

1 STATE OF CALIFORNIA  
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY  
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: Wilshire Commercial Capital, LLC  
5 4727 Wilshire Blvd., Suite #100  
6 Los Angeles, CA 90010

7 DESIST AND REFRAIN ORDER  
8 (For violations of Financial Code section 22156 and California Code of Regulations, Title 10,  
9 Section 1451)

10 The Commissioner of Business Oversight (Commissioner) finds that:

11 1. Wilshire Commercial Capital, LLC d.b.a. 1800cartitle.com and Wilshire Consumer  
12 Credit (WCC) is a finance lender and broker licensed by the Commissioner pursuant to the California  
13 Financing Law<sup>1</sup>, Financial Code section 22000 *et seq.* (CFL).

14 2. WCC’s main office is located at 4727 Wilshire Blvd., Suite #100, Los Angeles, CA  
15 90010.

16 3. On or around June 17, 2015, the Commissioner commenced a regulatory examination  
17 of WCC pursuant to Financial Code section 22701 (June 2015 Regulatory Exam). The June 2015  
18 Regulatory Exam disclosed that from at least 2012 through 2014, WCC compensated unlicensed  
19 persons or companies who were not employees regularly employed at WCC’s licensed place of  
20 business for soliciting or accepting applications for loans. A report provided by WCC dated named  
21 the “WCC Loan Report from Polar” (Polar Report) for all loans made during the period of March 1,  
22 2012 through March 13, 2015, revealed that 9,198 out of 29,080 loans made by WCC were referred  
23 by persons that were not licensed as a broker under the CFL.

24 //

25 \_\_\_\_\_

26 <sup>1</sup> “Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the “California Financing Law.” (Assem.  
27 Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this document, a reference to the California Finance Lenders Law means  
28 the California Finance Lenders Law before October 4, 2017 and the California Financing Law on and after that date. (Cal. Fin. Code, §  
22000.)”

1           4.       The Commissioner, on September 22, 2016, made a formal demand on WCC (2016  
2 Demand) to produce, among other information, all agreements, invoices and payments related to  
3 referrals or leads to determine the full extent of unlicensed persons or companies that WCC paid for  
4 loan referrals. WCC produced documents to the Commissioner in response to the 2016 Demand,  
5 including a Referral Payments Report (Payment Report), which disclosed that 252 out of the 268  
6 persons or companies who WCC paid for loan referrals did not have a broker license under the CFL.  
7 However, WCC failed to provide the following documents in connection with the 2016 Demand:

8           a.       Agreements. WCC was only able to produce agreements for 15 out of the 268 persons  
9 or companies that WCC identified they compensated for loan referrals. In addition, WCC was only  
10 able to produce a one-page “Lead Source Introduction Form” for 67 person or companies and WCC  
11 was unable to produce any agreement for the remaining persons or companies.

12           b.       Invoices and Evidence of Payment. WCC failed to provide any invoices for the  
13 payments that were made by WCC to the unlicensed persons or companies identified in the Payment  
14 Report. Furthermore, WCC also failed to provide full evidence of payments that were made to the  
15 unlicensed persons or companies in the Payment Report, preventing the Commissioner from getting  
16 an accurate accounting of whom WCC is compensating for loan referrals. For example, a company  
17 that was listed on WCC’s Polar Report as providing loan referrals to WCC, did not appear on the  
18 Payment Report as receiving compensation from WCC.

19           5.       WCCs failure to provide the full books and records in response to the 2016 Demand  
20 impedes the Commissioner’s ability to determine whether WCC is in compliance with the CFL, in  
21 particular, California Code of Regulations, title 10, section 1451.

22           6.       A review of the 15 agreements produced by WCC in response to the 2016 Demand  
23 revealed that between 2012-2016, WCC compensated unlicensed persons or companies who were not  
24 employees regularly employed at WCC’s licensed place of business for soliciting or accepting  
25 applications for loans, through contract arrangements, including but not limited to the following:

26           a.       In 2007, WCC entered into an agreement with an unlicensed company not  
27 regularly employed at WCC’s licensed place of business, whereby WCC would share the interest  
28 income of “all loans referred to WCC” by the unlicensed company. Furthermore, the unlicensed

1 company also agrees to, "... provide full and complete information to WCC with respect to any  
2 referral and to refer to WCC only those Applications which Partner reasonably believes will be  
3 acceptable to WCC according to WCC's standards..."

4           b.       In 2014, WCC entered into an agreement with an unlicensed company not  
5 regularly employed at WCC's licensed place of business, whereby WCC would pay the unlicensed  
6 company a "Closed Loan Fee" for each loan "originated" through the unlicensed company's website.

7           c.       In 2012, WCC entered into an agreement with an unlicensed company not  
8 regularly employed at WCC's licensed place of business, whereby WCC would pay the unlicensed  
9 company a "commission" for the unlicensed company's referral of "Applicants." Furthermore, the  
10 unlicensed company also agrees to, "... provide full and complete information to WCC and refer only  
11 those Applications which Partner reasonably believes will be acceptable to WCC according to  
12 WCC's underwriting standards..."

