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11 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

12 OF THE STATE OF CALIFORNIA

13 In the Matter of:)
14)
15 THE COMMISSIONER OF BUSINESS)
16 OVERSIGHT,)
17)
18 Complainant,) SETTLEMENT AGREEMENT
19)
20 v.)
21)
22 OASIS LEGAL FINANCE, LLC,)
23)
24 Respondent.)

25 This Settlement Agreement (Settlement Agreement) is entered between the Commissioner of
26 Business Oversight (Commissioner) and Oasis Legal Finance, LLC doing business as Oasis Financial
27 (Oasis) (hereinafter collectively referred to as “the Parties”).

28 **I.**
Recitals.

- 29 A. Oasis is and was at all relevant times herein a Delaware limited liability company.
- 30 B. Oasis’s principal place of business is 9525 West Bryn Mawr Avenue, Suite 900,
31 Rosemont, Illinois 60018.

1 C. Oasis enters into litigation contracts for the purpose of providing funds (Litigation
2 Contracts) to individual California litigants (Litigants) who have potential or pending legal claims
3 (Claims).

4 D. The Litigation Contracts are secured by the potential proceeds from the resolution of
5 the Litigant's legal claims.

6 E. The Litigation Contracts also provide that what Oasis ultimately receives is limited to
7 a portion or all of the claim stated in the Litigation Contract and that Oasis has no recourse to satisfy
8 its contractual claim other than the proceeds from resolution of the Claim.

9 F. The Commissioner granted Oasis a finance lender's license under the California
10 Financing Law (CFL) on November 14, 2003. (Financial Code, § 22000 et seq.).¹

11 G. On December 3, 2012, the Commissioner revoked Oasis's finance lender's license
12 after Oasis failed to pay an annual assessment to the Department.

13 H. In July 2015, the Commissioner received a petition from Oasis requesting
14 reinstatement of Oasis's CFL license (Petition).

15 I. As part of the Commissioner's review of Oasis's Petition, the Commissioner's staff
16 initiated an investigation concerning whether Oasis's Litigation Contracts constituted loans under the
17 CFL.

18 J. It is the intention and desire of the Parties to resolve Oasis's pending Petition and the
19 Department's investigation without the necessity of an administrative action, hearing, and/or other
20 litigation through this Settlement Agreement.

21 K. The Commissioner finds that this Settlement Agreement is appropriate, in the public
22 interest, and consistent with the purposes fairly intended by the policies and provisions of the CFL.

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27 ¹ Effective October 4, 2017, the name of the "California Finance Lenders Law" changed to the "California Financing
28 Law." (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this document, a reference to the California
Financing Law means the California Finance Lenders Law before October 4, 2017 and the California Financing Law on
and after that date. (Cal. Fin. Code, § 22000.)

1 WHEREAS, the Parties agree as follows:

2 **II.**
3 **Terms**

4 1. **Purpose.** The Parties enter into this Settlement Agreement for the limited purpose of
5 resolving Oasis's pending Petition and the Department's investigation of Oasis. The Parties have
6 agreed to enter into this Settlement Agreement in lieu of proceeding with further discovery and
7 without hearing or adjudication of any issue of law or fact. This Settlement Agreement does not
8 and shall not constitute an admission of any fact or liability by Oasis.

9 2. **Scope.** This Settlement Agreement applies only to the Litigation Contracts
10 described herein and does not apply to any of Oasis's other lines of business.

11 3. **Waiver of Hearing Rights.** Oasis hereby waives the right to a hearing, and to any
12 reconsideration, appeal, or other right to review which may be afforded pursuant to the CFL
13 concerning the matters set forth herein. Oasis, further expressly waives any requirement for the
14 filing of an Accusation that may be afforded by Government Code section 11415.60, subdivision
15 (b), the Administrative Procedure Act, the Code of Civil Procedure, or any other provision of law;
16 and by waiving such rights, Oasis consents to this Settlement Agreement becoming final.

17 4. **Future Determinations of the Department.** Nothing contained herein shall be
18 construed as precluding the Department from making any determination as to whether Litigation
19 Contracts, or other non-recourse transactions, are loans under the CFL, from and after the effective
20 date hereof with respect to Oasis.

21 5. **Third Parties.** Nothing contained herein shall be construed to deprive any third party
22 of any private right of action under the law.

23 6. **Obligations to Comply with State and Federal Law.** Nothing contained herein shall
24 be construed as relieving Oasis of its obligations to comply with all state and federal statutes,
25 regulations or rules, to the extent such statutes, regulations or rules are applicable to and govern any
26 particular contract, nor shall any of the provisions of this Settlement Agreement be deemed
27 permission to engage in any act or practice prohibited by such statute, regulation or rule, to the
28 extent such statute, regulation or rule is applicable to and governs any particular conduct.

