

1 MARY ANN SMITH  
Deputy Commissioner  
2 SEAN ROONEY  
Assistant Chief Counsel  
3 MARLOU de LUNA (State Bar No. 162259)  
4 Senior Counsel  
5 Department of Business Oversight  
320 West 4th Street, Suite 750  
6 Los Angeles, CA 90013-2344  
7 Telephone: (213) 576-7606  
Facsimile: (213) 576-7181  
8 Attorneys for the Complainant

9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

11 OF THE STATE OF CALIFORNIA

12 In the Matter of:

CRD NO.: 118684

13 THE COMMISSIONER OF BUSINESS  
14 OVERSIGHT,

CONSENT ORDER

15 Complainant,

16 v.

17 LANGE FINANCIAL GROUP, LLC, an entity,

18 Respondent.  
19

20 This Consent Order is entered into between the Commissioner of Business Oversight  
21 (Commissioner) of the Department of Business Oversight and Lange Financial Group, LLC (Lange  
22 Financial) and is made with respect to the following facts:

23 **I.**

24 **RECITALS**

25 A. The Commissioner has jurisdiction over the licensing and regulation of persons  
26 engaged in the business of investment advising under the Corporate Securities Law of 1968  
27 (Corporations Code section 25000 et seq.).  
28

1 B. Lange Financial holds a valid and unrevoked investment adviser certificate issued by  
2 the Commissioner on March 8, 2006, pursuant to Corporations Code section 25230. Lange  
3 Financial is an investment adviser business located at 2200 Murray Avenue, Pittsburgh,  
4 Pennsylvania 15217. Lange Financial is a limited liability company formed on December 21, 2001.

5 C. Corporations Code section 25241 requires every investment adviser licensed by the  
6 Commissioner to maintain books and records, file reports with the Commissioner, and submit to  
7 examination by the Commissioner, as the Commissioner deems necessary or appropriate in the  
8 public interest or for the protection of investors.

9 D. On or about March 14, 2018, the Commissioner notified Lange Financial that Lange  
10 Financial must designate an email address to receive an online examination form. In response to the  
11 Commissioner's notification, Lange Financial designated an email address to receive the online  
12 examination form.

13 E. On or about October 1, 2018, the Commissioner sent the online examination to Lange  
14 Financial to the email address designated by Lange Financial. The Commissioner informed Lange  
15 Financial that the online examination must be completed and submitted by November 16, 2018.

16 F. The Commissioner sent four notices, October 14, 2018, November 5, 2018,  
17 November 12, 2018, and December 5, 2018 reminding Lange Financial of the November 16, 2018  
18 deadline to complete and submit the online examination.

19 G. Despite the Commissioner's efforts, Lange Financial failed to timely complete and  
20 submit the online examination by the November 16, 2018 deadline.

21 H. On November 15, 2018, Lange Financial filed the Form ADV-W to withdraw from  
22 registration as an investment adviser in the state of California. The order imposing conditions on the  
23 surrender was issued on November 19, 2018 for failure to submit the online questionnaire.

24 I. The Commissioner finds that entering into this Consent Order is necessary, in the  
25 public interest, for the protection of investors and consistent with the purposes, policies, and  
26 provisions of the Corporate Securities Law of 1968.

27 ///

28 ///

1 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
2 forth herein, the parties agree as follows:

3 **II.**

4 **TERMS AND CONDITIONS**

5 1. Purpose. The parties intend to resolve this matter for the purpose of judicial economy  
6 and expediency and without the uncertainty and expense of a hearing or other litigation.

7 2. Waiver of Hearing Rights. Lange Financial acknowledges its right under the  
8 Corporate Securities Law of 1968 to an administrative hearing on this Consent Order and hereby  
9 waives such right to a hearing and to any reconsideration, appeal, injunction or other review that  
10 may be afforded under the Corporations Code; Administrative Procedure Act, including Government  
11 Code section 11415.60, subdivision (b); Code of Civil Procedure; or any other provision of law. By  
12 waiving such rights, Lange Financial effectively consents to the finality of this Consent Order.

13 3. Administrative Penalty. Lange Financial shall pay an administrative penalty of  
14 \$2,500.00 no later than 30 days after the effective date of this Consent Order as defined in paragraph  
15 17. The penalty must be made payable in the form of a cashier's check or Automated Clearing  
16 House deposit to the Department of Business Oversight and transmitted to the attention of  
17 Accounting – Litigation, at the Department of Business Oversight, 1515 K Street, Suite 200,  
18 Sacramento, California 95814. Notice of the payment must be concurrently sent to: Marlou de Luna,  
19 Senior Counsel, Department of Business Oversight, 320 West 4th Street, Suite 750, Los Angeles,  
20 California 90013.

