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

10) CFLL LICENSE NOS.: 603-8193; 603-J989 &
11) 603-K227

11 In the Matter of:)

12) ACCUSATION

12 THE COMMISSIONER OF BUSINESS)
13 OVERSIGHT,)

14 Complainant,)

15 v.)

16)
17 WHEELS FINANCIAL GROUP, LLC doing)
18 business as LOANMART, 800 LOANMART,)
19 1800 LOANMART, W.F.G.,)
20 NEEDCASHNOW.COM, RETAINER)
21 FUNDING SERVICES, and FUNERAL)
22 FUNDING SERVICES,)

23 Respondent.)

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

26 **I**

27 **Introduction**

28 1. Wheels Financial Group, LLC doing business as LoanMart, 800 LoanMart, 1800
LoanMart, W.F.G., NeedCashNow.com, Retainer Funding Services, and Funeral Funding Services

1 (“Wheels Financial”) is a finance lender and broker licensed by the Commissioner of Business
2 Oversight (“Commissioner”) pursuant to the California Finance Lender Law (“CFLL”) (Fin. Code §
3 22000 et seq.). Wheels Financial had its principal place of business located at 15821 Ventura
4 Boulevard, Suite 280, Encino, California 91436 until February 1, 2017, when it relocated to 15400
5 Sherman Way, Suite 170, Van Nuys, California 91406. Previously, Wheels Financial had two
6 branch locations at 3400-C La Sierra Avenue, Riverside, California 92503 and 5805 Sepulveda
7 Boulevard, Suite 100, Van Nuys, California 91411.

8 II

9 **July 11, 2013 Desist and Refrain Order**

10 2. On or about July 11, 2013, the Commissioner issued a Desist and Refrain Order
11 against Wheels Financial (the “Order”) for engaging in false and misleading advertising in violation
12 of Financial Code sections 22155 and 22161. The Order prohibited Wheels Financial from (i) using
13 names on its websites that have not been approved by the Commissioner as fictitious business
14 names; (ii) engaging in blind advertising in violation of California Code of Regulations, title 10,
15 section 1557 by using websites under names such as www.alamedatitleloans.com that do not clearly
16 identify that the lender and/or broker is Wheels Financial; (iii) representing on its website
17 www.800loanmart.com that it has at least thirty-five locations throughout the state of California
18 when in fact it has only three locations; and (iv) representing on its website www.800loanmart.com
19 that it has affiliate locations around California when in fact it has only its own three locations.

20 3. On or about January 16, 2014, the Commissioner and Wheels Financial entered into a
21 stipulation wherein Wheels Financial, without any admissions or denials, stipulated to the finality of
22 the Order.

23 III

24 **CFLL Violations**

25 4. On or about November 19, 2013, the Commissioner, by and through staff,
26 commenced a regulatory examination of the books and records of Wheels Financial (“2013
27 regulatory examination”). The 2013 regulatory examination disclosed numerous violations,
28 including (i) using names that have not been approved by the Commissioner in violation of Financial

1 Code sections 22155 and 22161 and the Order; (ii) engaging in blind advertisements in violation of
2 Financial Code sections 22155 and 22161, California Code of Regulations, title 10, section 1557,
3 and the Order; (iii) filing a false report with the Commissioner in violation of Financial Code section
4 22170, subdivision (a); (iv) compensating unlicensed persons for soliciting or accepting applications
5 for loans in violation of California Code of Regulations, title 10, section 1451, subdivision (c); (v)
6 conducting unlicensed brokering from its Illinois branch in violation of Financial Code section
7 22100; and (vi) failing to maintain proper books and records in violation of Financial Code section
8 22156.

9 **A. Using Unapproved Names and/or Blind Advertising**

10 5. Financial Code section 22155 provides in pertinent part as follows:

11 No finance lender, broker, or mortgage loan originator licensee shall
12 transact the business licensed or make any loan provided for by this division
13 under any other name or at any other place of business than that named in
14 the license except pursuant to a currently effective written order of the
15 commissioner authorizing the other name or place of business.

16 6. Financial Code section 22161 provides in pertinent part as follows:

17 No person subject to this division shall do any of the following:

18 . . .

19 (b) Advertise, print, display, publish, distribute, or broadcast, or cause
20 or permit to be advertised, printed, displayed, published, distributed, or
21 broadcast in any manner, any statement or representation with regard to
22 the business subject to the provisions of this division . . . that is false,
23 misleading, or deceptive, or that omits material information that is necessary
24 to make the statements not false, misleading, or deceptive,

25 7. California Code of Regulations, title 10, section 1557 provides in pertinent part:

26 A licensee shall not use “blind” advertisements. “Blind” advertising is an
27 advertisement used to solicit business that gives only a telephone number,
28 post office or newspaper box number, or name other than that of the licensee. . . .

