



State Of California  
Business, Transportation And Housing Agency  
DEPARTMENT OF CORPORATIONS  
*California's Investment and Financing Authority*

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**Arnold Schwarzenegger**  
*Governor*

**Wayne Strumpfer**  
*Acting California Corporations Commissioner*

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**DATE: May 19, 2006**

**RELEASE No. 57-FS**

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**RESCISSION AND WITHDRAWAL FROM PUBLICATION OF  
SPECIFIC RULING OP 6547 CFLL  
UNDER THE CALIFORNIA FINANCE LENDERS LAW**

The purpose of this release is to withdraw from publication Specific Ruling OP 6547 CFLL, and to rescind this specific ruling pursuant to Financial Code Section 22754. The rescission of this specific ruling shall become effective on and after June 30, 2006, or another time and under any conditions provided by further order of the Commissioner.

As background, on March 25, 1996, the Commissioner of Corporations issued Specific Ruling OP 6547 CFLL to Pioneer Military Lending, Inc. ("Pioneer"). In that specific ruling, the Commissioner concluded that, based on the unique facts of Pioneer's "Readi-Loan" lending program, Pioneer was not engaging in the business of a finance lender in this state under the California Finance Lenders Law when it makes loans to active duty, non-resident military personnel stationed at military facilities located in this State. Since only active duty, non-resident personnel stationed at military facilities located in California are eligible for loans under Pioneer's plan of business, the Commissioner reasoned that "it is difficult to discern what the interest is of the State of California so as to require licensure of Pioneer under the California Finance Lenders Law."

After further review, the Commissioner has determined that there are other state interests that apply to military personnel, regardless of whether they are residents or non-residents of California, including those set forth in Financial Code Section 22001:

1. To ensure an adequate supply of credit to borrowers in this state.
2. To simplify, clarify, and modernize the law governing loans made by finance lenders.
3. To foster competition among finance lenders.

4. To protect borrowers against unfair practices by some lenders, having due regard for the interests of legitimate and scrupulous lenders.
5. To permit and encourage the development of fair and economically sound lending practices.
6. To encourage and foster a sound economic climate in this state.

Accordingly, the Commissioner hereby withdraws from publication and rescinds Specific Ruling OP 6547 CFLL as of the effective date referenced above. Existing law prohibits any person from engaging in the business of a finance lender without obtaining a license, and this requirement applies to loans made to military personnel borrowers in California regardless of their state of residency. The burden of proving an exemption from the law is upon the person claiming it. See Financial Code Sections 22100 and 22053.

By Order Of

WAYNE STRUMPFER  
Acting California Corporations Commissioner

By \_\_\_\_\_  
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