13           d.       In 2016, WCC entered into an agreement with an unlicensed company not  
14 regularly employed at WCC's licensed place of business, whereby WCC would pay the unlicensed  
15 company a "commission" for the unlicensed company's referral of "Leads." Furthermore, the  
16 unlicensed company also agrees to, "... provide full and complete information to WCC."

17           e.       In 2009, WCC entered into an agreement with an unlicensed company not  
18 regularly employed at WCC's licensed place of business, whereby WCC would share the interest  
19 income of "all loans referred to WCC" by the unlicensed company. Furthermore, the unlicensed  
20 company also agrees to, "... provide full and complete information to WCC with respect to any  
21 referral and to refer to WCC only those Applications which [omitted] reasonably believes will be  
22 acceptable to WCC according to WCC's standards..."

23           f.       In 2015, WCC entered into an agreement with an unlicensed company not  
24 regularly employed at WCC's licensed place of business, whereby WCC would pay the unlicensed  
25 company a "commission" for the unlicensed company's referral of "Leads." Furthermore, the  
26 unlicensed company also agrees to, "... provide full and complete information to WCC with respect  
27 to any referral and refer only those Leads which Partner reasonably believes will be acceptable to  
28 WCC according to WCC's underwriting standards..."

1           g.       In 2013, WCC entered into an agreement with an unlicensed company not  
2 regularly employed at WCC’s licensed place of business, whereby WCC would pay the unlicensed  
3 company a “commission” for the unlicensed company’s referral of “Applicants.” Furthermore, the  
4 unlicensed company also agrees to, “... provide full and complete information to WCC with respect  
5 to any referral and refer to WCC only those Applicants which Partner reasonably believes will be  
6 acceptable to WCC according to WCC’s underwriting standards...”

7           h.       In 2013, WCC entered into an agreement with an unlicensed company not  
8 regularly employed at WCC’s licensed place of business, whereby WCC would pay the unlicensed  
9 company a “commission” for the unlicensed company’s referral of “Leads.” Furthermore, the  
10 unlicensed company also agrees to, “... provide full and complete information to WCC and refer only  
11 those Leads which Partner reasonably believes will be acceptable to WCC...”

12           i.       In 2013, WCC entered into an agreement with an unlicensed company not  
13 regularly employed at WCC’s licensed place of business, whereby WCC would pay the unlicensed  
14 company a “commission” for the unlicensed company’s referral of “Applicants.” Furthermore, the  
15 unlicensed company also agrees to “... provide full and complete information to WCC and refer only  
16 those Applicants which Partner reasonably believes will be acceptable to WCC according to WCC’s  
17 underwriting standards...”

18           j.       In 2014, WCC entered into an agreement with an unlicensed company not  
19 regularly employed at WCC’s licensed place of business, whereby WCC would pay the unlicensed  
20 company a “commission” for the unlicensed company’s referral of “Leads.” Furthermore, the  
21 unlicensed company also agrees to “... provide full and complete information to WCC and refer only  
22 those Leads which Partner reasonably believes will be acceptable to WCC according to WCC’s  
23 underwriting standards...”

24           7.       The Commissioner is authorized to pursue administrative actions and remedies against  
25 persons and licensees who engage in violations of the CFL.

26 //

27 //

28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

8. Financial Code section 22156, provides, in pertinent part that:

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

9. California Code of Regulations, title 10, section 1451, subsection (c) provides, in pertinent part:

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 . . . .

10. Financial Code section 22712, subdivision (a) provides, in pertinent part:

Whenever, in the opinion of the commissioner, . . . any licensee violates any provision of this division, any provision of an order, or any regulation adopted pursuant to this division, the commissioner may order that person or licensee to desist and to refrain from engaging in the business or further continuing that violation. If, within 30 days after the order is served, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded . . . .

Based on the foregoing, the Commissioner of Business Oversight is of the opinion that Wilshire Commercial Capital, LLC d.b.a. 1800cartitle.com and Wilshire Consumer Credit violated Financial Code section 22156 by failing to maintain books and records that allow the Commissioner to determine if Wilshire Commercial Capital, LLC d.b.a. 1800cartitle.com and Wilshire Consumer Credit is complying with the CFL and violated California Code of Regulations, title 10, section 1451, by paying compensation to unlicensed persons or companies who were not employees regularly employed at its licensed place of business for soliciting or accepting applications for loans.

Pursuant to Financial Code section 22712, Wilshire Commercial Capital, LLC d.b.a. 1800cartitle.com and Wilshire Consumer Credit, is hereby ordered to desist and refrain from violating Financial Code section 22156 and California Code of Regulations, title 10, section 1451.

///

1           This Order is necessary, in the public interest and consistent with the purposes, policies, and  
2 provisions of the California Financing Law. This Order shall remain in full force and effect until  
3 further order of the Commissioner.

4  
5 Dated: May 10, 2018  
6           Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

8  
9 By: \_\_\_\_\_  
10           MARY ANN SMITH  
11           Deputy Commissioner  
12           Enforcement Division  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28