8. The 2013 regulatory examination disclosed numerous websites, registered
anonymously or to third parties, containing Wheels Financial’s name, contact number, or a link to a
Wheels Financial website. The Commissioner believes that these websites are Wheels Financial
websites and have been registered anonymously or by a third party at the behest of Wheels Financial

1 and therefore violate Financial Code sections 22155 and 22161, California Code of Regulations, title
2 10, section 1557, and/or the Order by using unapproved names and/or engaging in blind advertising
3 as further described in paragraphs 9-14 below.

4 9. The website <http://autotitleloansz.com> was a result displayed in a *Google* search of
5 the words “auto title loans fresno”. As of August 11, 2014, the “Apply Now” tab was a hyperlink
6 that was directed to the homepage of Wheels Financial. That hyperlink to Wheels Financial has
7 since been removed. The telephone number listed on the website for California loans; 866-948-0576,
8 was for Wheels Financial. The registrant of the domain is anonymous. Numerous calls to the
9 telephone number listed on the website in September 2014 were answered by Wheels Financial
10 notwithstanding the California zip code entered as directed.

11 10. The website www.paylesstitleloans.com was a result displayed in a *Google* search of
12 the words “auto title loans fresno”. The homepage and others consistently refer to Payless Title
13 Loans. However, the online application’s “Terms of Web Site Use” discloses in a pop-up with the
14 heading “General Terms and Conditions” that the lender is “1-800LoanMart”. The registrant of the
15 domain is anonymous. The telephone number listed on the website; 855-561-5626, is the telephone
16 number listed for Wheels Financial on numerous websites of Wheels Financial reviewed by the
17 Department in 2013. In September 2014, this telephone number was answered by QuadW
18 International, Inc. of Illinois (“QuadW”), a contractor for Wheels Financial, and whose president,
19 Fred Winchar (“Winchar”), is an employee of Wheels Financial. On at least one occasion in
20 September 2014, the person answering for QuadW was the same individual reached during a call to
21 maxcashtitleloans.com, a website described in paragraph 11 below. The paylesstitleloans.com
22 website has since been taken down.

23 11. The website <http://local.maxcashtitleloans.com> was a result displayed in a *Google*
24 search of the words “auto title loans visalia”. The homepage consistently refers to Title Loans
25 Visalia CA. However, the online application’s “Terms of Web Site Use” discloses in a pop-up with
26 the heading “General Terms and Conditions” that the lender is “1-800LoanMart”. On the homepage,
27 the link “Click here for Title Loans in Los Angeles” directs the consumer to www.titleloanscali.com,
28 which is identified as a website of Wheels Financial. The name of the registrant of the domain for

1 both websites is QuadW. The telephone number listed on the website on or about August 12, 2014;
2 855-561-5626, is the telephone number listed for Wheels Financial on numerous websites of Wheels
3 Financial reviewed by the Department in 2013. On or about September 18, 2014, the telephone
4 number now listed on the maxcashtitleloans website was 855-203-8320. A telephone call to that
5 telephone number in September 2014 was answered by QuadW and resulted in a transfer to Wheels
6 Financial after a screening for loan qualification.

7 12. The website <http://sandiegotitleloans.com> was a result displayed in a *Google* search
8 of the words “auto title loans san diego”. The homepage and others are devoid as to the identity of
9 the broker and/or lender. However, the online application’s “Terms of Web Site Use” discloses in a
10 pop-up with the heading “General Terms and Conditions” that the lender is “1-800LoanMart”. The
11 name of the registrant of the domain is Jerry Owens of Temecula, California (“Owens”). Owens was
12 a contractor for Wheels Financial, directly and then indirectly through QuadW. The telephone
13 number listed on the website was 858-216-2900. A call to this telephone number in September 2014
14 was answered QuadW, but resulted in an immediate transfer to Wheels Financial.

15 13. The website <http://titleloansacramento.com> was a result displayed in a *Google* search
16 of the words “nearest auto title loans sacramento”. The homepage and others are devoid as to the
17 identity of the broker and/or lender. The online application’s “Terms of Web Site Use” discloses in
18 a pop-up with the heading “General Terms and Conditions” that the lender is “1-800LoanMart”.
19 The name of the registrant of the domain is also Owens. The telephone number listed on the website
20 was 916-229-6400. A call to this telephone number in September 2014 was answered QuadW, but
21 resulted in a transfer to Wheels Financial after a screening for loan qualification.

