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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
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12 In the Matter of the Accusation of THE) Case No.: 603-6012
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION
14)
Complainant,)
15)
16 vs.)
17 KWANG TAE KIM dba TOWN BANCORP)
FUNDING,)
18)
Respondent.)
19

20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent as follows:

22 I

23 Respondent Kwang Tae Kim dba Town Bancorp Funding (“Town”) is a finance lender
24 licensed by the California Corporations Commissioner (“Commissioner”) pursuant to the California
25 Finance Lenders Law of the State of California (California Financial Code § 22000 et seq.)
26 (“CFLL”). Town has its principal place of business located at 3600 Wilshire Boulevard, Los
27 Angeles, California 90010.
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II

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2 On or about November 22, 2002, the Commissioner commenced a regulatory examination of
3 the books and records of Town. The regulatory examination disclosed that Town, among other
4 things, was violating California Financial Code sections 22305 and 22307 by charging excessive
5 administrative fees and requiring borrowers to make the first loan payment in less than 15 days from
6 the date of the loan.

7 On or about June 30, 2003, Town was notified in writing of the findings of the regulatory
8 examination. In the written notification, Town was required to cease all violations and to perform an
9 audit of all open loans and all loans paid off subsequent to April 2001 to ascertain all loans involving
10 excessive administrative fees and make refunds. On or about August 4, 2003, Town responded to
11 the written notice of findings and represented that he would comply with California Financial Code
12 sections 22305 and 22307 and that refunds of administrative fee overcharges had been made.

13 On or about December 10, 2003, the Commissioner commenced a special examination of the
14 books and records of Town to determine if Town (i) had refunded the administrative fee overcharges
15 specifically noted in the June 30, 2003 letter, (ii) had performed the audit regarding administrative
16 fee overcharges, (iii) was still collecting the first payment prior to the passage of 15 days, and (iv)
17 whether any further refunds not found during the November 2002 regulatory examination were due
18 and owing.

19 The special examination disclosed that Town had not performed the required audit regarding
20 administrative fees nor made any refunds for administrative fee overcharges and that Town was still
21 overcharging administrative fees and collecting the first payment prior to the passage of 15 days
22 from the date of the loan.

23 The special examination disclosed that administrative fee overcharges had occurred in 30 of
24 30 (100%) loans reviewed, with overcharges averaging \$496.33. The maximum administrative fee
25 allowed under California Financial Code section 22305 is \$50.00 on loans of \$2,500 or less, and
26 \$75.00 on loans over \$2,500. Of the 30 loans reviewed during the special examination, 8 had been
27 made after Town had received the June 30, 2003 written notice of findings.
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III

California Financial Code section 22714 provides in pertinent part:

(a) The commissioner shall suspend or revoke any license, upon notice and reasonable opportunity to be heard, if the commissioner finds any of the following:

(1) The licensee has failed to comply with any demand, ruling or requirement of the commissioner made pursuant to and within the authority of this division.

(2) The licensee has violated any provision of this division or any rule or regulation made by the commissioner under and within the authority of this division.

IV

Complainant finds that, by reason of the foregoing, Respondent Town has failed to comply with a demand of the Commissioner and has violated sections 22305 and 22307 of the California Financial Code and based thereon, sufficient grounds exist to revoke the finance lender license of Town.

WHEREFORE, IT IS PRAYED that the finance lender license of Respondent Town be revoked.

Dated: April 21, 2004
Los Angeles, CA

WILLIAM P. WOOD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel