

1 MARY ANN SMITH  
Deputy Commissioner  
2 SEAN ROONEY  
Assistant Chief Counsel  
3 AFSANEH EGHBALDARI (State Bar No. 250107)  
4 Counsel  
5 Department of Business Oversight  
1350 Front Street, Room 2034  
6 San Diego, California 92101  
Telephone: (619) 645-3166  
7 Facsimile: (619) 525-4045

8 Attorneys for Complainant

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

12 In the Matter of: ) CFL LICENSE NO.: 603-A958  
13 )  
14 THE COMMISSIONER OF BUSINESS )  
OVERSIGHT, ) CONSENT ORDER  
15 )  
16 Complainant, )  
17 )  
18 v. )  
19 )  
20 CONNECTICUT FINANCIAL, LLC, )  
Respondent. )  
21 )

22 This Consent Order is entered into between the Commissioner of Business Oversight  
23 (Commissioner) and Connecticut Financial, LLC (collectively, the Parties), and is made with respect  
24 to the following facts:

25 **I.**

26 **Recitals**

27 A. The Commissioner has jurisdiction over the licensing and regulation of persons and  
28 entities engaged in the business of finance lending and/or brokering pursuant to the California

1 Financing Law (CFL) (Fin. Code, § 22000 et seq.).

2 B. Connecticut Financial, LLC (Connecticut Financial) is a finance lender licensed by  
3 the Commissioner, pursuant to the CFL.

4 C. Connecticut Financial has its primary place of business at 10805 Old Mill Road,  
5 Omaha, Nebraska 68154.

6 D. Steven M. Menzies is the president of Connecticut Financial, and as such, is  
7 authorized to enter into this Consent Order on behalf of Connecticut Financial.

8 E. The Department of Business Oversight (Department) commenced a regulatory  
9 examination of Connecticut Financial on October 1, 2018, which revealed violations of the CFL.

10 F. A review of Connecticut Financial’s financial statements and CFL annual report as of  
11 December 31, 2017, revealed that it failed to maintain the minimum net worth requirement of  
12 \$25,000.00, under Financial Code section 22104.

13 G. Connecticut Financial also failed to maintain a surety bond in violation of Financial  
14 Code section 22112. During the examination Connecticut Financial stated that it did not have a  
15 surety bond because it had not written any business under its CFL license for the past three years.

16 H. In October of 2019, Connecticut Financial provided the Department with a surety  
17 bond. However, the surety bond was incomplete because the bond failed to meet all the requirements  
18 of Financial Code section 22112, including failure to include its physical address on the surety bond.

19 I. Based upon the foregoing, the Commissioner finds that Connecticut Financial has  
20 failed to maintain the required minimum net worth of \$25,000.00, and failed to maintain a surety  
21 bond at all times, in violation of Financial Code sections 22104 and 22112.

22 J. The Commissioner finds that this Consent Order is appropriate, in the public interest,  
23 and consistent with the purposes fairly intended by the policies and provisions of the CFL.

24 **II.**

25 **Terms and Conditions**

26 1. **Purpose.** This Consent Order resolves the issues before the Commissioner, finding  
27 that Connecticut Financial violated the CFL, as set forth above in paragraphs A through J, in a  
28 manner that avoids the expense of a hearing and other possible court proceedings, protects

1 consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of  
2 the applicable law under the CFL.

3 2. Desist and Refrain Order. Pursuant to Financial Code section 22712, Connecticut  
4 Financial, LLC. is hereby ordered to desist and refrain from violating the minimum net worth and  
5 surety bond requirements of Financial Code sections 22104 and 22112, set forth herein. This Desist  
6 and Refrain Order is final and effective from the Effective Date of this Consent Order, as defined in  
7 paragraph 26 (Effective Date).