22 14. The website <http://titleloanshop.com> is devoid as to the identity of the broker and/or
23 lender. The registrant of the domain is anonymous. An online application filled out on the website
24 in or about December 2013 resulted in the following response: “Thank you! Your application has
25 been received. A representative will be contacting you shortly. You can call 1-800-562-6627 for an
26 application status during normal business hours.” This is a Wheels Financial telephone number.
27 The same day, the applicant received a telephone call from Wheels Financial to discuss the loan
28 application.

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B. False Reports Filed with the Commissioner – Website Report

15. Financial Code section 22159, subdivision (b) provides:

(b) A licensee shall make other special reports that may be required by the commissioner.

16. Financial Code section 22170, subdivision (a) provides:

(a) It is unlawful for any person to knowingly alter, destroy, mutilate, conceal, cover up, falsify, or make a false entry in any record, document, or tangible object with the intent to impede, obstruct, or influence the administration or enforcement of any provision of this division.

17. On or about December 2, 2013, the Commissioner requested that Wheels Financial submit a report containing all websites, active or inactive, that Wheels Financial owned or had a financial interest in (“Website Report”). Wheels Financial was notified that “financial interest” websites would include those websites that Wheels Financial benefits from financially, including websites not owned by Wheels Financial, but from which Wheels Financial receives referrals, advertises on, or the website links to any websites owned by Wheels Financial. Wheels Financial submitted the Website Report to the Commissioner on or about December 20, 2013.

18. The Website Report violated Financial Code sections 22159, subdivision (b) and 22170, subdivision (a) in that it did not include any of the websites described in paragraphs 10-14 above despite that such websites were in existence prior to December 20, 2013.

C. Compensation to Unlicensed Persons

19. California Code of Regulations, title 10, section 1451, subdivision (c) provides:

(c) No finance company shall pay any compensation to an unlicensed person or company for soliciting or accepting applications for loans, except for an employee regularly employed at a licensed place of business of the finance company. However, a finance company may pay compensation for soliciting or accepting applications or performing services as a broker to a person or company licensed (1) as a real estate broker under Article 2 (commencing with Section 10150) of Chapter 3 of Part 1 of Division 4 of the Business and Profession Code with respect to loans made under Division 9 of the Financial Code or Article 7 (commencing with Section 10240) of Chapter 3 of Part 1 of Division 4 of the Business and Professions Code, or (2) for any brokerage service rendered by a bank, savings and loan association or any other financial institution exempted from the provisions of Division 9 of the Financial Code.

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2 20. The 2013 regulatory examination revealed that Wheels Financial was paying
3 compensation to unlicensed persons for soliciting or accepting applications or performing services of
4 a broker (hereinafter referred to as “referrals”) in violation of California Code of Regulations, title
5 10, section 1451, subdivision (c) as further described in paragraphs 21- 35 below.

6 21. For the calendar years 2013 and 2014, Wheels Financial paid Fred Winchar, president
7 of QuadW (“Winchar”) compensation. Wheels Financial issued Winchar a Form 1099-Misc for
8 such compensation, indicating that such compensation was not paid as an employee of Wheels
9 Financial. The Marketing Expense Report of Wheels Financial for the period ended September
10 2013, described sums of that non-employee compensation as “SEO Online Marketing”; SEO stands
11 for Search Engine Optimization. The only contracts produced by Wheels Financial for Winchar was
12 an office manager employment agreement dated February 13, 2012 for a Midvale, Illinois branch,
13 and an independent contractor consulting agreement dated October 30, 2013 with QuadW. Pursuant
14 to the independent contractor consulting agreement, QuadW was to “build websites and generate
15 leads for specific markets (‘SEO’) and assist in other web related tasks as determined by the
16 Company’s Director of Marketing.” As noted in paragraphs 11-13 above, the websites described
17 therein were for purposes of soliciting loan applications for Wheels Financial, listed a telephone
18 number answered by QuadW, and all calls were rolled over to Wheels Financial, after screening for
19 loan qualification.

