

FINAL STATEMENT OF REASONS
FOR THE ADOPTION OF RULES UNDER THE
CORPORATE SECURITIES LAW OF 1968
CALIFORNIA FINANCE LENDERS LAW
CALIFORNIA RESIDENTIAL MORTGAGE LENDING ACT
SECURITIES DEPOSITORY LAW

As required by Section 11346.9 of the Government Code, the Commissioner of Business Oversight (Commissioner) sets forth below the reasons for the adoption of amendments to Sections 260.210, 260.211 and 260.211.1 to Article 8, and Section 260.231 to Article 10, of Subchapter 2; Sections 1422, 1422.7 and 1423 to Article 2, and Sections 1581 and 1582 to Article 13, of Subchapter 6; Section 1805.204 to Subchapter 11, and Section 1950.122.8 to Article 2, of Subchapter 11.5; and adoption of Section 1430 to Article 3 of Subchapter 6, of Title 10 of the California Code of Regulations (10 C.C.R. Sections 260.210, 260.211, 260.211.1, 260.231, 1422, 1422.7, 1423, 1430, 1581, 1582, 1805.204, and 1950.122.8).

Effective July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight, in accordance with the Governor's Reorganization Plan 2 (GRP 2, 2012), a reorganization of state departments and agencies to provide services more efficiently and effectively. The Department of Business Oversight has all of the powers, authority, enforcement, jurisdiction, laws and regulations that were under the former Department of Corporations and former Department of Financial Institutions.

The GRP 2 was a proposal by the Governor to restructure government organization in an effort to make government more efficient and less costly by reducing and merging state departments and agencies. GRP 2 reduces the number of state agencies from 12 to 10 and eliminates or consolidates several departments and entities. The Governor's plan was unanimously approved by the Little Hoover Commission, became effective in July 2012, and became operative on July 1, 2013. Among the departments affected by the GRP 2, the Department of Corporations was consolidated with the Department of Financial Institutions to form the Department of Business Oversight.

The Department of Business Oversight licenses and regulates businesses engaged in financial transactions that were under the former Department of Corporations, such as mortgage loan originators, finance lenders, securities broker-dealers, investment advisers and securities depositories.

UPDATED INFORMATIVE DIGEST [Government Code section 11346.9(b)]

This regulatory action 1) amends the application forms, information practices and privacy notices under the Corporate Securities Law of 1968, the California Finance Lenders Law, the California Residential Mortgage Lending Act and the Securities Depository Law to notify applicants and licensees that the Department of Business Oversight may deny or suspend licenses issued to individuals and businesses for failure to pay their California state tax obligation, and requests federal taxpayer identification numbers from business entities for the purpose of identifying delinquent business taxpayers, 2) changes the license application form under the California Finance Lenders Law to allow operating

subsidiaries of federally chartered banks or financial institutions to obtain licensure, 3) clarifies the reporting of past criminal acts and other violations in the license application under the California Finance Lenders Law, 4) amends the California Finance Lenders Law application to eliminate self-certification of investor status, and 5) adopts the annual report form under the California Finance Lenders Law.

In addition, this regulatory action makes non-substantive changes throughout the proposed text to amend the references to the Commissioner of Corporations to the Commissioner of Business Oversight, the California Corporations Commissioner to the Commissioner of Business Oversight, the Department of Corporations to the Department of Business Oversight, and the Department's former website www.corp.ca.gov to the Department's new website www.dbo.ca.gov; and other non-substantive changes related to editing.

The Department of Business Oversight amended some of the proposed rules in this action in response to recommendations received during the 45-day comment period.

Deny or Suspend Licenses of Delinquent Taxpayers

This regulatory action amends the application forms, information practices and privacy notices under the Corporate Securities Law of 1968, the California Finance Lenders Law, the California Residential Mortgage Lending Act and the Securities Depository Law to request federal taxpayer identification numbers from business entities for the purpose of identifying delinquent business taxpayers, inform applicants and licensees in license applications that their licenses may be suspended if they fail to pay their state tax obligation, and notify applicants in the notices that their social security numbers and federal taxpayer identification numbers will be used to identify certain delinquent taxpayers for the purposes of denying or suspending their licenses.