8 3. Payment of Administrative Fine. Connecticut Financial, LLC is hereby ordered to  
9 pay an administrative fine in the amount of \$5,000.00 within 5 days from the Effective Date of this  
10 Consent Order. The payment shall be made in the form of a cashier’s check or Automated Clearing  
11 House deposit to the “Department of Business Oversight,” and transmitted to the attention of:  
12 Accounting - Litigation, at the Department of Business Oversight, located at 1515 K Street, Suite  
13 200, Sacramento, California 95814. Notice of payment shall be sent concurrently to Afsaneh  
14 Eghbaldari, Counsel, Enforcement Division, by email at: [affi.eghbaldari@dbo.ca.gov](mailto:affi.eghbaldari@dbo.ca.gov).

15 4. Compliance with Minimum Net Worth. Connecticut Financial, LLC is hereby ordered  
16 to comply with the following:

- 17 (a) At all times, Connecticut Financial, LLC shall maintain the statutory net worth  
18 requirement of Financial Code section 22104.
- 19 (b) Within 15 days from the Effective Date of this Consent Order, Connecticut Financial,  
20 LLC shall submit proof that it currently meets the net worth requirement of Financial  
21 Code section 22104, by submitting its balance sheet or financial statements as of  
22 November 30, 2019, showing that it meets the net worth requirement of Financial  
23 Code section 22104.

24 Proof of Compliance with the minimum net worth requirement shall be sent to Afsaneh  
25 Eghbaldari, Counsel, Enforcement Division, by email at: [affi.eghbaldari@dbo.ca.gov](mailto:affi.eghbaldari@dbo.ca.gov).

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1           5.       Surety Bond. Connecticut Financial, LLC is hereby ordered to comply with the  
2 following:

3           (a)       At all times, Connecticut Financial, LLC shall maintain a surety bond pursuant to  
4 Financial Code section 22112.

5           (b)       Within 15 days from the Effective Date of this Consent Order, Connecticut Financial,  
6 LLC is hereby ordered to provide the Department with an original surety bond that  
7 meets all the requirements of Financial Code section 22112, subdivision (a), subject  
8 to the approval of the Department. The original surety bond shall include Connecticut  
9 Financial’s physical address as the principal address, the Power of Attorney page  
10 from the bond company, and all the required bond documents.

11           The original surety bond and all the required bond documents shall be sent to the attention of  
12 Jackie Senkandwa, Corporation Examiner, at the Department of Business Oversight, located at 320  
13 West 4th Street, Suite 700, Los Angeles, California 90013-2344. Proof of surety bond shall also be  
14 concurrently sent to Afsaneh Eghbaldari, Counsel, Enforcement Division, by email at:  
15 [affi.eghbaldari@dbo.ca.gov](mailto:affi.eghbaldari@dbo.ca.gov).

16           6.       Waiver of Hearing Rights. Connecticut Financial acknowledges the Commissioner is  
17 ready, willing, and able to proceed with the filing of an administrative enforcement action on the  
18 charges contained in this Consent Order. Connecticut Financial hereby waives the right to any  
19 hearings, and to any reconsideration, appeal, or other right to review which may be afforded  
20 pursuant to the CFL, the California Administrative Procedure Act, the California Code of Civil  
21 Procedure, or any other provision of law. Connecticut Financial further expressly waives any  
22 requirement for the filing of an enforcement action pursuant to Government Code section 11415.60,  
23 subdivision (b). By waiving such rights, Connecticut Financial effectively consents to this Consent  
24 Order becoming final.

25           7.       Full and Final Settlement. The parties hereby acknowledge and agree that this  
26 Consent Order is intended to constitute a full, final, and complete resolution of the violations  
27 described herein: failing to meet minimum net worth requirement and failing to maintain a surety  
28 bond at all times, and that no further proceedings or actions will be brought by the Commissioner in

1 connection with these matters except under the CFL, or any other provision of law, to enforce  
2 compliance with the terms of this Consent Order.

3 8. Failure to Comply with Consent Order. Connecticut Financial agrees that if it fails to  
4 comply with the terms of this Consent Order or the Desist and Refrain Order, the Commissioner  
5 may, in addition to all other available remedies it may invoke under the CFL, summarily suspend or  
6 revoke Connecticut Financial’s license. Connecticut Financial waives any notice and hearing rights  
7 to contest such summary suspension or revocation which may be afforded under the CFL, the  
8 California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
9 provision of law in connection therewith.

