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

10
11 In the Matter of:) CFL FILE NO.: 603J076
12 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) CONSENT ORDER
13 Complainant,)
14 v.)
15 SIMPLE CAR TITLE LOANS,)
16 Respondent.)
17

18
19 This Consent Order is entered into between the Commissioner of Business Oversight
20 (Commissioner) and Simple Car Title Loans (Simple Car), and is made with respect to the
21 following facts:

22 I.

23 Recitals

24 A. The Department of Business Oversight, through the Commissioner, has jurisdiction
25 over the licensing and regulation of persons and entities engaged in the business of finance lending
26 or brokering under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.).¹

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

1 B. Under the CFL, the Commissioner has authority to issue orders to desist and refrain
2 from violations of the CFL; to deny, suspend, or revoke licenses pending or issued under the CFL;
3 and to assess penalties.

4 C. The purpose of the CFL is to ensure an adequate supply of credit to borrowers in
5 California; to simplify, clarify, and modernize the law governing loans made by finance lenders; to
6 foster competition among finance lenders; to protect borrowers against unfair practices by some
7 lenders, having due regard for the interests of legitimate and scrupulous lenders; to permit and
8 encourage the development of fair and economically sound lending practices; and to encourage and
9 foster a sound economic climate in this state. (Fin. Code, § 22001, subd. (a).)

10 D. Simple Car is a California corporation with its principal place of business at 15416
11 Devonshire Street, Mission Hills, California 91345.

12 E. Simple Car is a finance lender and broker licensed by the Commissioner under
13 license number 603J076. Simple Car has been approved to do business under the names
14 1800TitleLoan, 1877CarTitleLoans, Callusformoney, Callus4money, 15MinuteTitleLoans,
15 BusBenchCash, and TitleLoaninLosAngeles.

16 F. Simple Car makes primarily loans secured by vehicle titles, also known as auto-title
17 loans or car-title loans. As of December 31, 2018, it had four licensed branch locations in
18 California.

19 G. Based on an examination that began on September 13, 2016 (Examination), the
20 Commissioner found, among other things, the following (Examination Findings):

21 i. In violation of Financial Code section 22306, Simple Car charged, contracted
22 for, or received rates and administrative fees on loans that exceeded those authorized by sections
23 22303, 22304, and 22305. Although these loans had principal amounts of \$2,500.00 or more,
24 therefore exceeding the regulatory ceilings in sections 22303, 22304, and 22305, the Commissioner
25 contended they were not loans of a “bona fide principal amount” of \$2,500.00 or more according to
26 section 22251 because the loan amounts were chosen for the purpose of evading the regulatory
27

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.)

1 ceiling provisions of the CFL. The loans were loans of a bona fide principal amount of less than
2 \$2,500.00 because (1) they involved substantial payments made within a short time after the loans
3 were made, as part of a scheme similar to the one described in section 22251, subdivision (a), or (2)
4 Simple Car failed to exclude certain charges or fees from calculating the bona fide principal amount
5 in accordance with section 22251, subdivision (c). These charges included fees payable to the
6 Department of Motor Vehicles (DMV) for registering vehicles or recording liens on vehicle titles,
7 fees payable to third parties to perform DMV services, and premiums payable to automobile-
8 insurance companies (collectively, DMV-Related Fees).

9 ii. Simple Car failed to provide sufficient proof that repossession fees charged
10 to some borrowers were paid to licensed repossession agencies. Under section 22202, subdivision
11 (f), such repossession fees were “charges,” which Simple Car was required to schedule to be
12 amortized over the life of the loan under section 22307. By failing to do so, Simple Car made loans
13 that failed to amortize all charges over the life of the loan in violation of section 22307.

14 iii. From September 2014 to December 2016, Simple Car made residential
15 mortgage loans, namely mobile-home title loans, other than through a mortgage loan originator
16 licensed by the Commissioner and registered with the Nationwide Mortgage Licensing System and
17 Registry in violation of Financial Code section 22100, subdivisions (b), (d), and (e).

18 iv. From March 2016 to July 2018, Simple Car paid compensation to an
19 unlicensed company for soliciting or accepting applications for loans in violation of California
20 Code of Regulations, title 10, section 1451, subdivision (c).

