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

11
12 In the Matter of:) CONSENT ORDER
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,)
14)
15 Complainant,)
16 v.)
17 LEAP THEORY, LLC,)
18 Respondent.)
19)
20 _____)

21
22 This Consent Order is entered into by and between the Commissioner of Business Oversight
23 and Leap Theory, LLC (Consent Order).

24 **I.**
25 **Recitals**

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

27 A. Leap Theory, LLC (Leap Theory) is a Delaware limited liability company organized
28 on April 19, 2018 with its principal place of business at 724 Lincoln Boulevard, Suite C, Venice,

1 California 90291. Leap Theory has never been licensed under the California Financing Law¹ (Fin.
2 Code, § 22000, et seq.) (CFL).

3 B. Morgan Gethers (Gethers) is the Chief Executive Officer of Leap Theory. Gethers is
4 authorized to enter into this Consent Order on behalf of Leap Theory.

5 C. The Department of Business Oversight, through the Commissioner of Business
6 Oversight (Commissioner), has jurisdiction over the licensing and regulation of persons and entities
7 engaged in the business of lending and brokering pursuant to the CFL.

8 D. On or about April 22, 2019, Leap Theory disclosed information about its lead
9 generation activities to the Commissioner (Information). From the Commissioner’s review of the
10 Information, the Commissioner made the following factual findings (Findings).

11 i. During the period between January 2019 and April 2019, Leap Theory referred
12 some California residents to CFL-licensed lenders.

13 ii. The CFL-licensed lenders subsequently made loans under the CFL to the
14 California residents.

15 iii. As a result of making the loans, the CFL-licensed lenders paid Leap Theory
16 referral fees.

17 iv. Leap Theory represents to the Commissioner that it ceased making referrals to
18 CFL-licensed lenders beginning in April 2019.

19 v. Leap Theory represents to the Commissioner that its provision of referrals or
20 leads to the CFL-licensed lenders was inadvertent and was made in error, despite attempts by Leap
21 Theory to prevent the provision of referral or leads to CFL-licensed lenders.

22 E. Based on the Findings, the Commissioner determined that Leap Theory engaged in the
23 business of negotiation or performing any act as broker in connection with loans made by a finance
24 lender in violation of section 22100 of the Financial Code.

25 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
26

27 ¹ Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the “California Financing
28 Law.” (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this Consent Order, a reference to the
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.)

1 contained herein, the Commissioner and Leap Theory (the Parties) agree as follows:

2 **II.**

3 **Terms and Conditions**

4 1. **Purpose.** This Consent Order resolves the Findings in a manner that avoids the
5 expense of a hearing and other possible court proceedings, protects consumers, is in the public
6 interest, and is consistent with the purposes, policies, and provisions of the CFL.

7 2. **Desist and Refrain Order.** Pursuant to Financial Code section 22712, Leap Theory,
8 LLC is hereby ordered to desist and refrain from engaging in the business of negotiation or
9 performing any act as broker in connection with loans made by a finance lender, in violation of
10 Financial Code section 22100.

11 3. **Penalty.** Leap Theory shall pay a penalty of \$25,000.00 to the Commissioner
12 (Penalty). The Penalty is due by the Effective Date, as defined in Paragraph 22 below (Effective
13 Date), and should be made payable in the form of a cashier's check or Automated Clearing House
14 deposit to the "Department of Business Oversight" and transmitted to the attention of: Accounting –
15 Enforcement Division, Department of Business of Oversight, 1515 K Street, Suite 200, Sacramento,
16 California 95814. Notice of such payment shall be forwarded to Adam Wright, Senior Counsel,
17 Department of Business Oversight, Enforcement Division, 320 West 4th Street, Suite 750, Los
18 Angeles, California 90013.

19 4. **Waiver of Hearing Rights.** Leap Theory acknowledges the Commissioner is ready,
20 willing, and able to proceed with the filing of an administrative enforcement action on the Findings.
21 Leap Theory hereby waives the right to any hearings, and to any reconsideration, appeal, or other
22 right to review which may be afforded pursuant to the CFL, the California Administrative Procedure
23 Act, the California Code of Civil Procedure, or any other provision of law. Leap Theory further
24 expressly waives any requirement for the filing of an Accusation or a Statement of Issues pursuant to
25 Government Code section 11415.60, subdivision (b). By waiving such rights, Leap Theory
26 effectively consents to this Consent Order becoming final.

27 5. **Full and Final Settlement.** The Parties hereby acknowledge and agree that this
28 Consent Order is intended to constitute a full, final, and complete resolution of the Findings, and that

1 no further proceedings or actions will be brought by the Commissioner in connection with the
2 Findings under the CFL or any other provision of law, excepting therefrom any proceeding to enforce
3 compliance with the terms of this Consent Order.