1 7. No Permission to Offer Litigation Contracts. Nothing herein shall be interpreted as
2 the Department expressly or impliedly granting Oasis permission to continue to offer Litigation
3 Contracts in California as described above, or as relieving Oasis of any future legal liabilities that
4 may arise from further engaging in such conduct.

5 8. Use of Settlement Agreement in Other Proceedings. Nothing herein, nor the
6 existence of this Settlement Agreement and the fact of Oasis’s CFL licensure, shall be used by
7 either party hereto or any third party as evidence for or against the proposition that litigation
8 contracts are subject to the CFL in any legal or administrative proceeding, whether or not the
9 Department is a party to the proceeding. Furthermore, nothing contained in this Settlement
10 Agreement, as opposed to any underlying facts, events or occurrences, shall be used as evidence in
11 any legal proceeding between the Parties, except to enforce or interpret the provisions of this
12 Settlement Agreement.

13 9. Investigatory Powers of the Department. Notwithstanding Paragraphs 1 and 16, or
14 any other provision of this Settlement Agreement, nothing herein shall be interpreted to preclude the
15 Department from exercising any of its investigatory powers to seek additional information
16 concerning Oasis’s Litigation Contracts.

17 10. Representations Concerning Litigation Contracts. Oasis agrees that it shall not
18 represent or imply that its Litigation Contracts have been approved, in whole or in part, by the
19 Commissioner or the Department.

20 11. Contract Standards. Oasis agrees that with respect to every Litigation Contract
21 executed by California Litigants, beginning 15 business days after the effective date of this
22 Settlement Agreement as such date is defined in Paragraph 24, the Litigation Contract shall
23 disclose, on the first or second page of the contract, the following:

- 24 a. The total funded amount provided to the Litigant under the contract;
- 25 b. An itemization of charges;
- 26 c. The annual percentage rate, calculated using the same methodology that would
27 be used for a closed-end credit transaction under 12 Code of Federal
28 Regulations part 1026.22.

- d. The total amount due from the Litigant, including charges, in six-month or less intervals from the date the contract is executed, for the first three years from the date of execution assuming that the underlying litigation is successfully resolved and funds are available to fully satisfy the Litigation Contract;
- e. A right of rescission, allowing the Litigant to cancel the contract without penalty or further obligation if, within five business days following the execution of the contract or the Litigant's receipt of the funded amount, the Litigant gives notice of the rescission to Oasis and returns any and all funds provided to the Litigant by Oasis;
- f. A statement that there are no fees or charges to be paid by the Litigant other than what is disclosed in the Litigation Contract;
- g. In the event the Litigant seeks more than one Litigation Contract, a disclosure providing the cumulative amount due from the Litigant for each prior Litigation Contract shall be referenced or repeated in each subsequent litigation funding contract, including charges under all prior Litigation Contracts;
- h. A statement that Oasis has no right to make any decisions regarding the conduct of the legal claim or any settlement or resolution thereof and that the right to make such decisions remains solely with the Litigant and his or her attorney; and,
- i. A statement that if there is no recovery of any money from the Litigant's legal claim, Oasis will not be contractually entitled to any payment and, similarly, that, if the net proceeds of the Litigant's legal claim are insufficient to meet the Litigant's obligations to Oasis, then Oasis's contractual right is limited to the net proceeds of the Claim.

12. Other Business Practices. Oasis further agrees that, beginning 15 business days after the effective date of this Settlement Agreement as such date is defined in Paragraph 24, it shall not do the following in connection with any Litigation Contract:

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- a. Pay or offer to pay commissions, referral fees, or any other form of consideration to any attorney, law firm, health care provider, health care facility, or an employee of a law firm, health care provider, or health care facility for referring a Litigant to Oasis;
- b. Accept any commissions, referral fees, or any other form of consideration from any attorney, law firm, health care provider, health care facility, or an employee of a law firm, health care provider, or health care facility;
- c. Advertise false or misleading information regarding its products or services. This includes any representation or advertisement stating that Oasis’s Litigation Contracts have “no fees,” “no costs,” “no interest charges,” or statements conveying the same message;
- d. Receive any right to, nor make, any decisions with respect to the conduct of the Litigant's legal claim or any settlement or resolution.
- e. Knowingly pay or offer to pay for court costs, filing fees, or attorney's fees either during or after the resolution of the Litigant's legal claim as part of the Litigant's Litigation Contracts;
- f. Refer a Litigant to a specific attorney, law firm, health care provider, or health care facility;
- g. Fail to promptly provide copies of contract documents to the Litigant or to the Litigant's attorney upon request;
- h. As part of the Litigation Contract, obtain a waiver of any remedy the Litigant might otherwise have against Oasis. This paragraph does not prohibit Oasis from including a mandatory Arbitration provision in its Litigation Contracts should it so chose;
- i. Provide legal advice to the Litigant regarding the funding or the underlying legal claim; and,
- j. Report a Litigant to a credit reporting agency if the net proceeds of the Litigant's legal claim are insufficient to fully repay the Litigant's obligations to Oasis.