20 22. The regulatory examination identified at least 8 other individuals from Illinois besides
21 Winchar, who were compensated bi-weekly by Wheels Financial as independent contractors from
22 January 1 through May 21, 2013, and thereafter, received bi-weekly compensation from Wheels
23 Financial through QuadW for the remainder of their tenure. The individuals were Donald O’Connor
24 (“O’Connor”), Hugo Garcia (“Garcia”), James Osborne (“Osborne”), Jason Frumkin (“Frumkin”),
25 Jerry Owens (“Owens”), Jack Nolan (“Nolan”), Matthew Tarullo (“Tarullo”), and Patrick
26 McDermott (“McDermott”).¹ Owens is the registrant of the websites <http://sandiegotitleloans.com>
27 and <http://titleloansacramento.com> described in paragraphs 12 and 13 above. Wheels Financial paid

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¹ Owens, while associated with QuadW, is from California.

1 Owens nonemployee compensation, and additional compensation through QuadW in 2013. One of
2 the websites Wheels Financial disclosed to the Department in its Website report;
3 www.titleloanscali.com, appears to be operated by QuadW. However, the website domain was
4 registered by McDermott on behalf of Wheels Financial. In 2013, McDermott received
5 nonemployee compensation from Wheels Financial, and additional compensation through QuadW.
6 Wheels Financial’s website www.titleloanscali.com introduces Tarullo and Garcia as staff at its
7 Illinois branch.

8 23. The Loan Report submitted by Wheels Financial for the period January 1, 2013
9 through October 1, 2013 (“Loan Report”) disclosed 634 California loans having been referred from
10 “Wheels Financial” in Illinois. Documents obtained during the regulatory examination reveal
11 QuadW “personnel” having ties to over 90 of these loans. Whether these loans were originated by
12 QuadW, Winchar and/or the persons named in paragraph 22, or the Illinois branch of Wheels
13 Financial, the Commissioner has not issued a license under the CFLL to any of them to lend or
14 broker in the State of California nor do any of them meet any of the exemptions set forth in
15 California Code of Regulations, title 10, section 1451, subdivision (c). Accordingly, Wheels
16 Financial violated California Code of Regulations, title 10, section 1451, subdivision (c) if such
17 referrals were from QuadW, Winchar, or any of the individuals named in paragraph 22 and/or
18 Financial Code section 22100 (unlicensed brokering) if such referrals were from Wheels Financial’s
19 Illinois branch to itself.

20 24. The regulatory examination disclosed that BKRJ Enterprise, Inc. dba East Side
21 Checks Cashed (“BKRJ”) referred loans to Wheels Financial between January 4, 2013 and
22 September 1, 2013. The regulatory examination further revealed a Loan Referral Agreement entered
23 into between Wheels Financial and BKRJ on or about February 24, 2012. The Loan Referral
24 Agreement provided that BKRJ would refer borrowers to Wheels Financial on a “Pay per Deal
25 basis.” Borrower was defined as “any person or entity, including a co-borrower, who is interested in
26 obtaining a loan and to whom or to which *REFERRER proposes to obtain a viable application for*
27 *such loan.*” (emphasis added) BKRJ is not licensed to broker or lend in California under the CFLL
28 nor does BKRJ meet any of the exemptions set forth in California Code of Regulations, title 10,

1 section 1451, subdivision (c). Wheels Financial made payments to BKRJ in 2013.

2 25. The regulatory examination disclosed that CB Gilmore, Inc. dba Cash Now (“CB
3 Gilmore”) referred loans to Wheels Financial between January 10, 2013 and August 31, 2013. The
4 regulatory examination further revealed a Loan Referral Agreement entered into between Wheels
5 Financial and CB Gilmore on or about November 11, 2011. The Loan Referral Agreement provided
6 that CB Gilmore would refer borrowers to Wheels Financial on a “Pay per Deal basis.” Borrower
7 was defined as “any person or entity, including a co-borrower, who is interested in obtaining a loan
8 and to whom or to which *REFERRER proposes to obtain a viable application for such loan.*”
9 (emphasis added) CB Gilmore was not licensed to broker or lend in California under the CFLL until
10 December 31, 2013 nor did CB Gilmore meet any of the exemptions set forth in California Code of
11 Regulations, title 10, section 1451, subdivision (c) prior to December 31, 2013. Wheels Financial
12 stated that it only compensated CB Gilmore after CB Gilmore became licensed under the CFLL².
13 However, documents obtained during the regulatory examination disclosed that Wheels Financial
14 made payments to CB Gilmore during early 2013 for loan referrals occurring in 2012 through May
15 2013. Moreover, despite withholding further payment until after licensure, payments to CB Gilmore
16 made in January 2014 was for referrals performed by CB Gilmore during an unlicensed period, and
17 any payment for such unlicensed activity, despite later licensure by CB Gilmore, remains a violation
18 of California Code of Regulations, title 10, section 1451, subdivision (c).