Assembly Bill 1424 (Chap. 455, Statutes of 2011) provides that state governmental licensing entities shall adopt regulations as necessary to implement the new provisions concerning denying or suspending licenses of delinquent taxpayers (Business and Professions Code Section 494.5, subdivision (p)). The proposed changes in the regulatory action are necessary to ensure continued compliance under state and federal information privacy laws, and to conform to new state requirements under Assembly Bill 1424.

The Department of Business Oversight licenses broker dealers, agents of broker dealers and investment advisers under the Corporate Securities Law of 1968; lenders, servicers and brokers under the California Finance Lenders Law and the California Residential Mortgage Lending Act; and securities depositories under the Securities Depository Law. These licensees include individuals (sole proprietors) and business entities.

Assembly Bill 1424 requires state licensing agencies that issue professional or occupational licenses, certificates, registrations, or permits, to suspend or refuse to issue a license when an applicant's or licensee's name is on either the State Board of Equalization's or the Franchise Tax Board's list of the 500 largest tax delinquencies. Among other things, the law requires state licensing agencies such as the Department of Business Oversight to collect social security numbers or federal taxpayer identification

numbers from individuals and business entities who apply for or renew a license, and match the information to the names on the tax delinquencies lists; amend license and renewal license application forms to inform applicants and licensees that their licenses may be suspended if they fail to pay their state tax obligation; and notify applicants and licensees prior to denying or suspending a license.

The Department of Business Oversight already has similar responsibilities, including requesting social security numbers from individuals (but not business entities) applying for or renewing licenses under Family Code section 17520 concerning child support. Assembly Bill 1424 increases the Department of Business Oversight's responsibilities because in addition to checking social security numbers of individuals, the bill requires the Department of Business Oversight to also request and check federal taxpayer identification numbers of business entities.

Assembly Bill 1424 requires license applications forms of state licensing agencies to include a statement notifying applicants that their licenses may be suspended if they later fail to pay their state tax obligation and requires the Department of Business Oversight to obtain federal taxpayer identification numbers from business entities for purposes of identifying delinquent business taxpayers. Accordingly, the applications forms under the Corporate Securities Law of 1968 (10 CCR Section 260.231), the California Finance Lenders Law (10 CCR Sections 1422, 1423, 1581, and 1582) and the Securities Depository Law (10 CCR Section 1805.204) need to be amended to comply with Assembly Bill 1424.

In addition, the California Information Practices Act of 1977 (Civil Code section 1798.17) and the Federal Privacy Act of 1974 (5 U.S.C. § 552a) require the Department of Business Oversight when requesting personal information, including social security numbers, to notify individuals about whether disclosure of a social security number is voluntary or mandatory and what uses will be made of the information. The Department of Business Oversight currently requests social security numbers from individuals in license application forms.

The information practices and privacy notices are included in or as an attachment to license application forms, or in the regulations concerning national uniform application forms. To remain in compliance with California and federal information privacy laws, the notices in the regulations under the Corporate Securities Law of 1968 (10 CCR Sections 260.210, 260.211, 260.211.1 and 260.231), the California Finance Lenders Law (10 CCR Section 1422.7), and the California Residential Mortgage Lending Act (10 CCR Section 1950.122.8) must be amended to inform applicants that their social security numbers and federal taxpayer identification numbers will be used to identify certain delinquent taxpayers for purposes of denying or suspending licenses.

The Department of Business Oversight also licenses deferred deposit originators under the California Deferred Deposit Transaction Law and escrow agents under the Escrow Law. The application forms in the regulations under these laws also require amendments to conform to Assembly Bill 1424 and these same changes are being proposed in another Department regulatory action.

Change to License Application for Operating Subsidiaries

This regulatory action amends Section 1422 of the rules, the “Application for a License under the California Finance Lenders Law” (Application), to delete the declaration regarding operating subsidiary status (item number 2 in the Execution Section of the Application), so that an applicant no longer needs to declare that it is not an operating subsidiary of a federally chartered bank or financial institution in order to obtain licensure. This change is necessary because federal law no longer preempts the state from requiring operating subsidiaries of national banks and savings associations to comply with state lending laws.