21 4. Failure to Pay Administrative Penalty. If Lange Financial fails to comply with  
22 paragraph 3, the Commissioner may summarily suspend it from engaging in business under its  
23 investment adviser certificate until it provides evidence of compliance to the Commissioner's  
24 satisfaction. Further, if Lange Financial fails to comply with paragraph 3, Lange Financial shall pay  
25 to the Commissioner an administrative penalty of \$5,000.00. Lange Financial hereby waives any  
26 notice or hearing rights afforded under the Administrative Procedure Act, including Government  
27 Code section 11415.60, subdivision (b); Code of Civil Procedure; or any other provision of law to  
28

1 contest the summary suspension and administrative penalty of \$5,000.00 contemplated by this  
2 paragraph.

3 5. Full and Final Resolution. Except as stated in paragraph 4, this Consent Order is  
4 intended to constitute a full and final resolution of the matter described in it. The Commissioner  
5 will not bring any further action or proceeding concerning the matter unless she discovers  
6 violations by Lange Financial that do not form the basis for this Consent Order, including violations  
7 knowingly concealed from the Commissioner.

8 6. Commissioner's Duties. Nothing in this Consent Order limits the Commissioner's  
9 ability to assist any other government agency with any action brought by that agency against  
10 Lange Financial, including an action based on any of the acts, omissions, or events described in this  
11 Consent Order.

12 7. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it  
13 has had an opportunity to seek independent advice from its attorney(s) and/or representatives with  
14 respect to the advisability of executing this Consent Order.

15 8. Reliance. Each of the parties represents, warrants, and agrees that in executing this  
16 Consent Order it has relied solely on the statement set forth herein and has had the opportunity to  
17 seek the legal advice of its own counsel. Each of the parties further represents, warrants, and agrees  
18 that in executing this Consent Order it has placed no reliance on any statement, representation, or  
19 promise of any other party, or any other person or entity not expressly set forth herein, or upon the  
20 failure of any party or any other person or entity to make any statement, representation, or disclosure  
21 of anything whatsoever. The parties have included this clause: (1) to preclude any claim that any  
22 party was in any way fraudulently induced to execute this Consent Order; and (2) to preclude the  
23 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Consent  
24 Order.

25 9. Full Integration. This Consent Order is the final written expression and the complete  
26 and exclusive statement of all the agreements, conditions, promises, representations, and covenants  
27 between the parties with respect to the subject matter hereof, and supersedes all prior or  
28 contemporaneous agreements, negotiations, representations, understandings, and discussions

1 between and among the parties, their respective representatives, and any other person or entity, with  
2 respect to the subject matter covered hereby. The parties have included this clause to preclude the  
3 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Consent  
4 Order.

5 10. No Presumption Against Drafter. In that the parties have had the opportunity to draft,  
6 review, and edit the language of this Consent Order, no presumption for or against any party arising  
7 out of drafting all or any part of this Consent Order will be applied in any action relating to,  
8 connected to, or involving this Consent Order. Accordingly, the parties waive the benefit of Civil  
9 Code section 1654 and any successor or amended statutes, providing that in cases of uncertainty,  
10 language of a contract should be interpreted most strongly against the party who caused the  
11 uncertainty to exist.

12 11. Voluntary Agreement. Lange Financial hereby enters in this Consent Order  
13 voluntarily and without coercion and acknowledges that no promises, threats, or assurances have  
14 been made by the Commissioner or any officer, or agent thereof, about this Consent Order.

15 12. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of  
16 this Consent Order will be valid or binding unless it is in writing and signed by all parties  
17 affected by it. Waiver of a provision of this Consent Order Agreement will not be deemed a waiver  
18 of any other provision.

19 13. Counterparts. The parties agree that this Consent Order may be executed in one or  
20 more separate counterparts, each of which when so executed, shall be deemed an original. A fax or  
21 electronic mail signature shall be deemed the same as an original signature. Such counterparts shall  
22 together constitute and be one and the same instrument.

23 14. Public Record. Lange Financial acknowledges that the Consent Order is public  
24 record.

25 15. Headings. The headings to the paragraphs of this Consent Order are inserted for  
26 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
27 the provisions hereof.  
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

16. Governing Law. This Consent Order shall be construed and enforced in accordance with and governed by California law.

17. Effective Date. This Consent Order will become effective on the date it is signed by all parties and delivered by the Commissioner to Lange Financial by electronic mail at shirl@paytaxeslater.com.

18. Settlement Authority. Each party represents that the person signing this Consent Order on its behalf has the authority and capacity to do so.

Dated: April 24, 2019 JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Enforcement Division  
Department of Business Oversight

Dated: April 11, 2019 LANGE FINANCIAL GROUP, LLC

By \_\_\_\_\_  
JAMES LANGE  
Managing Member and Chief Compliance Officer