21 H. On September 1, 2017, the Commissioner requested full refunds of overcharges of
22 interest and administrative fees resulting from Simple Car’s failure to exclude any or all the DMV-
23 Related Fees in miscalculating bona fide principal amounts to be \$2,500.00 or more for loans made
24 on or after January 1, 2013. In response, Simple Car made partial refunds on loans made from
25 January 1, 2013, to November 30, 2017, refunding overcharges resulting from the inclusion of any
26 or all of only two of the four DMV-Related Fees (2018 Refunds). In reports provided to the
27 Commissioner on January 29, March 3, and April 24, 2018 (2018 Refund Report), Simple Car
28 represented that it had issued a total of \$240,358.90 in refunds or credits, which consisted of

1 \$234,708.90 for interest overcharges on 226 loans and \$5,650.00 for administrative-fee overcharges
2 on 202 loans.

3 I. The Commissioner finds that entering into this Consent Order is in the public
4 interest and consistent with the purposes fairly intended by the policy and provisions of the CFL.

5 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
6 contained herein, the parties agree as follows:

7 **II.**

8 **Terms and Conditions**

9 1. Purpose. This Consent Order resolves the issues before the Commissioner in a
10 manner that avoids the expense of a hearing and other possible court proceedings, protects
11 consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of
12 the CFL.

13 2. Desist and Refrain Order. Pursuant to Financial Code section 22712, Simple Car is
14 hereby ordered to desist and refrain from:

15 (a) charging, contracting for, or receiving an excessive rate or amount on a loan
16 in violation of Financial Code section 22306;

17 (b) making a loan that fails to amortize all charges over the life of the loan in
18 violation of Financial Code section 22307;

19 (c) making or brokering a residential mortgage loan other than through a
20 mortgage loan originator licensed by the Commissioner and registered with the Nationwide
21 Mortgage Licensing System and Registry in violation of Financial Code section 22100,
22 subdivisions (b), (d), and (e); and

23 (d) paying compensation to an unlicensed person or company for soliciting or
24 accepting applications for loans in violation of California Code of Regulations, title 10, section
25 1451, subdivision (c).

26 3. Penalty. Simple Car shall pay an administrative penalty of \$7,500.00 no later than
27 five days after the effective date of this Consent Order as defined in paragraph 30 (Effective Date).
28 Simple Car shall pay in accordance with paragraph 5.

1 4. Investigative Costs. Simple Car shall pay the Commissioner’s investigative costs in
2 the amount of \$12,500.00 no later than five days after the Effective Date. Simple Car shall pay in
3 accordance with paragraph 5.

4 5. Payment of Penalty and Costs. Simple Car shall pay penalties and costs by cashier’s
5 check or Automated Clearing House deposit made payable to the Department of Business Oversight
6 and transmitted to the attention of Accounting – Litigation at the Department of Business Oversight,
7 1515 K Street, Suite 200, Sacramento, California 95814. Simple Car shall provide notice of
8 payments to the Commissioner in accordance with paragraph 27.

9 6. 22251(a) Refund Calculation. Simple Car shall calculate refunds to certain
10 borrowers as follows:

11 (a) Simple Car shall review its files and identify all loans made under its CFL
12 licenses from January 1, 2013, to the Effective Date for which it received an advance payment on
13 the day of funding or one business day after funding that would have reduced the outstanding
14 principal balance to \$1,700.00 or less if the entire payment had been applied to the principal
15 (22251(a) Refund Population). Simple Car is not required to include in the 22251(a) Refund
16 Population loans that received a refund of overcharges during the Examination as described in
17 paragraph H and identified in the 2018 Refund Report.

18 (b) Simple Car shall recast each loan in the 22251(a) Refund Population by
19 reducing the original principal amount by the amount of the advance payment and determining the
20 amount of interest and administrative fee it would have charged for the reduced principal amount
21 based on an annual interest rate of 19.2 percent and the limitations on administrative fees in section
22 22305 (Recast Interest Amount and Recast Administrative Fee, respectively).