19 26. The regulatory examination disclosed that Ian Douglas dba Title Loan Shop (“Ian
20 Douglas”) referred loans to Wheels Financial in 2013. The regulatory examination further revealed
21 a Loan Referral Agreement entered into between Wheels Financial and Ian Douglas³ on or about
22 November 21, 2012. The Loan Referral Agreement provided that Ian Douglas would refer
23 borrowers to Wheels Financial on a “Pay per Deal basis.” Borrower was defined as “any person or
24 entity, including a co-borrower, who is interested in obtaining a loan and to whom or to which
25 *REFERRER proposes to obtain a viable application for such loan.*” (emphasis added) Wheels

26 _____
27 ² Wheels Financial violated Financial Code section 22170, subdivision (a) by representing to the Commissioner that it
only compensated CB Gilmore after it became licensed under the CFLL in that the statement was untrue.

28 ³ The Loan Referral Agreement was actually entered into with Global Dev Corp dba Brian Simmons, but Wheels
Financial represented that Title Loan Shop has always been the name of the company, but that Ian Douglas was the
contact now instead of Brian Simmons.

1 Financial made payments to Ian Douglas in 2013 and 2014. Ian Douglas is not licensed to broker or
2 lend in California under the CFLL nor does Ian Douglas meet any of the exemptions set forth in
3 California Code of Regulations, title 10, section 1451, subdivision (c). Wheels Financial also
4 violated Financial Code sections 22159, subdivision (b) and 22170, subdivision (a) in that the Loan
5 Report submitted to the Commissioner misrepresented who the originating partner and originating
6 store were with respect to Ian Douglas referrals.

7 27. The regulatory examination disclosed that Wheels Financial paid Just Pawn It, Inc.
8 dba Super Xpress Pawn (“Just Pawn It”) commissions in 2013 and in 2014. The regulatory
9 examination revealed an unsigned/undated Auto Equity Loan Generation Agreement between
10 Wheels Financial and Just Pawn It. The Auto Equity Loan Generation Agreement provided that Just
11 Pawn It would assign loans secured by motor vehicles to Wheels Financial. The loans were to be
12 “purchased” by Wheels at 100% of the unpaid balance exclusive of finance charges. Further all such
13 loans were to be made on forms provided by Wheels Financial. However, the monthly amounts paid
14 by Wheels Financial to Just Pawn It during 2013 and 2014, and the notations on the checks to Just
15 Pawn It, do not support a finding that Wheels Financial was “purchasing” loans from Just Pawn It,
16 but that Wheels Financial was paying referrals fees. Just Pawn It is not licensed to broker or lend in
17 California under the CFLL nor does Just Pawn It meet any of the exemptions set forth in California
18 Code of Regulations, title 10, section 1451, subdivision (c).

19 28. The regulatory examination disclosed that CallLocal, Inc. (“CallLocal”) referred
20 loans to Wheels Financial between January 2013 and December 2014. The only contract Wheels
21 Financial provided during the regulatory examination between itself and CallLocal was an Insertion
22 Order entered into on or about June 27, 2012. The Insertion Order provided that Wheels Financial
23 would pay CallLocal sums per telephone call received by Wheels Financial. The Insertion Order did
24 not specify any details. However, the regulatory examination disclosed that Wheels Financial was
25 paying CallLocal an amount per funded loan except as noted below, indicating that CallLocal was
26 referring loans to Wheels Financial. CallLocal is not licensed to broker or lend in California under
27 the CFLL nor does CallLocal meet any of the exemptions set forth in California Code of
28 Regulations, title 10, section 1451, subdivision (c). The regulatory examination also disclosed that

1 during several months in 2014, Wheels Financial was allegedly paying CallLocal in excess of the
2 contracted amount. Accordingly, there were either other agreements in place between Wheels
3 Financial and Call Local that Wheels Financial failed to provide to the Commissioner in violation of
4 Financial Code section 22170, subdivision (a), or Wheels Financial failed to maintain records that
5 would allow the Commissioner to determine compliance in violation Financial Code section 22156.
6 Wheels Financial also violated Financial Code sections 22159, subdivision (b) and 22170,
7 subdivision (a) in that the Loan Report submitted to the Commissioner misrepresented who the
8 originating partner and originating store were with respect to CallLocal referrals.

