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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) CFL LICENSE NO.: 60DBO-66867
13)
14 THE COMMISSIONER OF BUSINESS) CONSENT ORDER
15 OVERSIGHT,)
16 Complainant,)
17 v.)
18 SLC1, LLC formerly doing business as SWEET)
19 LEAF CAPITAL 1, LLC and SWEET LEAF)
20 CAPITAL MANAGEMENT, LLC,)
21 Respondent.)

22 This Consent Order is entered between the Commissioner of Business Oversight
23 (Commissioner) and SLC1, LLC formerly doing business as Sweet Leaf Capital 1, LLC and Sweet
24 Leaf Capital Management, LLC (collectively, Sweet Leaf) and is made with reference to the
25 following facts:

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RECITALS

A. SLC1, LLC (SLC1) is a Colorado limited liability company organized in September 2015, with its main office located at 4321 Broadway, Suite 5, Denver, Colorado, 80216. SLC1 formerly did business in the State of Colorado as Sweet Leaf Capital 1, LLC.

B. Sweet Leaf Capital Management, LLC (SLCM) is a Colorado limited liability company organized in May 2016, with its main office located at 1807 S. Peal Street, Denver, Colorado, 80210.

C. On January 31, 2017, SLCM applied to the Commissioner for a license pursuant to the California Financing Law (CFL) (Fin. Code, § 22000 et seq.)¹ to engage in the business of a finance lender in this state. SLCM subsequently withdrew the application after discovering that the incorrect business entity was listed on the application.

D. During the application review process, the Commissioner determined that from January 22, 2017 through April 14, 2017, SLC1 originated three loans in the form of commercial equipment leases in this state without first obtaining a finance lender license, or otherwise being exempt, in violation of Financial Code section 22100.

E. Sweet Leaf contends that the transactions referenced in Paragraph C were bona fide equipment leases that are not subject to Financial Code section 22100.

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

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

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¹ Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the “California Financing 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 TERMS AND CONDITIONS

2 1. Desist and Refrain Order. Sweet Leaf agrees to desist and refrain from further
3 engaging in the business of a finance lender in the State of California without first obtaining a license
4 from the Commissioner, as required by Financial Code section 22100, or otherwise being exempt.

5 2. Waiver of Hearing Rights. Sweet Leaf agrees that this Consent Order is final and
6 hereby waives all rights to any hearing or appeal of the Desist and Refrain Order contained herein.

7 3. Payment to Borrowers. Sweet Leaf has refunded to all California borrowers all
8 amounts charged in excess of the 10 percent interest rate allowed under article 15, section 1 of the
9 California Constitution during the period that SLC1 did not have a CFL license, then in effect, in the
10 collective sum of \$5,422.92 (the "Payment Amount"). The Payment Amount made pursuant to this
11 paragraph shall be subject to final examination review by the Commissioner and sent to each
12 California borrower with the accompanying notice: "Pursuant to an agreement entered with the
13 Department of Business Oversight, a payment in the amount of \$xxx.xx is being made for your
14 benefit. If you have any questions concerning this payment, please contact [SLC1] at (800) [XXX-
15 XXXX]."

16 4. Evidence of Payment. Satisfactory evidence of the payments required pursuant to
17 Paragraph 3 ("Evidence of Payment") shall include, at a minimum, the following for each and every
18 loan/lease: (i) the borrower's loan/lease number, name, last known address, loan/lease amount,
19 loan/lease date, interest charged; (ii) date of issuance of check; and, (iii) evidence of payment in the
20 form of a copy of the check or Automated Clearing House deposit and accompanying correspondence
21 sent to the borrower. Sweet Leaf shall submit Evidence of Payment to the Commissioner within 30
22 days of the Effective Date of this Consent Order to the attention of William Horsey, Senior Counsel,
23 Department of Business Oversight, One Sansome Street, Suite 600, San Francisco, California 94104.

24 5. Outstanding Payments. Sweet Leaf shall be responsible for ensuring that any
25 outstanding payment required by Paragraph 3 above is escheated to the State of California pursuant to
26 the provisions of the California Unclaimed Property Law (Code Civ. Proc., § 1500 et seq.).

27 6. Penalties: Pursuant to Financial Code section 22713, Sweet Leaf shall pay to the
28 Commissioner an administrative penalty of \$2,500.00 ("Penalty") for the violations cited in

1 Paragraph D within 30 days from the Effective Date of this Consent Order, as defined in Paragraph
2 13. Sweet Leaf shall pay the Penalty by way of Automated Clearing House payment, or in the form
3 of a cashier's check made payable to the "Department of Business Oversight" and mailed to the
4 Department's Accounting Division at 1515 K Street, Suite 200, Sacramento, California 95814.
5 Notice of this payment should be concurrently sent to the attention of William Horsey, Senior
6 Counsel, One Sansome Street, Suite 600, San Francisco, California 94104.

7 7. Remedy for Breach. Sweet Leaf agrees that failure to timely comply with the
8 conditions set forth in this Consent Order shall result in the summary denial of any application for a
9 CFL license filed by Sweet Leaf, or any other affiliated entity, and/or revocation of any CFL license
10 held by Sweet Leaf. Sweet Leaf understands that any order issued pursuant to this paragraph shall be
11 final, and Sweet Leaf hereby waive all rights to any hearing or appeal of such order.

12 8. Coverage. Sweet Leaf acknowledges that remedies for violations of the CFL are not
13 exclusive and may be sought and employed in any combination to enforce the purpose and provisions
14 of this law.

15 9. Future Actions by Commissioner. Sweet Leaf agrees that nothing in this Consent
16 Order shall preclude the Commissioner, or her agents or employees, to the extent authorized by law,
17 from assisting or cooperating in any investigation and/or action brought by any other federal, state or
18 county agency. Sweet Leaf further agrees that this Consent Order shall not bind or otherwise prevent
19 any other federal, state or county agency from the performance of its duties.

20 10. Independent Legal Advice. Sweet Leaf has obtained, or had the opportunity to obtain,
21 the advice of legal counsel, and enter this Consent Order voluntarily and without coercion and
22 acknowledges that no promises, threats or assurances have been made by the Commissioner or any
23 officer, or agent thereof, about this Consent Order

24 11. Public Record. Sweet Leaf acknowledges that this Consent Order is a public record.

25 12. Counterparts and Full Integration. The Parties agree that this Consent Order may be
26 executed in one or more separate counterparts, each of which when so executed, shall be deemed an
27 original. Such counterparts shall together constitute and be one and the same instrument.
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13. Effective Date. This Consent Order shall not become effective until signed by all parties and delivered by the Commissioner’s agent by email to Sweet Leaf’s representative at ted.harris@sweetleafcapital.com.

14. Each party agrees that the signatory to this Consent Order is authorized to sign and bind the respective parties to the terms herein agreed.

Dated: 4/26/18

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner

Dated: 4/25/18

By _____
Gabriel Selko, Principal
On behalf of SLC1, LLC, SWEET LEAF CAPITAL 1, LLC,
and SWEET LEAF CAPITAL MANAGEMENT, LLC