4 6. Failure to Comply with Consent Order. Leap Theory agrees that, failure to comply
5 with the terms of this Consent Order, the Commissioner may, in addition to all other available
6 remedies it may invoke under the CFL, summarily suspend the CFL license of Leap Theory, if
7 subsequently issued, until Leap Theory is in compliance. Leap Theory waives any notice and
8 hearing rights to contest such summary suspension which may be afforded under the CFL, the
9 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
10 provision of law in connection therewith.

11 7. Information Willfully Withheld or Misrepresented. This Consent Order may be
12 revoked, and the Commissioner may pursue any and all remedies available under the law against
13 Leap Theory if the Commissioner discovers that Leap Theory knowingly or willfully withheld
14 information used for and relied upon in this Consent Order.

15 8. Future Actions by Commissioner. If Leap Theory fails to comply with any terms of
16 the Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
17 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
18 against Leap Theory, or any of its partners, owners, officers, shareholders, directors, employees or
19 successors for any and all unknown violations of the CFL.

20 9. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
21 ability to assist any other government agency (city, county, state, or federal) with any administrative,
22 civil or criminal prosecutions brought by that agency against Leap Theory or any other person based
23 upon any of the activities alleged in this matter or otherwise.

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

27 11. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
28 interest.

1 12. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
2 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel.
3 Each of the parties further represents, warrants, and agrees that in executing this Consent Order it has
4 placed no reliance on any statement, representation, or promise of any other party, or any other
5 person or entity not expressly set forth herein, or upon the failure of any party or any other person or
6 entity to make any statement, representation or disclosure of anything whatsoever. The Parties have
7 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to
8 execute this Consent Order; and (2) to preclude the introduction of parol evidence to vary, interpret,
9 supplement, or contradict the terms of this Consent Order.

10 13. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
11 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.
12 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
13 provision. No waiver by either party of any breach of, or of compliance with, any condition or
14 provision of this Consent Order by the other party will be considered a waiver of any other condition
15 or provision or of the same condition or provision at another time.

16 14. Full Integration. This Consent Order is the final written expression and the complete
17 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
18 between the parties with respect to the subject matter hereof, and supersedes all prior or
19 contemporaneous agreements, negotiations, representations, understandings, and discussions between
20 and among the parties, their respective representatives, and any other person or entity, with respect to
21 the subject matter covered hereby.

22 15. Governing Law. This Consent Order will be governed by and construed in accordance
23 with California law. Each of the parties hereto consents to the jurisdiction of such court, and hereby
24 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the
25 maintenance of such action or proceeding in such court.

26 16. Counterparts. This Consent Order may be executed in one or more separate
27 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
28 together constitute a single document.

1 17. Effect Upon Future Proceedings. If Leap Theory applies for any license, permit or
 2 qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future
 3 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
 4 admitted for the purpose of such application or proceeding. Notwithstanding the foregoing, the
 5 Commissioner agrees that Leap Theory’s entry into this Consent Order shall not serve as a ground to
 6 deny any future license application filed with the Commissioner by Leap Theory under either
 7 Financial Code section 22109, subdivision (a)(2) or (a)(3), or Financial Code section 23011,
 8 subdivision (a)(2) or (a)(3).

9 18. Voluntary Agreement. Leap Theory enters into this Consent Order voluntarily and
 10 without coercion and acknowledges that no promises, threats or assurances have been made by the
 11 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent
 12 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and
 13 without any duress or undue influence of any kind from any source.

14 19. Signatures. A fax or electronic mail signature shall be deemed the same as an original
 15 signature.

16 20. Public Record. Leap Theory hereby acknowledges that this Consent Order is and will
 17 be a matter of public record.

18 21. Effective Date. This Consent Order shall become final and effective when signed by
 19 all parties and delivered by the Commissioner’s counsel via e-mail to Leap Theory’s counsel,
 20 Jonathan L. Pompan, at JLPompan@Venable.com.

21 22. Authority to Sign. Each signatory hereto covenants that he or she possesses all
 22 necessary capacity and authority to sign and enter into this Consent Order and undertake the
 23 obligations set forth herein.
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25 Dated: 11/7/19 MANUEL ALVAREZ
 26 Commissioner of Business Oversight

27 By Mary Ann Smith
 28 Deputy Commissioner

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Dated: 11/6/19

LEAP THEORY, LLC

By _____
Morgan Gethers
Chief Executive Officer