the sum of \$7,500.00 in

1 administrative penalties, which shall be paid in full within ten (10) working days
2 of the date of execution of this Agreement. Omega Financial's penalty payment
3 must be forwarded to counsel for the Commissioner, Joyce Tsai, at her address of
4 record, within the time provided.

- 5 b. Omega Financial agrees to refund excess fees of \$412.95, extension fees of
6 \$16,556.59, and late fees of \$20.00, totaling at least \$16,989.54, to its customers.
7 All refunds shall be made within thirty (30) calendar days of the execution of this
8 agreement. Within thirty (30) calendar days of the execution of this agreement,
9 Omega Financial shall file with the Department of Corporations a list of every
10 refund made, including the customer name, amount of refund, and date of refund.
11 The Commissioner reserves the right to audit Omega Financial for compliance. If
12 any customer refunds are not payable to the customer, the customer's funds shall
13 escheat to the State of California in accordance with California law.
- 14 c. Omega Financial agrees to desist and refrain from further violating the CDDTL.
- 15 d. Omega Financial agrees to pay the Commissioner the sum of \$5,055.25 in
16 attorney's fees, which shall be paid in full within ten (10) working days of the
17 execution of this Agreement. This sum reflects 69.25 hours at the Corporations
18 Counsel's hourly rate of \$73.00. Omega Financial's payment must be forwarded
19 to counsel for the Commissioner, Joyce Tsai, at her address of record, within the
20 time provided.
- 21 e. Within ten (10) working days of the execution of this agreement, Omega
22 Financial agrees to pay the Commissioner the sum of \$6,120.00 incurred in the
23 follow-up examination of Omega Financial that commenced on August 16, 2007.
24 This sum reflects 76.5 hours at the Corporation Examiner's hourly rate of \$80.00.
25 Omega Financial's payment must be forwarded to counsel for the Commissioner,
26 Joyce Tsai, at her address of record, within the time provided.

27 4. John Lee agrees to the following conditions:

- 28 a. John Lee agrees to pay the Commissioner the sum of \$2,500.00 in administrative

1 penalties, which shall be paid in full within ten (10) days of the date of execution
2 of this Agreement. John Lee's penalty payment must be forwarded to counsel for
3 the Commissioner, Joyce Tsai, at her address of record, within the time provided.

4 b. John Lee agrees to refund all fees to his customers, in the total amount of at least
5 \$4,398.50. All refunds shall be made within thirty (30) calendar days of the
6 execution of this agreement. Within thirty (30) calendar days of the execution of
7 this agreement, John Lee shall file with the Department of Corporations a list of
8 every refund made, including the customer name, amount of refund, and date of
9 refund. The Commissioner reserves the right to audit John Lee for compliance. If
10 any customer refunds are not payable to the customer, the customer's funds shall
11 escheat to the State of California in accordance with California law.

12 c. John Lee agrees to desist and refrain from further violating the CDDTL.

13 5. Upon any failure of Omega Financial or John Lee to comply with the material terms
14 of this agreement, all principal, fees, and penalties ordered to be paid in the Citations and Orders
15 against Omega Financial or the Citation and Orders against John Lee shall become immediately due
16 and payable by the applicable party.

17 6. The parties hereby acknowledge and agree that this Agreement is intended to
18 constitute a final and complete resolution of the matters set forth herein, including the allegations set
19 forth in the Citations and Orders against Omega Financial and the Citation and Orders against John
20 Lee, and constitutes the entire agreement between the parties with respect thereto. This Agreement
21 supersedes any and all prior or contemporaneous agreements between the parties hereto.

22 7. Notwithstanding any other provision contained herein, nothing in this Agreement
23 shall operate to limit the Commissioner's ability to investigate and prosecute violations of the
24 CDDTL not addressed herein, or to assist any other agency (county, state, or federal) with any
25 prosecution, administrative, civil or criminal, brought by such agency against Omega Financial or
26 John Lee.

27 8. Omega Financial acknowledges its right to an administrative hearing under California
28 Financial Code sections 23050, 23058, and 23060, and hereby waives its right to a hearing, and to

1 any reconsideration, appeal, or other rights which may be afforded pursuant to the California
2 Deferred Deposit Transaction Law, the California Administrative Procedure Act, the California
3 Code of Civil Procedure, or any other provision of law in connection with this matter. Within five
4 (5) business days after the execution of this Agreement, the Commissioner shall request that OAH
5 take the hearing scheduled for June 10, 2008 off calendar.

6 9. Each party hereto represents and warrants that it has received independent advice
7 from its attorney(s) and/or other representatives prior to entering into this Agreement, and in
8 executing this Agreement relied solely on the statements set forth herein and the advice of its own
9 counsel and/or representative.

10 10. In that the parties have had the opportunity to draft, review and edit the language of
11 this Agreement, no presumption for or against any party arising out of drafting all or part of this
12 Agreement will be applied in any action relating to or arising out of this Agreement. Accordingly,
13 the parties hereby waive the benefit of California Civil Code section 1654 and any successor statute.

14 11. The waiver of any provision of this Agreement shall not operate to waive any other
15 provision set forth herein, and any waiver, amendment and/or change to the terms of this Agreement
16 must be in writing signed by the parties hereto.

17 12. Each signatory hereto represents and warrants that he/she possesses the necessary
18 capacity and authority to execute this Agreement and bind the parties hereto.

19 13. This Agreement may be executed in one or more counterparts, each of which shall be
20 an original but all of which, together, shall be deemed to constitute a single document. A fax
21 signature shall be deemed the same as an original signature.

22
23
24 Dated: 6/9/08

PRESTON DuFAUCHARD
California Corporations Commissioner

25
26
27 By: Alan S. Weinger
28 Lead Corporations Counsel

06/06/2008

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PAGE 02

State of California - Department of Corporations

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Dated: 6/6/08

BU YOUNG LEE CO., INC., d/b/a OMEGA
FINANCIAL

By: Bu Young Lee
Owner

JOHN LEE

By: John Lee