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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

11 In the Matter of:) CFL LICENSE NO.: 60DBO-46161
) NMLS NO.: 217352
12 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,)
13) CONSENT ORDER
Complainant,)
14)
v.)
15)
16 SHAH MORTGAGES INCORPORATED,)
17)
Respondent.)
18)

19
20 This Consent Order (Consent Order) is entered into between the Commissioner of Business
21 Oversight (Commissioner) and Shah Mortgages Incorporated (Respondent) (collectively the
22 Parties) and is made with respect to the following facts:

23 **RECITALS**

24 A. The Commissioner has jurisdiction over the licensing and regulation of persons and
25 entities engaged in the business of finance lending or brokering under the California Finance
26 Lenders Law (CFLL) (Fin. Code, § 22000 et seq.).

27 B. The purpose of the CFLL is to ensure an adequate supply of credit to borrowers in
28 California; to simplify, clarify, and modernize the law governing loans made by finance lenders; to
foster competition among finance lenders; to protect borrowers against unfair practices by some

1 lenders, having due regard for the interests of legitimate and scrupulous lenders; to permit and
2 encourage the development of fair and economically sound lending practices; and to encourage and
3 foster a sound economic climate in this state. (Fin. Code, § 22001, subd. (a).)

4 C. Respondent is an Illinois corporation with a principal place of business at 953 North
5 Plum Grove Road, Unit B, Schaumburg, Illinois 60173.

6 D. Hement Shah is the President of Respondent.

7 E. On January 20, 2016, Respondent was issued a license as a finance broker under
8 license number 60DBO-46161.

9 F. Under Financial Code section 22159, CFLL licensees must file an annual report with
10 the Commissioner by March 15 of each year (Annual Report).

11 G. On March 6, 2017, the Commissioner notified CFLL licensees of the March 15
12 deadline for filing their annual reports by sending notice to the e-mail addresses designated by the
13 licensees for receiving communications from the Commissioner according to the Commissioner’s
14 Order on Electronic Communications dated November 22, 2013.

15 H. As of March 22, 2017, Respondent had not filed its Annual Report. The
16 Commissioner sent a final notice dated March 22, 2017, to Respondent by certified mail, informing
17 Respondent that if it did not file the Annual Report by April 11, 2017, its license would be
18 summarily revoked under Financial Code section 22715.

19 I. On April 11, 2017, Respondent still had not filed its Annual Report. As a result, on
20 April 19, 2017, the Commissioner issued an order summarily immediately revoking Respondent’s
21 CFLL license (Revocation Order).

22 J. Under Financial Code section 22715, Respondent was entitled to request a hearing
23 within 30 days of the issuance of the Revocation Order. Respondent did not timely request a
24 hearing.

25 K. On July 17, 2017, Respondent filed its Annual Report, which was due on March 15,
26 2017.

27 L. In connection with these proceedings, Respondent represented to the Commissioner
28 that it had not engaged in the business of a finance lending or brokering following issuance of the

1 Revocation Order except to fulfill the obligations of preexisting lawful contracts between
2 Respondent and borrowers, pursuant to Financial Code section 22716.

3 M. The Commissioner finds that entering into this Consent Order is in the public
4 interest and consistent with the purposes fairly intended by the policy and provisions of the CFLL.

5 The Parties therefore agree as follows:

6 **TERMS AND CONDITIONS**

7 1. Purpose. The Parties intend to resolve this matter for the purpose of judicial
8 economy and expediency and without the uncertainty and expense of a hearing or other litigation.

9 2. Desist and Refrain Order. Respondent stipulates that under Financial Code section
10 22712, it is ordered to desist and refrain from failing to file an annual report in violation of
11 Financial Code section 22159.

12 3. Administrative Penalty. Respondent shall pay an administrative penalty of
13 \$2,500.00 no later than 30 days after the execution of this Consent Order. The penalty must be
14 made payable in the form of a cashier’s check or Automated Clearing House deposit to the
15 Department of Business Oversight and transmitted to the attention of Accounting – Litigation, at the
16 Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, California 95814. Notice
17 of the payment shall concurrently be sent to Kelly Suk, Counsel, 320 West 4th Street, Suite 750,
18 Los Angeles, California 90013.

19 4. Waiver of Hearing Rights. Respondent acknowledges that the Commissioner is
20 ready, willing, and able to proceed with the filing of an administrative enforcement action on
21 the charges and desist and refrain order contained in this Consent Order. Respondent hereby
22 waives the right to any hearings and to any reconsideration, appeal, injunction, or other review that
23 may be afforded under the Financial Code, California Administrative Procedure Act, Code of Civil
24 Procedure, or any other provision of law. Respondent further waives any notice or hearing rights
25 under Government Code section 11415.60, subdivision (b), the California Administrative Procedure
26 Act, Code of Civil Procedure, or any other provision of law. By waiving such rights, Respondent
27 effectively consents to the finality of this Consent Order and the desist and refrain order
28 contained in it.