23 (c) For each loan in the 22251(a) Refund Population, Simple Car shall determine
24 the amount of excess interest charged (Interest Overcharge) by subtracting the Recast Interest
25 Amount from the actual amount of interest charged.

26 (d) For each loan in the 22251(a) Refund Population, Simple Car shall determine
27 the amount of excess administrative fee charged (Administrative-Fee Overcharge) by subtracting
28 the Recast Administrative Fee from the actual administrative fee charged.

1 (e) For each loan in the 22251(a) Refund Population, the amount Simple Car
2 shall refund to the borrower is 40 percent of the sum of the Interest Overcharge and Administrative-
3 Fee Overcharge (22251(a) Refund Amount).

4 (f) Simple Car shall submit a report to the Commissioner detailing the 22251(a)
5 Refund Population, including each Recast Interest Amount, Recast Administrative Fee, Interest
6 Overcharge, Administrative-Fee Overcharge, and 22251(a) Refund Amount no later than 30 days
7 after the Effective Date. The Commissioner’s receipt of this report does not constitute an approval
8 that the report is complete or accurate and does not otherwise limit the Commissioner’s audit or
9 examination rights under this Consent Order.

10 (g) Simple Car represents that it has completed the review described in
11 subparagraphs (a) to (e) and that the estimated total of 22251(a) Refund Amounts is \$28,332.11.

12 7. 22251(c) Refund Calculation. Simple Car shall calculate refunds to certain
13 borrowers as follows:

14 (a) Simple Car shall review its files and identify all loans made under its CFL
15 licenses that meet the following criteria (22251(c) Refund Population):

- 16 i. the loan was made from January 1, 2013, to November 30, 2017;
- 17 ii. a portion of the loan’s proceeds was transmitted by Simple Car to the
18 DMV or other third parties as payment of DMV-Related Fees (Withheld Proceeds); and
- 19 iii. subtracting the loan’s Withheld Proceeds from the loan’s principal
20 amount results in an amount less than \$2,500.00.

21 (b) For each loan in the 22251(c) Refund Population, the amount Simple Car
22 shall refund to the borrower is 50 percent of the amount of the Withheld Proceeds (22251(c) Refund
23 Amount).

24 (c) Simple Car shall submit a report to the Commissioner detailing the 22251(c)
25 Refund Population and each 22251(c) Refund Amount no later than 30 days after the Effective
26 Date. The Commissioner’s receipt of this report does not constitute an approval that the report is
27 complete or accurate and does not otherwise limit the Commissioner’s audit or examination rights
28 under this Consent Order.

1 (d) Simple Car represents that it has completed the review described in
2 subparagraphs (a) and (b) and that the estimated total of 22251(c) Refund Amounts is \$17,779.12.

3 (e) In connection with the 2018 Refunds, Simple Car shall make \$240,358.90 in
4 refunds. This amount is based solely on Simple Car’s representations in the 2018 Refund Report. If
5 the Commissioner later determines that the 2018 Refund Report or Simple Car’s representations
6 concerning the 2018 Refund Report were incomplete or inaccurate, thereby causing the refund
7 amounts to be understated, Simple Car will be deemed to have failed to comply with the terms of
8 this Consent Order and be subject to any remedies available to the Commissioner under paragraph
9 13. Simple Car shall promptly make additional refunds necessary to make the 2018 Refund Report
10 complete and accurate.

11 8. Repossession-Fee Refund Calculation. Simple Car shall calculate refunds to certain
12 borrowers as follows:

13 (a) Simple Car shall review its files and identify all loans made under its CFL
14 licenses from December 1, 2011, to July 31, 2019, for which repossessed collateral was sold and
15 which were not accompanied by sufficient proof that the repossession fee that was charged to the
16 borrower was paid by Simple Car to a licensed repossession agency (Repossession-Fee Refund
17 Population).

18 (b) For each loan in the Repossession-Fee Refund Population, the amount
19 Simple Car shall refund to the borrower is the amount of the repossession fee charged to the
20 borrower (Repossession-Fee Refund Amount).

21 (c) Simple Car shall submit a report to the Commissioner detailing the
22 Repossession-Fee Refund Population and each Repossession-Fee Refund Amount no later than 30
23 days after the Effective Date. The Commissioner’s receipt of this report does not constitute an
24 approval that the report is complete or accurate and does not otherwise limit the Commissioner’s
25 audit or examination rights under this Consent Order.