Under the California Finance Lenders Law, the Department of Business Oversight licenses and regulates finance lenders and brokers conducting business in this state. The California Finance Lenders Law provides that no person shall engage in the business of a finance lender or broker without obtaining a license from the Commissioner (Financial Code section 22100). The California Finance Lenders Law further provides that the application for a finance lender or broker’s license shall be in the form and contain the information that the Commissioner may by rule require (Financial Code section 22101, subdivision (a)). Section 1422 of Title 10 of the California Code of Regulations contains the Department of Business Oversight’s Application. This form is used by applicants seeking to become licensed as finance lenders or brokers.

Prior to the federal Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub.L. No. 111-203) (July 21, 2010) 124 Stat. 1376) (“Dodd-Frank Act”), an appellate court ruled that operating subsidiaries meeting certain requirements and doing business under federal laws relating to national banks were not subject to the licensing provisions of the California Finance Lenders Law. (Wells Fargo Bank N.A. v. Boutris, 419 F.3d 949 (CA9 2005).) As a result, the Department of Business Oversight amended the Application for a license under the California Finance Lenders Law in 2007 to include a requirement that the applicant sign a declaration that the applicant is not an operating subsidiary of a federally chartered bank. However, the Dodd-Frank Act effectively ended preemption for operating subsidiaries, agents and affiliates of national banks and federal savings associations (12 U.S.C.S. § 25(b)). Effective July 21, 2011, operating subsidiaries of national banks and thrifts are no longer preempted from state licensing laws.

Currently in the regulations under the California Finance Lenders Law, the applicant is required to sign a declaration in the Application, providing among other things, “[t]hat the applicant is not an operating subsidiary of a federally chartered bank or financial institution that is subject to oversight by the federal regulatory agency in accordance with federal law (12 U.S.C. §1 et seq.).” The change in this regulatory action will delete this statement as a result of the change in federal preemption law.

Clarify When to Report Past Criminal Acts and Other Violations in the California Finance Lenders Law Application

The regulatory action amends question number 7 of the Application to clarify that disclosure in the Application is 1) limited to the past 10 years for criminal convictions or acts involving dishonesty, fraud or deceit, and 2) not limited to any time period for

violations of the California Finance Lenders Law or regulations, or other similar regulatory schemes, e.g., applicants must report any and all of these violations. The change is necessary to ensure that applicants understand the disclosure requirements and the Department of Business Oversight receives complete information in deciding whether to issue or deny an application.

Under the California Finance Lenders Law, the Commissioner may deny an application for a finance lender or broker license if the applicant has within the last 10 years been convicted of or pleaded nolo contendere to a crime, or committed an act involving dishonesty, fraud, or deceit substantially related to the qualifications and functions of lending, brokering or servicing of loans under the law, or if the applicant has violated the California Finance Lenders Law or regulations, or other similar regulatory scheme at any time (Financial Code section 22109, subdivision (a)(2) and (3)). Currently, question number 7 does not identify the period of time in which to report on the information and does not make clear that the reporting periods are different for past crimes and acts, and for regulatory violations.

Background Checks on Passive Investors Under the California Finance Lenders Law

The regulatory action deletes from the Application the self-certification for passive investors concerning background investigations. The California Finance Lenders Law requires a background investigation to be conducted on all principal officers, directors, general partners, managing members and persons owning or controlling, directly or indirectly, 10% or more of the outstanding interest or equity securities of the applicant (Financial Code section 22105). If the person directly owning or controlling 10% or more of the applicant is an entity, the entity's principal officers, directors, general partners, managing members and persons owning or controlling 10% or more of that entity are also subject to background investigation under Financial Code section 22105. The purpose of the law is to protect the public by ensuring that applicants and those associated with applicants who are responsible for the lending activities, possess the qualifications, character and fitness to engage in finance lending.

Some entities owning 10% or more of an applicant are merely investors such as pension plans, and are not responsible for the applicant's lending activities. Conducting a background investigation of these "passive" investors is burdensome and costly to the entity, and does not further the intent of the law. Accordingly, the instructions to Exhibit C in the Application were amended in 2007 to permit passive investors to self-certify that they are not responsible for the applicant's lending activities and therefore it is unnecessary to investigate the entity's owners or control persons under Financial Code section 22105.

