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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 CALIFORNIA) Case No.: 603-6012
CORPORATIONS COMMISSIONER,)
13)
14 Complainant,) STATEMENT OF FACTS IN SUPPORT OF
DESIST AND REFRAIN ORDER
15 vs.)
16 KWANG TAE KIM dba TOWN BANCORP)
17 FUNDING,)
18 Respondent.)
19 _____)

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

22 1. Kwang Tae Kim dba Town Bancorp Funding (“Town”) is a finance lender licensed
23 by the California Corporations Commissioner (“Commissioner”) pursuant to the California Finance
24 Lenders Law of the State of California (California Financial Code § 22000 et seq.) (“CFL”). Town
25 has its principal place of business located at 3600 Wilshire Boulevard, Ste. 1830, Los Angeles,
26 California 90010.

27 2. On or about November 22, 2002, the Commissioner commenced a regulatory
28 examination of the books and records of Town. The regulatory examination disclosed that Town,

1 among other things, was violating California Financial Code sections 22305 and 22307 by charging
2 excessive administrative fees and requiring borrowers to make the first loan payment in less than 15
3 days from the date of the loan.

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

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

17 5. The special examination disclosed that Town had not performed the required audit
18 regarding administrative fees nor made any refunds for administrative fee overcharges and that
19 Town was still overcharging administrative fees and collecting the first payment prior to the passage
20 of 15 days from the date of the loan. The special examination specifically found that Town had
21 charged excessive administrative fees in 30 of 30 (100%) loans reviewed, with overcharges
22 averaging \$496.33. The maximum administrative fee allowed under California Financial Code
23 section 22305 is \$50.00 on loans of \$2,500 or less, and \$75.00 on loans over \$2,500. Of the 30 loans
24 reviewed during the special examination, 8 had been made after Town had received the June 30,
25 2003 written notice of findings.

26 6. By reason of the foregoing, Town has violated California Financial Code sections
27 22305 and 22307 and has failed to comply with a demand of the Commissioner.
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7. California Financial Code section 22712 provides in pertinent part:

Whenever, in the opinion of the commissioner, . . . any licensee is violating any provision of this division, the commissioner may order that . . . licensee to desist and refrain from . . . further violating this division. If, after the order is made, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded.

WHEREFORE, good cause showing, the Commissioner has issued a Desist and Refrain Order against Town.

Dated: April 21, 2004
Los Angeles, California

WILLIAM P. WOOD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel