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9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA
12

13 In the Matter of:) OAH CASE NO.: 2019041035
14 THE COMMISSIONER OF BUSINESS) AGENCY CASE NO.: 603-I816
15 OVERSIGHT,) SETTLEMENT AGREEMENT
16 Complainant,)
17 v.) Trial Dates: September 23-27, 2019
18 RLT MANAGEMENT, INC. (D/B/A FAST) Time: 9:00 a.m.
MONEY LOAN),) Assigned: N/A
19 Respondent.)
20)
21)

22
23 This Settlement Agreement is entered into between the Commissioner of Business Oversight
24 (Commissioner) and Respondent RLT Management, Inc. (d/b/a Fast Money Loan), and is made with
25 respect to the following facts:

26 **RECITALS**

27 This Consent Order is made with reference to the following facts:

28 A. The Department of Business Oversight, through the Commissioner, has jurisdiction

1 over the licensing and regulation of persons and entities engaged in the business of lending and
2 brokering pursuant to the California Financing Law¹ (Fin. Code, section 22000, et seq.)² (CFL).

3 B. RLT Management, Inc. (d/b/a Fast Money Loan) (Fast Money) is a California
4 corporation with its principal place of business at 400 Oceangate, Suite 520, Long Beach, California
5 90802. Fast Money is a finance lender licensed by the Commissioner pursuant to the CFL with the
6 license number 603-I816.

7 C. Ross Tesser is the President of Fast Money. Mr. Tesser is authorized to enter into this
8 Settlement Agreement on behalf of Fast Money.

9 D. On March 19, 2019, the Commissioner issued a Notice of Intention to Issue Order
10 Revoking California Finance Lender’s Licenses (Revocation Notice), Notice of Intention to Issue
11 Order Voiding Loan Contracts and/or Order to Forfeit All Interest and Charges on Loans (together
12 with the Revocation Notice, the Notices), and an Accusation in support of the Notices (Accusation)
13 against Fast Money. In the Accusation, the Commissioner alleged that Fast Money committed the
14 following six violations of the CFL (Accusation Allegations):

15 i. overcharging borrowers in violation of section 22306 as a result of including
16 amounts Fast Money paid to the California Department of Motor Vehicles to satisfy overdue
17 registration and other fees owed on borrowers’ cars in loans’ principal amounts;

18 ii. overcharging borrowers in violation of section 22306 as a result of including
19 fees borrowers paid to Fast Money to manufacture duplicate car keys in the loans’ principal amounts;

20 iii. failing to properly consider borrowers’ ability to repay loans in violation of
21 section 1452 of Title 10 of the California Code of Regulations (Rule 1452);

22 iv. advertising false or misleading statements or omissions in violation of section
23 22161, subdivision (a)(3);

24
25 _____
26 ¹ Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the “California Financing
27 Law.” (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this Consent Order, a reference to the
28 California Financing Law means the California Finance Lenders Law before October 4, 2017 and the California
Financing Law on and after that date. (Fin. Code, § 22000.)

² Unless otherwise indicated, all further statutory references are to the Financial Code.

1 v. transacting CFL business from unauthorized locations in violation of section
2 22155, subdivision (a); and

3 vi. failing to maintain adequate books and records in violation of section 22156,
4 subdivision (a), and section 22337, subdivision (b).

5 E. On March 19, 2019, the Commissioner issued a demand on Fast Money (Demand
6 Letter) to produce books, records, and reports related to the Commissioner’s investigation of possible
7 violations of the CFL in addition to those referenced in the Accusation.

8 F. Based, in part, on information the Commissioner received from Fast Money in
9 response to the Demand Letter, the Commissioner concluded that Fast Money committed the
10 following violations of the CFL (Demand Letter Allegations):

11 i. Conducted “other business” than “making loans” from its CFL-licensed
12 locations without prior, written authorization from the Commissioner in violation of section 22154,
13 subdivision (a);

14 ii. Failed to deliver compliant receipts to borrowers who made cash payments on
15 their Fast Money loans by depositing cash directly into a Fast Money bank account at Wells Fargo
16 branches in violation of section 22337, subdivision (d); and