9 29. The regulatory examination disclosed that Prime Lead, Inc. (“Prime Lead”) referred
10 loans to Wheels Financial between March 2013 and May 2013. However, the only contract Wheels
11 Financial provided during the regulatory examination between itself and Prime Lead was an
12 Insertion Order entered into on or about August 1, 2013. The Insertion Order stated it was for
13 clicks/redirects, but provided no other details including how much Wheels Financial would pay
14 Prime Lead. The regulatory examination disclosed that Wheels Financial was paying Prime Lead
15 per funded loan in early 2013, indicating that Prime Lead was referring loans to Wheels Financial.
16 Prime Lead is not licensed to broker or lend in California under the CFLL nor does Prime Lead meet
17 any of the exemptions set forth in California Code of Regulations, title 10, section 1451, subdivision
18 (c). Wheels Financial represented that the August 1, 2013 Insertion Order was the only agreement
19 with Prime Lead. Accordingly, there were either other agreements in place between Wheels
20 Financial and Prime Lead that Wheels Financial failed to provide to the Commissioner in violation
21 of Financial Code section 22170, subdivision (a) or Wheels Financial failed to maintain records that
22 would allow the Commissioner to determine compliance in violation Financial Code section 22156.
23 Wheels Financial also violated Financial Code sections 22159, subdivision (b) and 22170,
24 subdivision (a) in that the Loan Report submitted to the Commissioner misrepresented who the
25 originating partner and originating store were with respect to Prime Lead referrals.

26 30. The regulatory examination disclosed that Premier Services (“Premier”) referred
27 loans to Wheels Financial between January 2013 and August 2013. The only contract Wheels
28 Financial provided during the regulatory examination between itself and Premier was an Insertion

1 Order entered into on or about September 1, 2013. The Insertion Order stated it was for
2 clicks/redirects, but provided no other details including how much Wheels Financial would pay
3 Premier. The regulatory examination revealed that Wheels Financial was not only doing business
4 with Premier prior to September 1, 2013, but also disclosed that Wheels Financial was paying
5 Premier per funded loan in January, February, and August 2013, indicating that Wheels Financial
6 was paying Premier for loan referrals. Premier is not licensed to broker or lend in California under
7 the CFLL nor does Premier meet any of the exemptions set forth in California Code of Regulations,
8 title 10, section 1451, subdivision (c). Wheels Financial represented that the September 1, 2013
9 Insertion Order was the only agreement with Premier. Accordingly, there were either other
10 agreements in place between Wheels Financial and Premier that Wheels Financial failed to provide
11 to the Commissioner in violation of Financial Code section 22170, subdivision (a) or Wheels
12 Financial failed to maintain records that would allow the Commissioner to determine compliance in
13 violation Financial Code section 22156. Wheels Financial also violated Financial Code sections
14 22159, subdivision (b) and 22170, subdivision (a) in that the Loan Report submitted to the
15 Commissioner misrepresented who the originating partner and originating store were with respect to
16 Premier referrals.

17 31. The regulatory examination disclosed that Performance Entertainment Group
18 (“Performance”) referred loans to Wheels Financial between April 2013 and November 2013. The
19 only contract Wheels Financial provided during the regulatory examination between itself and
20 Performance was an Insertion Order entered into on or about November 1, 2013. The Insertion
21 Order stated it was for clicks/redirects, but provided no other details including how much Wheels
22 Financial would pay Performance. The regulatory examination revealed that Wheels Financial was
23 not only doing business with Performance prior to November 1, 2013, but that Wheels Financial was
24 paying Performance per funded loan in June, July and November 2013, indicating that Wheels
25 Financial was paying Performance for loan referrals. Performance is not licensed to broker or lend
26 in California under the CFLL nor does Performance meet any of the exemptions set forth in
27 California Code of Regulations, title 10, section 1451, subdivision (c). Wheels Financial represented
28 that the November 1, 2013 Insertion Order was the only agreement with Performance. Accordingly,

1 there were either other agreements in place between Wheels Financial and Performance that Wheels
2 Financial failed to provide to the Commissioner in violation of Financial Code section 22170,
3 subdivision (a) or Wheels Financial failed to maintain records that would allow the Commissioner to
4 determine compliance in violation Financial Code section 22156. Wheels Financial also violated
5 Financial Code sections 22159, subdivision (b) and 22170, subdivision (a) in that the Loan Report
6 submitted to the Commissioner misrepresented who the originating partner and originating store
7 were with respect to Performance referrals.