1 5. Rescission of Revocation Order. The Commissioner hereby rescinds the April 19,
2 2017, Revocation Order, which summarily revoked Respondent’s CFLL license number 60DBO-
3 46250. CFLL license number 60DBO-46250 will be deemed restored as of the effective date of this
4 Consent Order.

5 6. Summary Suspension of License for Failure to Comply. If Respondent fails to
6 comply with paragraph 3, the Commissioner may summarily suspend Respondent from engaging in
7 business under its license until it provides evidence of compliance to the Commissioner’s
8 satisfaction. Respondent hereby waives any notice and hearing rights afforded under Government
9 Code section 11415.60, subdivision (b), the California Administrative Procedure Act, Code of Civil
10 Procedure or any other provision of law to contest the summary suspension.

11 7. Full and Final Resolution. Except as stated in paragraph 6, this Consent Order is
12 intended to constitute a full and final resolution of the matters described in it. The Commissioner
13 will not bring any further action or proceeding concerning the matter unless she discover violations
14 by Respondent that do not form the basis for this Consent Order, including violations knowingly
15 concealed from the Commissioner.

16 8. Commissioner’s Duties. Nothing in this Consent Order shall limit the
17 Commissioner’s ability to assist any other government agency with any action brought by that
18 agency against Respondent, including an action based on any of the acts, omission or events
19 described in this Consent Order.

20 9. Independent Legal Advice. Each party represents that it has had the opportunity to
21 seek independent legal advice or has received independent advice from its counsel or
22 representatives regarding the advisability of executing this Consent Order.

23 10. Reliance. Each party represents that in executing this Consent Order it has relied
24 solely on the statements in the Consent Order and on the advice of its counsel or representatives.
25 Each party also represents that it has not relied on any statement or promise not contained in this
26 Consent Order from any other person or on the failure of such person to make a statement or
27 promise. The Parties have included this clause to preclude any claim that a party was fraudulently
28 induced to execute this Consent Order.

1 11. Integration. This Consent Order is the final written expression and the complete and
2 exclusive statement of all the agreements, conditions, promises, representations, and covenants
3 between the Parties concerning its subject matter and supersedes all discussion regarding such
4 subject matter between the Parties, their representatives, and any other person. The Parties have
5 included this clause to preclude the introduction of parol evidence to vary, interpret, supplement, or
6 contradict the terms of this Consent Order.

7 12. No Presumption Against Drafting Party. Each party acknowledges that it has had the
8 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the Parties
9 intend that no presumption for or against the drafting party will apply in construing any part of this
10 Consent Order. The Parties waive the benefit of Civil Code section 1654 as amended or
11 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
12 language of a contract should be interpreted most strongly against the party that caused the
13 uncertainty to exist.

14 13. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
15 this Consent Order will be valid or binding unless it is in writing and signed by all parties affected
16 by it. Waiver of a provision of this Consent Order will not be deemed a waiver of any other
17 provision.

18 14. Headings. The headings in this Consent Order are for convenience only and do not
19 affect its meaning.

20 15. Governing Law. This Consent Order will be governed by and construed in
21 accordance with the laws of the State of California.

22 16. Public Record. Respondent acknowledges that this Consent Order will be a matter of
23 public record.

24 17. Voluntary Agreement. Respondent enters into this Consent Order voluntarily and
25 without coercion and acknowledges that no promises, threats, or assurances about this Consent
26 Order have been made by the Commissioner or any of her officers or agents.

27 18. Counterparts. This Consent Order may be executed in any number of counterparts,
28 each of which will be deemed an original when executed. All counterparts together will be deemed

1 to constitute a single document.

2 19. Signature. A signature delivered by facsimile or electronic mail will be deemed an
3 original signature.

4 20. Authority and Capacity to Sign. The Parties represents that the person signing this
5 Consent Order on its behalf has the authority and capacity to do so.

6 21. Effective Date. This Consent Order will become effective on the date it is signed by
7 the Parties and delivered to Respondent by the Commissioner via electronic mail.

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JAN LYNN OWEN
Commissioner Business Oversight

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Dated: 7/19/17

By: _____

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Mary Ann Smith
Deputy Commissioner, Enforcement Division

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SHAH MORTGAGES INCORPORATED

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Dated: 7/19/17

By: _____

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Hemant Shah
President

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