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

13 In the Matter of the Petition for Reinstatement ) CFL License No.: 603-I060  
of: )  
14 ) SETTLEMENT OF ORDER  
15 SPENSER CAPITAL GROUP, INC. (GROUP ) CONDITIONALLY GRANTING PETITION  
FINANCIAL SERVICES, DBA ) FOR REINSTATEMENT  
16 )

17 This Settlement of Order Conditionally Granting Petition for Reinstatement (“Settlement  
18 Agreement”) is entered into between the Commissioner of the Department of Business Oversight  
19 (“Commissioner”) and Spenser Capital Group, Inc., doing business as Group Financial Services  
20 (“Spenser Capital”), collectively, “the parties”, and is made with respect to the following facts:

21 **RECITALS**

22 A. The Commissioner has jurisdiction over the licensing and regulation of persons and  
23 entities engaged in the business of finance lending and brokering pursuant to the California Finance  
24 Lenders Law (“CFL”) (Fin. Code, §22000 et seq.)

25 B. Spenser Capital is a South Carolina corporation located at 14 New Orleans Road,  
26 Suite 13, Hilton Head Island, South Carolina, and which previously held a California Finance  
27 Lenders license (“CFL license”) issued by the Commissioner. Spenser Capital’s CFL license was  
28 revoked by Commissioner on December 13, 2013 for failure to pay its 2013-2014 annual assessment

1 as required by Financial Code section 22107.

2 C. On or about November 7, 2013, the Commissioner mailed notice to Spencer Capital  
3 that it had failed to pay its 2013-2014 annual assessment and that its CFL license would be  
4 summarily revoked unless it paid the annual assessment. Spenser Capital did not respond to the  
5 Commissioner's notice.

6 D. On November 21, 2013, the Commissioner issued an Order Revoking California  
7 Finance Lenders License Pursuant to Section 22107 Financial Code ("Order Revoking"). The  
8 Commissioner's Order Revoking was mailed to Spenser Capital along with notice that it would  
9 become effective December 13, 2013 unless payment of the annual assessment was received by  
10 December 12, 2013. The Order Revoking and notice were sent via certified mail with return receipt  
11 but were returned undelivered by the United States Postal Service.

12 E. By written request dated April 29, 2015, Spenser Capital petitioned the Commissioner  
13 for reinstatement ("Petition") of its CFL license pursuant to Government Code section 11522.  
14 Documentation and information provided by Spenser Capital in three different reports to the  
15 Commissioner subsequent to its Petition revealed that it had engaged in unlicensed finance lender or  
16 broker activity and had brokered 28 loans without the necessary CFL license. The first report  
17 covered the period from December 13, 2013 to April 17, 2015 and revealed 16 loans brokered  
18 without a license. The second report covered the period from April 18, 2015 to December 7, 2015  
19 and revealed ten additional loans brokered without a license. The third report covered the period  
20 from December 8, 2016 to July 21, 2016 and revealed an additional two loans brokered without a  
21 license.

22 F. On October 16, 2015, the Commissioner served a Notice of Petition for Reinstatement  
23 dated October 13, 2016 on the California Attorney General and Spenser Capital pursuant to  
24 Government Code section 11522 allowing written argument on the Petition. No argument was  
25 received by the Commissioner.

26 G. On November 16, 2015 the Commissioner issued an Order Conditionally Granting  
27 Petition for Reinstatement of Spenser Capital's CFL license. The terms on which Spenser Capital's  
28 reinstatement of its license was conditioned included in part that within the next 45 days, or sooner as

1 provided, it 1) stipulate to a Desist and Refrain Order issued on November 16, 2015 for engaging in  
2 the business of a finance lender or broker without a license in violation of section 22100; 2) submit a  
3 report detailing all commercial loans brokered without a license since April 18, 2015; 3) agree to pay  
4 various penalties. Spenser Capital did not timely meet any of the conditions for the reinstatement of  
5 its CFL license.

6 H. In addition, Spenser Capital did not request a hearing to challenge the Commissioner's  
7 Desist and Refrain Order issued pursuant to Financial Code section 22712 which is now final and  
8 unappealable. The loans Spenser Capital brokered without a valid CFL license subsequent to the  
9 issuance of the Desist and Refrain Order on November 16, 2015 violate not only the CFLL but the  
10 Commissioner's Desist and Refrain Order as well.

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

13 **TERMS AND CONDITIONS**

14 1. Desist and Refrain Order. Spenser Capital agrees to comply with the Commissioner's  
15 Desist and Refrain Order issued on November 16, 2015, attached hereto as Exhibit A, and agrees that  
16 said order is final and unappealable.