8 32. The regulatory examination disclosed that StoreFront Lenders, LLC (“StoreFront”)
9 was continuously referring loans to Wheels Financial between January 2013 and December 2014.
10 The only agreement provided to the Commissioner by Wheels Financial regarding StoreFront was a
11 Buyer Agreement dated October 22, 2012 with an Insertion Order also dated October 12, 2012. The
12 Buyer Agreement required StoreFront to provide “leads” to Wheels Financial that are not computer
13 generated and meet the criteria of the Insertion Order. However, the Insertion Order failed to
14 specifically set forth criteria except to note that there was a 100 per day cap on leads and the amount
15 to be paid. A review of StoreFront’s website disclosed that providing leads to lenders included the
16 consumer completing an online application before the consumer is shown the lender and its location
17 and the consumer is contacted by StoreFront agents to process the loan request, indicating that
18 StoreFront was referring loans to Wheels Financial. Storefront is not licensed to broker or lend in
19 California under the CFLL nor does Storefront meet any of the exemptions set forth in California
20 Code of Regulations, title 10, section 1451, subdivision (c). Wheels Financial represented to the
21 Department that the October 22, 2012 Buyer Agreement and Insertion Order were the only
22 agreements with Storefront. The regulatory examination revealed invoices wherein Wheels
23 Financial was consistently paying StoreFront for more than 100 leads per day. Additionally,
24 StoreFront Lender, pursuant to subpoena, provided the Department with a Loan Referral Agreement
25 it entered into with Wheels Financial on or about January 17, 2014. The Loan Referral Agreement
26 provided that StoreFront Lender would refer borrowers to Wheels Financial on a “Pay per Deal
27 basis.” Borrower was defined as “any person or entity, including a co-borrower, who is interested in
28 obtaining a loan and to whom or to which *REFERRER proposes to obtain a viable application for*

1 *such loan.*” (emphasis added) Accordingly, there were either other agreements in place between
2 Wheels Financial and StoreFront that Wheels Financial failed to provide to the Commissioner in
3 violation of Financial Code section 22170, subdivision (a) or Wheels Financial failed to maintain
4 records that would allow the Commissioner to determine compliance in violation Financial Code
5 section 22156.

6 33. According to its records, Wheels Financial paid The Auto Funding, LLC (“Auto
7 Funding”) referral fees in 2013. The regulatory examination revealed a Loan Referral Agreement
8 entered into between Wheels Financial and Auto Funding on or about March 20, 2013. The Loan
9 Referral Agreement provided that Auto Funding would refer borrowers to Wheels Financial on a
10 “Pay per Deal basis.” Borrower was defined as “any person or entity, including a co-borrower, who
11 is interested in obtaining a loan and to whom or to which *REFERRER proposes to obtain a viable*
12 *application for such loan.*” (emphasis added) Auto Funding is not licensed to broker or lend in
13 California under the CFLL nor does Auto Funding meet any of the exemptions set forth in California
14 Code of Regulations, title 10, section 1451, subdivision (c).

15 34. According to its records, Wheels Financial paid EZ 2 CASH (“EZ”) referrals fees in
16 2014. The regulatory examination revealed two Loan Referral Agreements entered into between
17 Wheels Financial and EZ, with the most recent dated on or about February 29, 2012. The Loan
18 Referral Agreement provided that EZ would refer borrowers to Wheels Financial on a “Pay per Deal
19 basis.” Borrower was defined as “any person or entity, including a co-borrower, who is interested in
20 obtaining a loan and to whom or to which *REFERRER proposes to obtain a viable application for*
21 *such loan.*” (emphasis added) EZ is not licensed to broker or lend in California under the CFLL nor
22 does EZ meet any of the exemptions set forth in California Code of Regulations, title 10, section
23 1451, subdivision (c).

24 35. According to its records, Wheels Financial paid Money Market Financial, Inc.
25 (“Money Market”) referrals fees in 2014. The regulatory examination revealed a Loan Referral
26 Agreement and an Auto Equity Loan Generation Agreement between Wheels Financial and Money
27 Market dated on or about September 28, 2011. The Loan Referral Agreement provided that Money
28 Market would refer borrowers to Wheels Financial on a “Pay per Deal basis.” Borrower was defined

1 as “any person or entity, including a co-borrower, who is interested in obtaining a loan and to whom
2 or to which *REFERRER proposes to obtain a viable application for such loan.*” (emphasis added)
3 The Auto Equity Loan Generation Agreement provided that Money Market would assign loans
4 secured by motor vehicles to Wheels Financial. The loans were to be “purchased” by Wheels at
5 100% of the unpaid balance exclusive of finance charges. Further all such loans were to be made on
6 forms provided by Wheels Financial. Money Market is not licensed to broker or lend in California
7 under the CFLR nor does Money Market meet any of the exemptions set forth in California Code of
8 Regulations, title 10, section 1451, subdivision (c).