The self-certification has been subject to abuse by some applicants attempting to use it to evade background investigations or to hide the true identity of the owner(s). Accordingly, the change deleting self-certification for passive investors is necessary because it will make it more difficult to conceal the identity of persons who actually own or are responsible for the lending activities of an applicant, and make it harder for them to evade background checks. The change will continue to provide the Department of Business Oversight with the necessary discretion to waive full background investigations of passive investors when doing so is consistent with the intent of the law.

Adopt Annual Report Form Under the California Finance Lenders Law

The regulatory action adopts the annual report form to Section 1430 of the California Finance Lenders Law rules. Licensees are required to file an annual report on the form prescribed by the Commissioner, by March 15, providing information on business and operations conducted under the California Finance Lenders license (Financial Code section 22159). The information reported in the annual report is used to determine the licensee's compliance with financial requirements and to calculate the amount of the annual assessment owed to the Department of Business Oversight by each licensee. The information reported by licensees in the annual report is also used collectively to publish the Department of Business Oversight's annual report on the operation of finance companies.

The annual reporting requirement is not a new requirement and the Department of Business Oversight, under the former Department of Corporations, has been requiring licensees to file an annual report on the prescribed or similarly prescribed form since at least 1994. The regulatory action merely seeks to correct an oversight by adopting the annual report by rulemaking, and does not impose additional filing or reporting requirements on licensees. The change is necessary to ensure that potential applicants are fully informed of all reporting and disclosure requirements before they decide to apply for a license, and to comply with California's administrative rulemaking requirements.

In addition, this regulatory action makes additional nonsubstantive changes related to grammar, editing, and punctuation in Sections 1422, 1423, 1581, 1582 and 1805.204 of the rules, including renumbering the remaining items in the execution section of the Application.

DETERMINATION OF MANDATE [Government Code Section 11346.9, Subdivision (a)(2)]

The Commissioner has determined that the adoption or amendment of the regulation does not impose a mandate on local agencies or school districts, which requires reimbursement pursuant to Part 7 (commencing with Section 17500) of Division 4 of the Government Code.

ALTERNATIVES CONSIDERED [Government Code Section 11346.9, Subdivision (a)(4)]

No alternative considered by the Department of Business Oversight would be more effective in carrying out the purpose for which the regulation is proposed, would be as effective and less burdensome to affected private persons than the adopted regulation, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

No reasonable alternative considered by the Department of Business Oversight or that have otherwise been identified and brought to the attention of the Department of Business Oversight would be as effective and less burdensome to affected private persons, or would lessen any adverse impact on small business.

ECONOMIC IMPACT ANALYSIS/ASSESSMENT [Government Code Section 11346.9, Subdivision (a)(5)]

The Commissioner has made a determination that the regulatory action empowering the Department of Business Oversight to deny or suspend licenses of delinquent taxpayers will not have a significant adverse impact on business, and may on the contrary have a positive impact on California's general economy, and capital and labor markets. The Franchise Tax Board estimates an annual gain of \$19 million in fiscal year 2011-12, \$24 million in 2012-13, and \$26 million in 2013-14 from Assembly Bill 1424 (Assembly Floor analysis of Assembly Bill 1424, as amended September 2, 2011). In light of the importance of California's economy, and capital and labor markets, this regulation would also likely impact the health and general welfare of California residents. According to the Legislature's analysis, Assembly Bill 1424's provisions balance the state's need to collect taxes with the taxpayers' need to earn a living to pay off their tax debts.

The regulatory changes clarifying information required from an applicant in the application for a finance lender or broker and adopting the existing annual report helps ensure that the Department of Business Oversight receives correct and complete information for regulatory purposes, and better identifies changing economic conditions in the finance lending industry in California. These changes will not create or eliminate jobs, or impact existing businesses. Further, the Department of Business Oversight does not anticipate that the regulatory change allowing bank operating subsidiaries to do business in California under a state license would affect the creation of jobs or impact existing businesses in California. According to informal industry speculation, bank operating subsidiaries may likely restructure to avoid state licensure.

Other than the report cited in this section, the Department of Business Oversight has not relied upon any other reports or facts to support the determination that the regulation will not have a significant adverse economic impact on business, or any other impact described in Government Code Section 11346.3.

ADDENDUM REGARDING PUBLIC COMMENTS

No request for hearing was received during the 45-day public comment period, which ended on January 28, 2013. Accordingly, no hearing was scheduled or held.