17 iii. Made certain unconscionable loans in violation of section 22302, subdivision
18 (b) meeting all of the following criteria:

19 a. borrowers stated in the loan agreement that the borrowers had no
20 alternative financing options;

21 b. the loans were secured;

22 c. borrowers had not been underwritten in accordance with the CFL
23 because, rather than considering each borrower’s ability to repay a loan by reviewing each borrower’s
24 expected income and expenses, Fast Money merely verified that the car securing each loan could be
25 repossessed and resold at a value that would recoup Fast Money’s costs;

26 d. bore interest rates of at least 100%;

27 e. bore interest rates that were uniformly set by Fast Money without
28 regard to each borrower’s credit profile;

1 f. Fast Money encouraged borrowers to make payments by depositing
2 cash at Well Fargo branches directly into a Fast Money bank account; and

3 g. despite borrowers' default within six months of the loans' origination,
4 Fast Money recovered the entirety of each loan's principal through the repossession and sale of each
5 loan's underlying collateral (car).

6 G. On April 2, 2019, RLT timely submitted a Notice of Defense and Demand for Hearing
7 to the Commissioner denying the allegations of the Accusation and the Notices and requesting an
8 administrative hearing on the allegations therein.

9 H. On April 25, 2019, the Los Angeles Office of Administrative Hearings set a hearing
10 on the Accusation and the Notices to commence on September 23, 2019.

11 I. It is the intention of Fast Money and the Commissioner (the Parties) to resolve the
12 Accusation Allegations and the Demand Letter Allegations without the necessity of a hearing.

13 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
14 contained herein, the Parties agree as follows:

15 **TERMS AND CONDITIONS**

16 1. **Purpose.** This Settlement Agreement resolves the Accusation Allegations and the
17 Demand Letter Allegations in a manner that avoids the expense of a hearing and other possible
18 court proceedings, protects consumers, is in the public interest, and is consistent with the
19 purposes, policies, and provisions of the CFL.

20 2. **Desist and Refrain Orders.** Pursuant to section 22712, RLT Management, Inc.
21 (d/b/a Fast Money Loan) is hereby ordered to desist and refrain from:

- 22 (a) Charging prohibited loan rates and fees in violation of section 22306;
- 23 (b) Failing to properly consider borrowers' ability to repay loans in violation of
24 Rule 1452;
- 25 (c) Advertising false or misleading statements or omissions in violation of section
26 22161, subdivision (a)(3);
- 27 (d) Transacting CFL business from unauthorized locations in violation of section
28 22155, subdivision (a);

1 (e) Failing to maintain adequate books and records in violation of section 22156,
2 subdivision (a), and section 22337, subdivision (b);

3 (f) Conducting business other than the making of loans from its CFL-licensed
4 locations without prior, written authorization from the Commissioner in violation of section 22154,
5 subdivision (a);

6 (g) Failing to deliver compliant receipts in violation of section 22337, subdivision
7 (d); and

8 (h) Making unconscionable loans in violation of Section 22302, subdivision (b).

9 3. **Penalty.** Fast Money shall pay a penalty of \$15,000.00 to the Commissioner
10 (Penalty). The Penalty is due by the Effective Date, as defined in Paragraph 25 below (Effective
11 Date), and should be made payable in the form of a cashier's check or Automated Clearing House
12 deposit to the "Department of Business Oversight" and transmitted to the attention of: Accounting –
13 Enforcement Division, Department of Business of Oversight, 1515 K Street, Suite 200, Sacramento,
14 California 95814. Notice of such payment shall be forwarded to Adam Wright, Senior Counsel,
15 Department of Business Oversight, Enforcement Division, 320 West 4th Street, Suite 750, Los
16 Angeles, California 90013.

17 4. **Refunds.** Fast Money shall make refunds or credits (Refunds, or individually,
18 Refund) to certain borrowers as follows:

19 (a) Fast Money shall review its files and identify all loans made under its CFL
20 licenses that meet the following criteria (Refund Population):

- 21 i. the loan was made on or after March 5, 2013;
- 22 ii. a portion of the loan's proceeds was either paid to Fast Money in
23 exchange for manufacturing a key or was transmitted by Fast Money to the California Department of
24 Motor Vehicles (collectively, the Withheld Proceeds); and
- 25 iii. subtracting the loan's applicable Withheld Proceeds from the loan's
26 principal amount results in an amount less than \$2,500.00.

