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11 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
12 OF THE STATE OF CALIFORNIA  
13

|    |                                |   |                                |
|----|--------------------------------|---|--------------------------------|
| 14 | In the Matter of:              | ) | CFL LICENSE NO.: 603-J998      |
| 15 | THE COMMISSIONER OF BUSINESS   | ) |                                |
| 16 | OVERSIGHT,                     | ) | CITATION PURSUANT TO FINANCIAL |
| 17 | Complainant,                   | ) | CODE SECTION 22707.5           |
| 18 | v.                             | ) |                                |
| 19 | RISE CREDIT OF CALIFORNIA LLC, | ) |                                |
| 20 | Respondent.                    | ) |                                |
| 21 |                                | ) |                                |

22  
23 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), finds the following:

24 **I.**

25 **FACTUAL BACKGROUND**

- 26 1. RISE Credit of California, LLC, is a Delaware limited liability company (RISE).
- 27 2. RISE has a principal place of business at 4150 International Plaza, Suite 300, Fort
- 28 Worth, Texas 76109.

1           3.       RISE is licensed as a finance lender under the California Financing Law (Fin.  
2 Code, § 22000, et seq.) (CFL)<sup>1</sup> with license number 603-J998.

3           4.       RISE originates loans online from the website www.risecredit.com.

4           5.       On December 17, 2015, the Commissioner commenced a regulatory examination  
5 of RISE (Exam).

6           6.       In the course of the Exam, the Commissioner became concerned that RISE may  
7 have paid unlicensed companies for referrals or leads in violation of California Code of  
8 Regulations, title 10, section 1451, subdivision (c).

9           7.       On September 22, 2016, the Commissioner requested any agreements under  
10 which RISE, RISE's parent or any affiliate<sup>2</sup> made payments for referrals or leads for CFL loans  
11 after December 1, 2012. Shortly thereafter, RISE identified and produced responsive  
12 agreements to the Commissioner (RISE Agreements).

13           8.       The Commissioner reviewed the RISE Agreements and found that the majority of  
14 the agreements contemplated the following transaction between RISE and its referral or lead  
15 partners (Lead Provider), some of whom represented to RISE that they operated websites that  
16 provided a "free financial matchmaking service" to consumers and offered "recommended . . .  
17 loan products," in connection with loans made under the CFL:

18           a.       RISE was to create and provide to the Lead Provider a "credit or similar  
19 application form."

20           b.       The Lead Provider would then deliver a lead's responses to the fields on  
21 each credit application form to RISE.

22           c.       The Lead Provider would also obtain a lead's "affirmative[] agree[ment]  
23 to all of the consents and authorizations set forth within [RISE's]-specified application."  
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27 <sup>1</sup> Effective October 4, 2017, the name of the "California Finance Lenders Law" changed to the "California  
28 Financing Law." (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this Citation, 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. (Fin. Code, § 22000.)

<sup>2</sup> Hereinafter, any reference to RISE may also refer to RISE's parent company or an affiliated company.

1 d. In exchange, RISE agreed that it would compensate Lead Providers for  
2 leads that (1) met various minimum criteria, (2) provided RISE with certain consents and  
3 authorizations, and (3) ultimately applied for and obtained a loan from RISE.

4 9. Following the review of the RISE Agreements, the Commissioner requested that  
5 RISE explain how the transactions contemplated by many of the RISE Agreements complied  
6 with California Code of Regulations, title 10, section 1451, subdivision (c).

7 10. In response, RISE informed the Commissioner that it had conducted an internal  
8 investigation into its actual performance under the RISE Agreements. Based on this  
9 investigation, RISE represented that it had never actually provided any of the forms  
10 contemplated by the RISE Agreements. RISE also represented that it had never actually  
11 received any data about the referrals or leads it purchased under the RISE Agreements from its  
12 Lead Providers. Following its investigation, RISE concluded that the RISE Agreements were  
13 drafted to be intentionally vague in case RISE later chose to conduct certain activities that it, in  
14 fact, never actually conducted.

15 11. The RISE Agreements, provided in response to the Commissioner’s request,  
16 described activity which violated California Code of Regulations, title 10, section 1451,  
17 subdivision (c). RISE then told the Commissioner it did not use those contracts. The  
18 Commissioner thus determined that the RISE Agreements were not accurate and that the RISE  
19 Agreements did not allow the Commissioner to determine RISE’s compliance with California  
20 Code of Regulations, title 10, section 1451, subdivision (c).

21 **CITATION**

22 Financial Code section 22707.5, subdivision (a), provides in relevant part:

23 (a) If, upon inspection, examination, or investigation, the  
24 commissioner has cause to believe that a licensee or other person is  
25 violating any provision of this division or any rule or order  
26 thereunder, the commissioner or his or her designee, may issue a  
27 citation to the licensee or person in writing, describing with  
28 particularity the basis of the citation . . . In addition, each citation  
may assess an administrative fine not to exceed two thousand five  
hundred dollars (\$2,500) . . . .

1 Based on the foregoing, RISE, in violation of Financial Code 22156, failed to keep and use in  
2 its business, books, accounts, and records which will enable the Commissioner to determine if RISE  
3 is complying with the provisions of this division and with the rules and regulations made by the  
4 Commissioner. The Commissioner hereby assesses RISE an administrative fine of \$1,000.00  
5 pursuant to Financial Code section 22707.5, subdivision (a).

6 RISE is hereby ordered to pay the Commissioner an administrative fine of \$1,000.00 for the  
7 above citation within 30 days from the date of this citation. RISE shall pay this fine with a cashier's  
8 check made payable to the Department of Business Oversight and shall submit that check to the  
9 following address within thirty (30) days from the date of this citation: ATTN: Accounting –  
10 Litigation, Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, California  
11 95814. Notice of the payment shall be sent to: Adam Wright, Senior Counsel, Department of  
12 Business Oversight, 320 W. 4th Street, Suite 750, Los Angeles, California 90013.

14 Dated: March 20, 2018  
15 Sacramento, California

JAN LYNN OWEN  
Commissioner of Business Oversight

17 By: \_\_\_\_\_  
18 MARY ANN SMITH  
19 Deputy Commissioner  
20 Enforcement Division  
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