COMMENTS RECEIVED DURING THE 45-DAY COMMENT PERIOD [Government Code Section 11346.9, Subdivision (a)(3)]

The Department received three letters commenting on the proposed regulations during the 45-day public comment period. Those comments are summarized below, together with the Department's response concerning how the proposed action has been changed as a result of the objection or recommendation, or the reasons for making no change.

1. Letter dated December 23, 2012, from Conrad J. DeWitte, CD Financial Services.

Comment: The comment recommends the withdrawal of the proposed amendments to question number 7 of the Application under the California Finance Lenders Law, which

limits the reporting of criminal convictions to within the past ten years. The comment states that not requiring disclosure of criminal convictions more than ten years old directly impacts the most fundamental aspect concerning the moral character of license applicants.

Response: No change was made to the proposed amendments. Financial Code section 22109, subdivision (a)(2), provides that the Commissioner may deny an application for a finance lender or broker license if the applicant or other specified person has within the last 10 years, been convicted of or pleaded nolo contendere to a crime, or committed an act involving dishonesty, fraud, or deceit, if the crime or act is substantially related to the qualifications and functions of lending, brokering or servicing loans under the law. Accordingly, the proposed amendments accurately reflect the law on reporting criminal convictions.

Comment: The comment objects to the proposed regulatory action requiring California Finance Lenders Law licensees to act as mini-tax collectors and recommends that this provision be deleted from the text.

Response: No change was made to the proposed amendments. The changes proposed under Assembly Bill 1424 do not require licensees to act as mini-tax collectors. Assembly Bill 1424 imposes duties on state agencies, including the Department of Business Oversight, and not licensees, to suspend or refuse to issue a license when an applicant's or licensee's name is on either the State Board of Equalization's or the Franchise Tax Board's list of the 500 largest tax delinquencies.

2. Letter dated January 23, 2013, received by facsimile, from Paul Leonard, Center for Responsible Lending. The same letter was also received by email, from Caryn Becker, Center for Responsible Lending.

Comment: The comment recommends that the interest rate information collected in Schedule G of the annual report under the California Finance Lenders Law be broken down by each of the loan types and dollar value ranges listed in Schedule E. The comment states that the change would provide the Department of Business Oversight and the public with a better understanding of the range of rates lenders are charging for different kinds of loans.

Response: Schedule G was amended as recommended.

Comment: The comment recommends that the Department of Business Oversight collect and publish information about default rates for each type of loan described above, and make this data (and the interest rate information above) readily available by lender. The comment further indicates that the change will help the Department of Business Oversight and the public better understand the sustainability and affordability of these loans, and identify which lenders are making loans with a high risk of default.

Response: The Department of Business Oversight added a new schedule, Schedule O, to the annual report. Licensees will report information on loan default rates by type of loan in Schedule O. The information in Schedule O has been determined to be of a proprietary business nature and therefore is not available to the public for inspection.

Comment: The comment recommends that the Department of Business Oversight collect data on repossessions in connection with auto title loans and other types of secured loans, which will help the Department of Business Oversight and the public to understand how these loans are impacting consumers.

Response: No change was made to the proposed rules. The Department of Business Oversight already captures repossession data in Schedule N of the annual report.

3. Letter dated January 28, 2013, by email, from Paul Soter, Law Offices of Paul Soter.

Comment: The comment requests that reporting of violations of the California Finance Lenders Law or other similar regulatory schemes in question number 7 of the Application is limited to occurrences in the past 20 years, or since 1995. The comment states that requiring license applicants to disclose all violations of the California Finance Lenders Law or other similar regulatory schemes regardless of how long ago the violation may have been committed is impractical and difficult.

Response: No change was made to the proposed rules. Financial Code section 22109, subdivision (a)(3), provides that the Commissioner may deny an application for a finance lender or broker license if the applicant or specified person has violated the California Finance Lenders Law or regulations, or other similar regulatory scheme. The statute does not set a time period or otherwise limit reporting of the information.

Comment : The comment recommends that the self-certification for passive investors in the Application under the California Finance Lenders Law be retained and to also require applicants to submit an organization chart to determine whether to require additional information from investor-owners. Currently, the applicant's self-certification to the Department makes it unnecessary for an applicant to disclose information about passive investors. The proposed regulations eliminate the applicant's ability to self-certify, and the comment suggests that this will result in long delays in the application review process and create a disincentive for investment and business development in California.