17 2. Fines. Spenser Capital agrees to pay a fine in the amount of \$35,000.00.

18 3. Annual assessment. Spenser Capital agrees to pay the 2016-2017 annual assessment  
19 in the amount of \$250.00.

20 4. Payment. Spenser Capital shall pay its fine and 2016-2017 annual assessment by  
21 cashier's check made payable to the Department of Business Oversight and submit payment within  
22 30 calendar days from the effective date of this Settlement Agreement as such date is provided in  
23 paragraph 14 below. Payment shall be submitted to the attention of Lindsay B. Herrick, Counsel,  
24 Department of Business Oversight, 1515 K Street, Suite 200, Sacramento, California, 95814.

25 5. Issuance of CFL License. The Commissioner shall issue a California Finance Lenders  
26 license to Spenser Capital Group, Inc., doing business as Group Financial Services, within thirty (30)  
27 calendar days after receipt of the items in numbers two and three above provided that Spenser Capital  
28 meets the requirements for licensure under the CFLL, including but not limited to net worth and

1 bonding requirements.

2           6.     Failure to comply. Spenser Capital agrees to the summary denial of its Petition for  
3 reinstatement of its CFL license in the event it fails to comply with the conditions set forth above  
4 within thirty (30) calendar days of the effective date of this Settlement Agreement, as such date is  
5 provided in paragraph 14 below.

6           7.     Binding agreement. This Settlement Agreement is binding on all heirs, assigns and/or  
7 successors in interest.

8           8.     Commissioner's duties. Spenser Capital agrees that nothing contained in this  
9 Settlement Agreement shall preclude the Commissioner, or the Commissioner's agents or employees,  
10 to the extent authorized by law, from assisting or cooperating in any investigation and/or action  
11 brought by any other federal, state or county agency. Spenser Capital further agrees that this  
12 Settlement Agreement shall not bind or otherwise prevent any other federal, state or county agency  
13 from the performance of its duties.

14           9.     Future actions by Commissioner. Spenser Capital agrees that this Settlement  
15 Agreement may be revoked and the Commissioner may pursue any and all remedies available under  
16 the law against Spenser Capital if the Commissioner later discovers that Spenser Capital knowingly  
17 or willfully withheld information used and relied upon in this Settlement Agreement. Further,  
18 Spenser Capital agrees that this Settlement Agreement does not resolve any future action or penalties  
19 that may be assessed by the Commissioner upon discovery of new and further violations of the CFLL  
20 which do not form the basis for this Settlement Agreement.

21           10.    Independent legal advice. Each of the parties represents, warrants and agrees that it  
22 has received independent advice from its attorney(s) and/or representatives with respect to the  
23 advisability of executing this Settlement Agreement.

24           11.    Voluntary agreement. Spenser Capital enters into this Settlement Agreement  
25 voluntarily and without coercion and acknowledges that no promises, threats or assurances have been  
26 made by the Commissioner or any officer, or agent thereof, about this Settlement Agreement.

27           12.    Counterparts. The parties agree that this Settlement Agreement may be executed in  
28 one or more separate counterparts, each of which when so executed, shall be deemed an original. A

1 signature sent by facsimile shall be deemed the same as an original signature. Such counterparts shall  
2 together constitute one and the same instrument.

3 13. Public record. Spenser Capital acknowledges that this Settlement Agreement and  
4 Exhibit A thereto is a public record.

5 14. Effective date. This Settlement Agreement shall not become effective until signed by  
6 all parties and delivered by the Commissioner’s agent via email to Spenser Capital’s attorney,  
7 Thomas E. McCurnin at tmccurnin@bkolaw.com.

8 15. Authority to execute. Each signator hereto covenants that he/she possesses all  
9 necessary capacity and authority to sign and enter into this Settlement Agreement.

10 Dated: 11/14/16 JAN LYNN OWEN  
11 Commissioner of Business Oversight

12  
13 By: \_\_\_\_\_  
14 Mary Ann Smith  
Deputy Commissioner  
Enforcement Division

15 Dated: 11/8/16 Spenser Capital Group, Inc., doing business as  
16 Group Financial Services

17  
18 By: \_\_\_\_\_  
Richard Einhorn, President

19 Approved as to Form and Content

20 Dated: 10/9/16

21  
22 By: \_\_\_\_\_  
23 Thomas E. McCurnin, Esq.  
24 Attorney for Spenser Capital Goup, Inc., doing business as  
Group Financial Services