27 (b) Fast Money shall refund two times the amount of the Withheld Proceeds for
28 each loan in the Refund Population to the applicable borrower (Refunds or, individually, Refund) in

1 the manner described in Paragraph 5 below.

2 (c) Fast Money represents that it has already completed review as described in
3 Paragraph 4(a) above and has identified 426 loans that constitute the Refund Population and that the
4 total amount of the Refunds for all purposes under this Agreement is \$184,028.10.

5 (d) Fast Money shall submit a report to the Commissioner detailing the Refund
6 Population and each Refund (Refund Population Report) prior to the execution of this Settlement
7 Agreement. The Commissioner's receipt of the Refund Population Report does not constitute an
8 approval that the Refund Population Report is correct and does not otherwise limit the
9 Commissioner's audit or examination rights under this Settlement Agreement.

10 5. **Refund Payments.** Fast Money shall pay the Refunds as follows:

11 (a) Fast Money shall make the Refunds no later than 30 days after the Effective
12 Date.

13 (b) Fast Money shall submit evidence of such payments to the Commissioner no
14 later than 60 days after the Effective Date. Such evidence must include a copy of the refund checks,
15 loan balances, and, for assignees and borrowers of charged-off loans assigned to outside collections,
16 advisements of outstanding-balance reductions for each loan in the Refund Population, as applicable.

17 (c) Fast Money shall apply each Refund from the Refund Population as follows:

18 i. for current borrowers with open loans which have an outstanding
19 balance of more than the Refund, by reducing the loan's outstanding balance by the Refund amount;

20 ii. for current borrowers whose loans have an outstanding balance of less
21 than the Refund, by reducing the loan's principal balance to zero dollars (\$0.00) and mailing a check
22 for the remaining Refund amount to the borrower;

23 iii. for former borrowers who repaid their loans in full and do not have any
24 loans from Fast Money with an outstanding balance, by mailing a check for the Refund amount; or

25 iv. for borrowers whose loans were charged off, by reducing the charged-
26 off balance by the Refund amount. As to charged-off loans, Fast Money shall apply the reduction
27 directly to any loan it retained for collection. For loans assigned for collection, Fast Money shall
28 advise the assignee of the reduced outstanding balance. Fast Money shall also advise each borrower

1 of a charged-off loan that has been assigned for collection of the reduction in outstanding balance by
2 sending notice electronically to the borrower's last known email address in Fast Money's records or,
3 by sending notice by U.S. mail to the borrower's last known mailing address in Fast Money's
4 records.

5 (d) Fast Money shall escheat any unclaimed refunds to the California State
6 Controller's Office within the period provided by Code of Civil Procedure section 1520 of the
7 Unclaimed Property Law (Code of Civ. Proc., section 1500, et seq.).

8 6. **Compliance.** Until all of Fast Money's CFL licenses are surrendered, Fast Money
9 shall comply with the following:

10 (a) Fast Money shall ensure that any loans made under its CFL licenses that do not
11 comply with the regulatory rate provisions of Financial Code sections 22303 and 22304 have a bona
12 fide principal amount that is equal to or higher than the sum of \$2,500.00 and any Withheld Proceeds.
13 Fast Money intends that this practice will ensure that any Withheld Proceeds will not cause a
14 borrower to receive less than \$2,500.00 at the time of funding. Fast Money shall maintain this
15 practice unless and until it receives prior written approval from the Commissioner to do otherwise.

16 (b) Fast Money shall cease accepting loan payments made by borrowers through
17 direct cash deposits at Wells Fargo branches to Fast Money bank accounts, and may engage a third-
18 party vendor for cash payments.

19 (c) Fast Money shall revise its website and marketing materials to ensure that the
20 statements, representations and omissions noted in the Accusation are no longer used.

21 7. **Proof of Compliance.** Fast Money acknowledges that the Commissioner will
22 examine and review its compliance with Paragraphs 4 through 6 of this Settlement Agreement. Fast
23 Money agrees to provide, upon the Commissioner's request, documentation satisfactory to the
24 Commissioner to determine compliance with Paragraphs 4 through 6.