26 (d) Simple Car represents that it has completed the review described in
27 subparagraph (a) and has identified 32 loans that constitute the Repossession-Fee Refund
28 Population and that the estimated total of Repossession-Fee Refund Amounts is \$9,870.00.

1 9. Refund Payments. Simple Car shall pay the amounts described in paragraphs 6 to 8,
2 the estimated total amount of which is \$296,340.13, in the form of a refund or credit (Refund) as
3 follows:

4 (a) Simple Car shall make the Refunds no later than 60 days after the Effective
5 Date.

6 (b) Simple Car shall apply each Refund as follows:

7 i. For a current borrower whose loan has an outstanding balance that is
8 greater than the Refund amount, Simple Car shall reduce the loan’s principal balance by the Refund
9 amount.

10 ii. For a current borrower whose loan has an outstanding balance that is
11 less than the Refund amount, Simple Car shall reduce the loan’s principal balance to zero dollars
12 and mail to the borrower’s last known address a check for the difference between the outstanding
13 balance and Refund amount.

14 iii. For a former borrower whose loan was paid in full and who does not
15 have any loans from Simple Car with an outstanding balance, Simple Car shall mail to the
16 borrower’s last known address a check for the Refund amount.

17 iv. For a borrower whose loan was charged off and retained for internal
18 collection, Simple Car shall reduce the charged-off balance by the Refund amount.

19 v. For a borrower whose loan was charged off and assigned for outside
20 collection, Simple Car shall direct the assignee to reduce the outstanding balance by the Refund
21 amount. Simple Car shall notify the borrower of the reduced outstanding balance by electronic mail
22 or U.S. mail at the borrower’s last known address.

23 (c) Simple Car shall submit evidence of payment of the Refund amounts to the
24 Commissioner no later than 90 days after the Effective Date. Such evidence must include, at a
25 minimum, for each loan in the 22251(a) Refund Population, 22251(c) Refund Population, and
26 Repossession-Fee Refund Population, documentation of loan balances and, as applicable,
27 documentation of mailing of refund checks or notices of balance reductions.
28

1 (d) Simple Car shall escheat any unclaimed refunds to the California State
2 Controller’s Office within the period provided by Code of Civil Procedure section 1520,
3 subdivision (a), of the Unclaimed Property Law (Code of Civ. Proc., § 1500 et seq.).

4 10. Proof of Compliance. The Commissioner may periodically review Simple Car’s
5 compliance with paragraphs 6 to 9 and may request proof of such compliance. In response to any
6 such request, Simple Car shall promptly provide evidence of compliance to the Commissioner’s
7 satisfaction.

8 11. Waiver of Hearing Rights. Simple Car acknowledges that the Commissioner is
9 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
10 charges contained in this Consent Order. Simple Car hereby waives the right to any hearings, and to
11 any reconsideration, appeal, or other right to review which may be afforded pursuant to the CFL,
12 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
13 provision of law. Simple Car further expressly waives any requirement for the filing of an
14 accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such
15 rights, Simple Car effectively consents to the finality of this Consent Order and Desist and Refrain
16 Order.

17 12. Full and Final Settlement. The parties hereby acknowledge and agree that this
18 Consent Order is intended to constitute a full, final, and complete resolution of the Examination
19 Findings and that no further proceedings or actions will be brought by the Commissioner in
20 connection with those findings under the CFL or any other provision of law, excepting therefrom
21 any proceeding to enforce compliance with the terms of this Consent Order.

22 13. Failure to Comply with Consent Order. Simple Car agrees that if it fails to comply
23 with the terms of this Consent Order, the Commissioner may, in addition to all other available
24 remedies he may invoke under the CFL, summarily suspend the CFL licenses of Simple Car until
25 Simple Car is in compliance. Simple Car waives any notice and hearing rights to contest any such
26 summary suspension which may be afforded under the CFL, the California Administrative
27 Procedure Act, the California Code of Civil Procedure, or any other provision of law.
28

1 14. Information Willfully Withheld or Misrepresented. This Consent Order may be
2 rescinded, and the Commissioner may pursue any and all remedies available under law against
3 Simple Car if the Commissioner discovers that Simple Car knowingly or willfully withheld or
4 misrepresented information used for and relied upon in this Consent Order.