9 **D. Books and Records Violations**

10 36. Financial Code section 22156 provides in pertinent part:

11 Finance lender, broker, and mortgage loan originator licensees shall
12 keep and use in their business, books, accounts, and records which
13 will enable the commissioner to determine if the licensee is complying
14 with the provisions of this division and with the rules and regulations
15 made by the commissioner. . . .

16 37. Financial Code section 22170, subdivision (a) provides:

17 (a) It is unlawful for any person to knowingly alter, destroy, mutilate,
18 conceal, cover up, falsify, or make a false entry in any record, document,
19 or tangible object with the intent to impede, obstruct, or influence the
20 administration or enforcement of any provision of this division.

21 38. According to its records, Wheels Financial paid LeadsMarket.com, LLC
22 (“LeadsMarket”) in 2013 and in 2014. During the regulatory examination, the Commissioner
23 requested that Wheels Financial provide all agreements entered into with LeadsMarket. The only
24 agreement Wheels Financial provided in response was an Insertion Order dated March 4, 2014. The
25 Insertion Order provided certain information regarding pricing, but provided little detail as to how
26 the parties defined “data set”. Wheels Financial represented that the March 4, 2014 Insertion Order
27 was the only agreement with LeadsMarket. The regulatory examination revealed that Wheels
28 Financial was not only doing business with LeadsMarket prior to March 4, 2014, but also disclosed
that Wheels Financial was consistently paying LeadsMarket for “clicks.” The March 4, 2014
Insertion Order did not provide payment for “clicks”. Accordingly, there were either other
agreements in place between Wheels Financial and LeadsMarket that Wheels Financial failed to

1 provide to the Commissioner in violation of Financial Code section 22170, subdivision (a) or
2 Wheels Financial failed to maintain records that would allow the Commissioner to determine
3 compliance in violation Financial Code section 22156.

4 39. According to its records, Wheels Financial paid D and D Marketing, Inc. dba T3
5 Leads (“T3 Leads”) in 2014. During the regulatory examination, the Commissioner requested
6 Wheels Financial provide all agreements entered into with T3 Leads. The only agreements Wheels
7 Financial provided in response was an Advertiser Agreement and Insertion Order dated February 5,
8 2014. Pursuant thereto, T3 Leads was to provide advertising campaigns for Wheels Financial to
9 include: “banners, buttons, text-links, clicks, co-registrations, pop-ups, pop-unders, e-mails, graphic
10 files, and similar online media In connection with such campaigns, Advertiser (Wheels
11 Financial) shall pay T3 Leads depending upon the number of valid clicks, impressions (“CPM”),
12 sales/actions, applications, leads (“Leads”) or such other compensable activities generated on behalf
13 of advertiser as set forth in the subject IO” Neither the Advertiser Agreement nor the Insertion
14 Order gave any information as to payment terms, except due date. The failure of Wheels Financial
15 to adequately document critical terms with T3 Leads was a violation of Financial Code section
16 22156 in that it has impeded the Commissioner’s ability to determine if Wheels Financial was in
17 compliance with the CFLL, in particular, California Code of Regulations, title 10, section 1451,
18 subdivision (c).

19 40. According to its records, Wheels Financial paid SouthSide Pawn (“SouthSide”)
20 referral fees/commissions in 2013 and 2014. The Commissioner requested that Wheels Financial
21 provide the agreement(s) between itself and SouthSide. Wheels represented that it could not comply
22 with the request because it did not have an agreement for SouthSide in its possession, custody or
23 control and could not determine if such an agreement ever existed. Accordingly, Wheels Financial
24 violated Financial Code section Financial Code section 22156 in that its failure to document its
25 relationship with SouthSide and/or maintain a copy of the agreement, has impeded the
26 Commissioner’s ability to determine if Wheels Financial was in compliance with the CFLL, in
27 particular, California Code of Regulations, title 10, section 1451, subdivision (c).
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IV

Suspension Statute

41. 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. . . .

V

Prayer

The Commissioner finds that, by reason of the foregoing, Respondent Wheels Financial Group, LLC has violated Financial Code sections 22100, 22155, 22156, 22161, and 22170, subdivision (a), California Code of Regulations, title 10, sections 1451, subdivision (c) and 1557, and an order of the Commissioner and it is in the best interests of the public to suspend the finance lender license of Respondent Wheels Financial Group, LLC for a period up to 12 months.

WHEREFORE, IT IS PRAYED that the finance lender license of Respondent Wheels Financial Group, LLC be suspended for a period up to 12 months.

Dated: February 27, 2017
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Counsel
Enforcement Division