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

10
11 In the Matter of:)
)
12 THE COMMISSIONER OF BUSINESS) CFL LICENSE NO.: 603-H812
13 OVERSIGHT,)
) ACCUSATION
14 Complainant,)
)
15 v.)
)
16 EMPIRE MEDIA MARKETING, INC.,)
17)
18 Respondent.)
)

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20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent Empire Media Marketing, Inc. as follows:

22 **I.**

23 **Introduction**

24 1. Respondent Empire Media Marketing, Inc. (Empire) is a finance lender and broker
25 licensed by the Commissioner of Business Oversight (Commissioner) pursuant to the California
26 Financing Law of the State of California (Fin. Code § 22000 et seq.) (CFL). Empire has its principal
27 place of business located at 361 Railroad Canyon Road, # B, Lake Elsinore, California 92532.
28 Empire has no branch offices. Empire has been approved to do business under its CFL license under

ACCUSATION

1 the name Empire Title Loans.

2 2. On or about April 13, 2018, the Commissioner, by and through staff, commenced a
3 regulatory examination of the books and records of Empire (regulatory examination). The
4 regulatory examination disclosed that Empire: (i) was understating the annual percentage rate (APR)
5 and finance charges in violation of Financial Code section 22346(b) and 12 Code of Federal
6 Regulations, sections 1026.18(d)(2) and 1026.22(a)(2) (hereinafter Reg. Z, Rule 1026.18 and
7 1026.22); (ii) was charging and receiving prohibited charges in violation of Financial Code section
8 22306; and (iii) other business activity was being conducted on the licensed premises without prior
9 authorization in violation of Financial Code section 22154.

10 **II.**

11 **Understating APR and Finance Charges**

12 3. The regulatory examination disclosed that Empire, in the Truth in Lending disclosure,
13 had understated (i) the APR in excess of the .125% tolerance, and (ii) the finance charge, in 16 of the
14 18 funded loans reviewed (89%) by failing to include the administrative fee, in violation of Financial
15 Code section 22346(b) and Reg. Z, Rules 1026.22 and 1026.18. The APR understatements ranged
16 from 1.8272% to 13.8924%. Finance charge understatements ranged from \$74.99 to \$650.60.

17 4. On or about October 10, 2018, the Commissioner, pursuant to Financial Code section
18 22159(b), directed Empire to conduct a self-audit regarding APR understatements for all loans made
19 since January 1, 2015, make appropriate refunds, and submit a report as to the findings of the self-
20 audit (APR self-audit report).

21 5. On or about February 25, 2019, Empire submitted its APR self-audit report which
22 identified 280 loans requiring refunds. A review of the APR self-audit report by Department of
23 Business Oversight (Department) staff disclosed that Empire had failed to identify 58 loans requiring
24 refunds and under-refunded 6 loans receiving a refund.

25 **III.**

26 **Charging Prohibited DMV Handling Fees**

27 6. The regulatory examination further disclosed that Empire routinely charged and
28 received from borrowers third party DMV handling fees on loans of bona fide principal amounts of

1 less than \$5,000.00 in violation of Financial Code section 22306.

2 7. The third party DMV handling fees charged and received by Empire are “charges” as
3 that term is defined in Financial Code section 22200, i.e., “aggregate interest, fees, bonuses,
4 commissions, brokerage, discounts, expenses, and other forms of costs charged, contracted for, or
5 received by a licensee or any other person in connection with the investigating, arranging,
6 negotiating, procuring, guaranteeing, making, servicing, collecting, and enforcing of a loan or
7 forbearance of money, credit, goods, or things in action, or any other service rendered.”

8 8. Financial Code section 22306 provides as follows:

9 No amount in excess of that allowed by this article shall be directly or indirectly
10 charged, contracted for, or received by any person, and the total charges of the
11 finance lender and broker and any other person in the aggregate shall not exceed the
maximum rate provided for in this article.

12 9. There is no provision in the CFL allowing licensees or any other person to directly
13 charge, contract for, or receive DMV handling fees except as discussed in paragraph 10 below. And
14 under Financial Code section 22306, Empire cannot otherwise charge an amount in excess of that
15 allowed by Article 3 of the CFL (commencing with Section 22300). Financial Code sections 22303
16 and 22304 regulate the rate of charges for loans under \$2,500.00. The maximum interest rates and
17 charges allowed under Financial Code sections 22303 and 22304 are approximately 30% per annum.
18 While Empire may charge more than 30% per annum on loans of bona fide principal amounts of
19 \$2,500.00 or more; the DMV handling fees must be incorporated into those charges.

20 10. Financial Code section 22202, subdivision (g) provides that “[m]oneys paid to, and
21 commissions and benefits received by, a licensee for the sale of goods, services, or insurance,
22 whether or not the sale is in connection with a loan, that the buyer by a separately signed
23 authorization acknowledges is optional” are not charges “if the sale of the goods, services, or
24 insurance has been authorized pursuant to Section 22154.” Empire has not applied for, and the
25 Commissioner has not authorized Empire to “sale” DMV handling services under Financial Code
26 section 22154.

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IV.

Unauthorized Business Activity

11. It was further discovered during the regulatory examination that other business activity; a motor vehicle registration service, operated by a Speedy Vehicle Registration Service, was being conducted on the premises of Empire without prior written authorization in violation of Financial Code section 22154.

V.

Suspension Statute

12. 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:

(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.

VI.

Conclusion

13. Complainant finds that, by reason of the foregoing, Respondent Empire Media Marketing, Inc. has violated Financial Code sections 22154; 22306 and 22346, subdivision (b), and 22306, and based thereon, grounds exist to suspend the finance lender license of Respondent Empire Media Marketing, Inc.

VII.

Prayer

WHEREFORE, IT IS PRAYED that the finance lender license of Empire Media Marketing, Inc. be suspended for a period of up to 12 months.

Dated: August 9, 2019
Los Angeles, CA

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
Judy L. Hartley
Senior Counsel