25 8. **Waiver of Hearing Rights.** The Parties acknowledge that each is ready, willing,
26 and able to proceed with the Accusation Allegations, the Demand Letter Allegations, and the Notice
27 of Defense. Fast Money hereby waives the right to any hearings, and to any reconsideration, appeal,
28 or other right to review which may be afforded pursuant to the CFL, the California Administrative

1 Procedure Act, the California Code of Civil Procedure, or any other provision of law. Fast Money
2 further expressly waives any requirement for the filing of a further Accusation pursuant to
3 Government Code section 11415.60, subdivision (b). By waiving such rights, Fast Money
4 effectively consents to this Settlement Agreement becoming final.

5 9. **Full and Final Settlement.** The Parties hereby acknowledge and agree that this
6 Settlement Agreement is intended to constitute a full, final, and complete resolution of the
7 Accusation Allegations and the Demand Letter Allegations from May 28, 2011 to the Effective Date,
8 and that no further proceedings or actions will be brought by the Commissioner in connection with
9 the Accusation Allegations and the Demand Letter Allegations under the CFL or any other provision
10 of law, excepting therefrom any proceeding to enforce compliance with the terms of this Settlement
11 Agreement.

12 10. **Failure to Comply with this Settlement Agreement.** Fast Money agrees that, if the
13 Commissioner contends that Fast Money has failed to comply with the terms of this Settlement
14 Agreement, following 10 days' written notice from the Commissioner of Fast Money's failure to
15 comply with any term of this Settlement Agreement, the Commissioner may, in addition to all other
16 available remedies it may invoke under the CFL, summarily suspend the CFL licenses of Fast Money
17 until Fast Money is in compliance. Upon 10 days' notice to Fast Money, Fast Money waives any
18 further notice and hearing rights to contest such summary suspensions which may be afforded under
19 the CFL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any
20 other provision of law in connection therewith.

21 11. **Information Willfully Withheld or Misrepresented.** This Settlement Agreement
22 may be revoked, and the Commissioner may pursue any and all remedies available under the law
23 against Fast Money, if the Commissioner discovers that Fast Money knowingly or willfully withheld
24 information used for and relied upon in this Settlement Agreement.

25 12. **Future Actions by Commissioner.** If Fast Money fails to comply with any terms of
26 this Settlement Agreement, the Commissioner may institute proceedings for any and all violations
27 otherwise resolved under this Settlement Agreement. The Commissioner reserves the right to bring
28 any future actions against Fast Money, or any of its partners, owners, officers, shareholders,

1 directors, employees or successors for any and all unknown violations of the CFL.

2 13. **Assisting Other Agencies.** Nothing in this Settlement Agreement limits the
3 Commissioner’s ability to assist any other government agency (city, county, state, or federal) with
4 any administrative, civil or criminal prosecutions brought by that agency against Fast Money or any
5 other person based upon any of the activities alleged in this matter or otherwise.

6 14. **Headings.** The headings to the paragraphs of this Settlement Agreement are for
7 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
8 the provisions hereof.

9 15. **Binding.** This Settlement Agreement is binding on all heirs, assigns, and/or
10 successors in interest.

11 16. **Reliance.** Each of the Parties represents, warrants, and agrees that in executing this
12 Settlement Agreement it has relied solely on the statements set forth herein and the advice of its own
13 counsel. Each of the parties further represents, warrants, and agrees that in executing this Settlement
14 Agreement it has placed no reliance on any statement, representation, or promise of any other party,
15 or any other person or entity not expressly set forth herein, or upon the failure of any party or any
16 other person or entity to make any statement, representation or disclosure of anything whatsoever.
17 The Parties have included this clause: (1) to preclude any claim that any party was in any way
18 fraudulently induced to execute this Settlement Agreement; and (2) to preclude the introduction of
19 parol evidence to vary, interpret, supplement, or contradict the terms of this Settlement Agreement.