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

14 10. Future Actions by Commissioner. If Connecticut Financial fails to comply with any  
15 term of the Consent Order or Desist and Refrain Order, the Commissioner may institute proceedings  
16 for any and all violations otherwise resolved under this Consent Order. The Commissioner reserves  
17 the right to bring any future actions against Connecticut Financial for any and all unknown  
18 violations of the CFL.

19 11. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s  
20 ability to assist any other government agency (city, county, state, or federal) with any prosecution,  
21 administrative, civil, or criminal brought by that agency against Connecticut Financial or any other  
22 person based upon any of the activities alleged in this matter or otherwise.

23 12. No Presumption Against Drafting Party. Each party acknowledges that it has had the  
24 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties  
25 intend that no presumption for or against the drafting party will apply in construing any part of this  
26 Consent Order. The parties waive the benefit of Civil Code section 1654 as amended or  
27 corresponding provisions of any successor statute, which provide that in cases of uncertainty,  
28 language of a contract should be interpreted most strongly against the party that caused the

1 uncertainty to exist.

2 13. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it  
3 has received independent advice from its attorney(s) and/or representatives with respect to the  
4 advisability of executing this Consent Order.

5 14. Headings. The headings to the paragraphs of this Consent Order are inserted for  
6 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
7 the provisions hereof.

8 15. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in  
9 interest.

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

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

25 18. 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.

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

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

10 21. Effect Upon Future Proceedings. If Connecticut Financial applies for any license,  
11 permit or qualification under the Commissioner's current or future jurisdiction, or is the subject of  
12 any future action by the Commissioner to enforce this Consent Order, then the subject matter hereof  
13 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

14 22. Voluntary Agreement. Connecticut Financial enters this Consent Order voluntarily  
15 and without coercion and acknowledges that no promises, threats or assurances have been made by  
16 the Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each  
17 represent and acknowledge that he, she or it is executing this Consent Order completely voluntarily  
18 and without any duress or undue influence of any kind from any source.

19 23. Notice. Any notice required under this Consent Order shall be provided to each party  
20 at the following addresses:

21 To Connecticut Financial: Connecticut Financial, LLC  
22 Steven M. Menzies, President  
23 10805 Old Mill Road  
Omaha, Nebraska 68154

24 To the Commissioner: Affi Eghbaldari, Counsel  
25 Department of Business Oversight  
26 1350 Front Street, #2034  
27 San Diego, California 92101  
Affi.Eghbaldari@dbo.ca.gov

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1           24.     Signatures. A fax or electronic mail signature shall be deemed the same as an original  
2 signature.

3           25.     Public Record. Connecticut Financial acknowledges that this Consent Order is and  
4 will be a matter of public record.

5           26.     Effective Date. This Consent Order shall become final and effective when signed by  
6 all parties and delivered by the Commissioner’s agent via e-mail to Connecticut Financial’s counsel,  
7 Jeffrey A. Silver at jeffreysilver@silver-law.net.

8           27.     Authority to Sign. Each signatory hereto covenants that he/she possesses all  
9 necessary capacity and authority to sign and enter into this Consent Order and undertake the  
10 obligations set forth herein.

11                                 MANUEL P. ALVAREZ  
12                                 Commissioner of Business Oversight

13 Dated: December 13, 2019

14 By \_\_\_\_\_  
15                                 Mary Ann Smith  
16                                 Deputy Commissioner

17                                 CONNECTICUT FINANCIAL, LLC,

18 Dated: December 12, 2019

19 By \_\_\_\_\_  
20                                 Steven M. Menzies  
21                                 President of Connecticut Financial, LLC

22 APPROVED AS TO FORM AND CONTENT:

23 \_\_\_\_\_  
24 Jeffrey A. Silver, Esq.  
25 Counsel for Connecticut Financial, LLC  
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