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

10 16. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s
11 ability to assist any other government agency (city, county, state, or federal) with any
12 administrative, civil, or criminal prosecution brought by that agency against Simple Car or any
13 other person based upon any of the activities alleged in this matter or otherwise.

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

17 18. Binding. This Consent Order is binding on all heirs, assigns, or successors in
18 interest.

19 19. Reliance. Each of the parties represents, warrants, and agrees that in executing this
20 Consent Order it has relied solely on the statements set forth herein and the advice of its own
21 counsel. Each of the parties further represents, warrants, and agrees that in executing this Consent
22 Order it has placed no reliance on any statement, representation, or promise of any other party, or
23 any other person or entity not expressly set forth herein, or upon the failure of any party or any
24 other person or entity to make any statement, representation, or disclosure of anything whatsoever.
25 The parties have included this clause: (1) to preclude any claim that any party was in any way
26 fraudulently induced to execute this Consent Order and (2) to preclude the introduction of parol
27 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.
28

1 20. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
2 of this Consent Order will be valid or binding unless it is in writing and signed by each of the
3 parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any other
4 provision. No waiver by either party of any breach of, or of compliance with, any condition or
5 provision of this Consent Order by the other party will be considered a waiver of any other
6 condition or provision or of the same condition or provision at another time.

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

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

17 23. Counterparts. This Consent Order may be executed in one or more separate
18 counterparts, each of which, when so executed, shall be deemed an original. Such counterparts shall
19 together constitute a single document.

20 24. Mandatory Disclosure in Future Applications. Simple Car agrees to disclose this
21 Consent Order in any application for a license, permit, or qualification under the Commissioner’s
22 current or future jurisdiction.

23 25. Effect Upon Future Proceedings. If Simple Car is the subject of any future action by
24 the Commissioner to enforce this Consent Order, then the subject matter hereof shall be admitted
25 for the purpose of such action.

26 26. Voluntary Agreement. Simple Car enters into this Consent Order voluntarily and
27 without coercion and acknowledges that no promises, threats, or assurances have been made by the
28 Commissioner or any officer or agent thereof about this Consent Order. The parties each represent

1 and acknowledge that he, she, or it is executing this Consent Order completely voluntarily and
2 without any duress or undue influence of any kind from any source.

3 27. Notice. Any notice required under this Consent Order shall be provided to Simple
4 Car at Simple Car Title Loans, Attention: Randi Vasquez, 15416 Devonshire Street, Mission Hills,
5 California 91345 and dbo@simplecartitleloans.com, with a copy to Bruce A. Greenberg, Esq.,
6 Bruce A. Greenberg, APLC, 400 Oceangate, Suite 520, Long Beach, California 90802 and
7 bagreenberg@netzero.net, or to the Commissioner at Samuel J. Park, Counsel, Department of
8 Business Oversight, 320 West 4th Street, Suite 750, Los Angeles, California 90013 and
9 samuel.park@dbo.ca.gov.

10 28. Signatures. A fax or electronic-mail signature shall be deemed the same as an
11 original signature.

12 29. Public Record. Simple Car hereby acknowledges that this Consent Order is and will
13 be a matter of public record.

14 30. Effective Date. This Consent Order shall become final and effective when signed by
15 all parties and delivered by the Commissioner’s agent via electronic mail to Simple Car’s counsel,
16 Bruce A. Greenberg, at bagreenberg@netzero.net.

17 31. Authority to Sign. Each signatory hereto covenants that he or she possesses all
18 necessary capacity and authority to sign and enter into this Consent Order and undertake the
19 obligations set forth herein.

20
21 Dated: 1/14/20

MANUEL P. ALVAREZ
Commissioner of Business Oversight

22
23 By: _____
MARY ANN SMITH
Deputy Commissioner

24
25
26 Dated: 12/31/19

SIMPLE CAR TITLE LOANS

27
28 By: _____
ALBERT MNATSAKANYAN
President