20 17. **Waiver, Amendments, and Modifications.** No waiver, amendment, or modification
21 of this Settlement Agreement will be valid or binding unless it is in writing and signed by each of the
22 Parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver of
23 any other provision. No waiver by either party of any breach of, or of compliance with, any
24 condition or provision of this Settlement Agreement by the other party will be considered a waiver of
25 any other condition or provision or of the same condition or provision at another time.

26 18. **Full Integration.** This Settlement Agreement is the final written expression and the
27 complete and exclusive statement of all the agreements, conditions, promises, representations, and
28 covenants between the parties with respect to the subject matter hereof, and supersedes all prior or

1 contemporaneous agreements, negotiations, representations, understandings, and discussions between
2 and among the parties, their respective representatives, and any other person or entity, with respect to
3 the subject matter covered hereby.

4 19. **Governing Law**. This Settlement Agreement will be governed by and construed in
5 accordance with California law. Each of the parties hereto consents to the jurisdiction of such court,
6 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
7 forum to the maintenance of such action or proceeding in such court.

8 20. **Counterparts**. This Settlement Agreement may be executed in one or more separate
9 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
10 together constitute a single document.

11 21. **Mandatory Disclosure in Future Applications**. Fast Money agrees to disclose this
12 Settlement Agreement in any application for a license, permit or qualification under the
13 Commissioner's current or future jurisdiction.

14 22. **Effect Upon Future Proceedings**. If Fast Money is the subject of any future action
15 by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof shall be
16 admitted for the purpose of such action.

17 23. **Third Parties**. This Settlement Agreement does not create or give rise to any private
18 rights or remedies against Fast Money, create any liability for Fast Money, or limit the defenses of
19 Fast Money for any person or entity not a party to this Settlement Agreement. This Settlement
20 Agreement is a compromise of disputed claims.

21 24. **Approval of Pending Submissions**. The Commissioner hereby acknowledges that
22 Fast Money has submitted documentation to surrender certain branch licenses and to change the
23 addresses of other branch locations (Requests). Following the Effective Date, the Commissioner
24 shall promptly review and act upon those Requests in accordance with the Commissioner's typical
25 practice. The timing and requirements of this process shall not constitute a failure by Fast Money to
26 comply with this Agreement.

27 25. **Voluntary Agreement**. Fast Money enters into this Settlement Agreement
28 voluntarily and without coercion and acknowledges that no promises, threats or assurances have been

1 made by the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The
2 Parties each represent and acknowledge that he, she or it is executing this Settlement Agreement
3 completely voluntarily and without any duress or undue influence of any kind from any source.

4 26. **Signatures.** A fax or electronic mail signature shall be deemed the same as an
5 original signature.

6 27. **Public Record.** Fast Money hereby acknowledges that this Settlement Agreement is
7 and will be a matter of public record.

8 28. **Notice.** Any notices required under this Settlement Agreement shall be provided to
9 each Party as follows:

10 Respondent: Mr. Ross Tesser
11 RLT Management, Inc. dba Fast Money Loan
12 3451 Cherry Avenue
13 Long Beach, California 90807
rosscar1@yahoo.com

14 with copies to: Bruce A. Greenberg, Esq.
15 Bruce A. Greenberg, APLC
16 400 Oceangate, Suite 520
Long Beach, California 90802
bagreenberg@netzero.net

17 Isabelle L. Ord, Esq.
18 DLA Piper, LLP (US)
555 Mission Street, Suite 2400
19 San Francisco, California 94105
isabelle.ord@dlapiper.com

20 The Commissioner: Adam J. Wright, Esq,
21 Department of Business Oversight
320 West 4th Street, Suite 750
22 Los Angeles, California 90013
adam.wright@dbo.ca.gov

23 29. **Effective Date.** This Settlement Agreement shall become final and effective when
24 signed by all parties and delivered by the Commissioner's counsel via e-mail to Fast Money's
25 counsel, Isabelle Ord, at isabelle.ord@dlapiper.com.

26 30. **Authority to Sign.** Each signatory hereto covenants that he or she possesses all
27 necessary capacity and authority to sign and enter into this Settlement Agreement and undertake the
28 obligations set forth herein.

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Dated: 8/8/19

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner

Dated: 8/7/19

RLT MANAGEMENT, INC. (D/B/A FAST MONEY
LOAN)

By _____
Ross Tesser
President