Response: No change was made to the proposed rules. The self-certification was subject to abuse and deleting it from the Application is necessary to ensure regulatory oversight of the applicant and those persons controlling the applicant. Financial Code section 22105 requires a background investigation to be conducted on, among others, persons owning or controlling 10% or more of outstanding interests or equity securities of the applicant.

Comment: The comment requests that the Department of Business Oversight eliminate from the Application instructions under the California Finance Lenders Law the requirement to designate one person as manager for each licensed location and the prohibition against one person from being designated as manager for more than one location. This would permit a licensee to designate a single person as the manager of more than one location.

Response: No change was made to the proposed rules. The Department of Business Oversight is not proposing in this action to amend this existing rule, and therefore the

recommendation is not specifically directed at the Department of Business Oversight's proposed action or to the procedures followed by the Department of Business Oversight in proposing the action.

COMMENTS RECEIVED DURING THE 15-DAY COMMENT PERIOD [Government Code Section 11346.9, Subdivision (a)(3)]

The Department received three letters commenting on the proposed regulations during the 15-day public comment period, which ended on August 29, 2013. Those comments are summarized below, together with the Department's response concerning how the proposed action has been changed as a result of the objection or recommendation, or the reasons for making no change.

1. Commentor: Letter dated August 28, 2013, by email, from Paul Leonard, Center for Responsible Lending.

Comment: The comment reiterates the recommendation made in the January 2013 letter to make lender-specific default data available for public inspection along with the rest of each licensee's annual report.

Response: No change made was made to the proposed rules for the reason discussed above. Financial Code section 22159 provides that the individual annual reports filed by licensees are available for public inspection, except for upon request, the balance sheet in the annual report of a sole proprietor or other nonpublic company, and information of a proprietary business nature under Section 250.10 of Title 10 of the California Code of Regulations.

2. Commentor: Letter dated August 28, 2013, by email, from Natasha Fooman, California Financial Service Providers.

Comment: The comment alternatively proposes as a rule authorizing the Department of Business Oversight to obtain fingerprints and personal information in the Statement of Identity and Questionnaire (SIQ) of any entity related to the license applicant, where the Department of Business Oversight sees a specific need or benefit in requesting the information.

Response: No change was made to the proposed rules. The comment is related to the previous comment made by Paul Soter in his January 2013 letter recommending that the self-certification be retained in the Application under the California Finance Lenders Law. Financial Code section 22105 requires a background investigation to be conducted on, among others, persons owning or controlling 10% or more of outstanding interests or equity securities of the applicant. The Department of Business Oversight conducts these background investigations using the information provided in the SIQs.

Comment: The comment reiterates the request made by Paul Soter in his January 2013 letter to eliminate from the Application instructions under the California Finance Lenders Law the requirement to designate one person as manager for each licensed location, and the prohibition against one person from being designated as manager for more than one location.

Response: No change was made to the proposed rules. The Department of Business Oversight is not proposing in this action to amend this existing rule, and therefore the recommendation is not specifically directed at the Department of Business Oversight's proposed action or to the procedures followed by the Department of Business Oversight in proposing the action.

3. Commentor: Letter dated August 29, 2013, by email, from Rebecca R. Fox, Community Choice Financial.

Comment: The comment states that many of the individuals that would be required to complete a SIQ have little involvement in the day to day managerial oversight and business decisions that directly affect California consumers, and that requiring individuals of an entity that owns 10% or more of the applicant to complete the SIQ would deter business from entering the state.

Response: No change was made to the proposed rules. Financial Code section 22105 requires a background investigation to be conducted on among others, persons owning or controlling 10% or more of outstanding interests or equity securities of the applicant. The Department of Business Oversight conducts these background investigations using the information provided in the SIQs.

Comment: The comment recommends amending the rule to permit a regional manager to oversee multiple store locations, rather than requiring one person to be designated as the manager for each licensed location, and providing an electronic method to update SIQs.

Response: No change was made to the proposed rules. The Department of Business Oversight is not proposing in this action to amend this rule, and therefore the recommendation is not specifically directed at the Department of Business Oversight's proposed action or to the procedures followed by the Department of Business Oversight in proposing the action.

o o o