1 13. Payment of Costs. Within 30 days of the effective date of this Settlement
2 Agreement, as such date is defined in Paragraph 24, Oasis agrees to pay the Department the sum of
3 \$5,000.00 for the costs associated with reviewing its Petition and related investigation. This
4 payment shall be made in the form of a cashier’s check or Automated Clearing House deposit to the
5 “Department of Business Oversight” and transmitted to the attention of: Accounting - Litigation, at
6 the Department of Business Oversight located at 1515 K Street, Suite 200, Sacramento, California
7 95814. Notice of all payments shall be sent concurrently to Charles Carriere, Counsel, Enforcement
8 Division, at the Department of Business Oversight located at One Sansome Street, Suite 600, San
9 Francisco, California 94104.

10 14. Oasis’s Petition. The Department agrees to grant Oasis’s Petition within 30 days of
11 the effective date of this Settlement Agreement, as such date is defined in Paragraph 24.

12 15. Binding. This Settlement Agreement is binding on all heirs, assigns, and/or
13 successors in interest of the Parties.

14 16. Final Resolution. The Parties hereby acknowledge and agree that this Settlement
15 Agreement is intended to constitute a full, final and complete resolution of Oasis’s Petition and of
16 any alleged violations by Oasis of the California Financing Law prior to the effective date of this
17 Settlement Agreement (hereafter, “Released Matters”), as such date is defined in Paragraph 24. No
18 further proceedings or actions will be brought by the Commissioner in connection with the Released
19 Matters. Notwithstanding this paragraph, the Commissioner may commence a proceeding or action
20 based upon any violation which Oasis knowingly concealed from the Commissioner.

21 17. Commissioner’s Duties. The Parties further acknowledge and agree that nothing
22 contained in this Settlement Agreement shall operate to limit the Commissioner’s ability to assist
23 any other agency (city, county, state or federal) with any investigation or prosecution brought by
24 any such agency against Oasis or any other person based upon any of Oasis’s activities.

25 18. Independent Legal Advice. Each of the Parties represents, warrants, and agrees that
26 it has received independent advice from its attorney(s) and/or representatives with respect to the
27 advisability of executing this Settlement Agreement.
28

1 19. Counterparts. The Parties agree that this Settlement Agreement may be executed in
2 one or more separate counterparts, each of which when so executed, shall be deemed an original.
3 Such counterparts shall together constitute and be one and the same instrument.

4 20. Waiver, Modification, and Qualified Integration. The waiver of any provision of this
5 Settlement Agreement shall not operate to waive any other provision set forth herein. No waiver,
6 amendment, or modification of this Settlement Agreement shall be valid or binding to any extent
7 unless it is in writing and signed by all the parties affected by it.

8 21. Full Integration. Each of the Parties represents, warrants, and agrees that in
9 executing this Settlement Agreement it has relied solely on the statements set forth herein and the
10 advice of its own counsel. Each of the Parties further represents, warrants, and agrees that in
11 executing this Settlement Agreement it has placed no reliance on any statement, representation, or
12 promise of any other party, or any other person or entity not expressly set forth herein, or upon the
13 failure of any party or any other person or entity to make any statement, representation or disclosure
14 of anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any
15 party was in any way fraudulently induced to execute this Settlement Agreement; and (2) to
16 preclude the introduction of parol evidence to vary, interpret, supplement, or contradict the terms of
17 this Settlement Agreement.

18 22. Presumption of Drafting. In that the Parties have had the opportunity to draft, review
19 and edit the language of this Settlement Agreement, no presumption for or against any party arising
20 out of drafting all or any part of this Settlement Agreement will be applied in any action relating to,
21 connected to, or involving this Settlement Agreement. Accordingly, the Parties waive the benefit of
22 Civil Code section 1654 and any successor or amended statute, providing that in cases of
23 uncertainty, language of a contract should be interpreted most strongly against the party who caused
24 the uncertainty to exist.

25 23. Voluntary Agreement. Oasis enters into this Settlement Agreement voluntarily.

26 24. Effective Date. This Settlement Agreement shall become effective on the date when
27 it is signed by all Parties and delivered by the Commissioner's agent by email to Oasis's counsel at
28 crockwell@buckleysandler.com.

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25. Public Record. The Parties acknowledge that this Settlement Agreement is a public record.

26. Authority to Execute. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement.

Dated: January 31, 2018

JAN LYNN OWEN
Commissioner of Business Oversight

BY: _____
Mary Ann Smith
Deputy Commissioner

Dated: January 31, 2018

Oasis Legal Finance

BY: _____
NAME
POSITION