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

11
12 In the Matter of:) CFL FILE NO.: 60DBO-99055
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) CONSENT ORDER
14)
15 Complainant,)
16 v.)
17 RELIANT SERVICES GROUP, LLC,)
18 Respondent.)
19)
20)
21)

22 In consideration of the application filed by Reliant Services Group, LLC (Reliant) for a
23 license under the California Financing Law¹ (Fin. Code, § 22000, et seq.) (CFL), this Consent Order

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25 _____
26 ¹ Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the
27 “California Financing Law.” (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of
28 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 is entered into by and between the Commissioner of Business Oversight (Commissioner) and Reliant
2 (Consent Order).

3 **I.**

4 **RECITALS**

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

6 A. Reliant is a Delaware limited liability company organized on February 27, 2009, with
7 its principal place of business at 9540 Towne Centre Drive, Suite 200, San Diego, California 92121.
8 Reliant maintains a website at www.reliantfunding.com. Reliant has never been licensed under the
9 CFL.

10 B. Adam Stettner (Stettner) is the President and Chief Executive Officer of Reliant.
11 Stettner is authorized to enter into this Consent Order on behalf of Reliant.

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

15 D. On or about May 22, 2019, Reliant filed with the Commissioner an application for
16 licensure as a lender and a broker under the CFL (CFL File No. 60DBO-99055) (Application). Prior
17 to and during the application process, Reliant provided to the Commissioner information describing
18 and evidencing services Reliant had rendered in connection with small business financing, including
19 brokering of loans, equipment leases, and merchant cash advances; and making merchant cash
20 advances, including the form of agreement in use and certain practices (Information).

21 E. From the Commissioner's review of the Application and the Information, the
22 Commissioner made the following factual findings (Findings).

23 **Factual Findings Regarding Brokering**

24 i. Reliant, using the trade name "Reliant Funding," has operated as a broker of
25 small business financing products since 2008.

26 ii. Although Reliant maintains that it intended at all times to limit its brokering to
27 products that do not require a CFL license, Reliant did broker fewer than 100 loans originated by a
28 CFL lender between September 2015 and November 2018. Reliant contends that it did so in error.

1 contained an illustration of a black stripe on the back, or an illustration of an EMV chip on the front.
2 However, the black stripe illustration was not an actual magnetic stripe that could be swiped
3 successfully in a card transaction and the chip illustration was not an actual EMV chip that could be
4 inserted in a point-of-sale terminal to make a payment. In addition to being inoperable as payment
5 cards, each card also contained the statement “this is not a credit card” (or a similar disclosure).

6 xi. Some iterations of the Cash Card Campaign mailers included statements such
7 as: (1) “CONGRATULATIONS! Your new Reliant Cash Card is enclosed. You can now get
8 immediate access to cash for your business.”; (2) “[W]e have money to lend”; (3) “Use your cash . . .
9 for Anything You Want!”; (4) that Reliant’s financing programs had the “[h]ighest approval rates”
10 and “[p]rograms for all credit ranges”; and (5) that “Reliant is the fastest and most convenient way to
11 get cash for your business...period.” In addition, follow-up mailers included statements such as:
12 (1) “REMINDER: YOUR ACCOUNT STATUS IS PENDING”; (2) “Within the last 15 business
13 days, a prequalified Reliant Business Cash Card and activation request were issued to the company
14 named herein. . . . Once your account has been activated, you are eligible to receive cash today.”;
15 (3) “This program is not limited by the same restrictions as small business loans from banks. No
16 collateral, equity, up-front fees or out of pocket expenses will occur.”; and (4) that the recipient was
17 an “account holder” connected to an established “account number” with a prequalified funding
18 amount.

19 xii. The mailers also stated that the recipient must provide additional information
20 to Reliant, such as banking relationship information, credit card receipts, and business financial
21 information, before any funding would be provided.

22 F. Based on the Findings, the Commissioner determined that Reliant had both engaged in
23 the business of negotiation or performing any act as broker in connection with loans made by a
24 finance lender in violation of section 22100 of the Financial Code, and had advertised or distributed
25 statements or representations with regard to business subject to the CFL that are false, misleading, or
26 deceptive, or that omit material information that is necessary to make the statements not false,
27 misleading, or deceptive, in violation of section 22161, subdivision (a)(3) of the Financial Code.

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1 G. By this Consent Order, both Reliant and the Commissioner intend to resolve this
2 matter amicably without the necessity of a hearing or other litigation. Reliant, by entering into this
3 Consent Order, does not admit or deny the Commissioner’s conclusions of law.

4 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
5 contained herein, the Commissioner and Reliant (the Parties) agree as follows:

6 **II.**

7 **TERMS AND CONDITIONS**

8 1. Purpose. This Consent Order resolves the Findings, set forth in paragraph E above,
9 in a manner that avoids the expense of a hearing and other possible court proceedings, protects
10 small businesses, is in the public interest, and is consistent with the purposes, policies, and
11 provisions of the CFL.

12 2. Desist and Refrain Order. Pursuant to Financial Code section 22712, Reliant Services
13 Group, LLC is hereby ordered to desist and refrain from:

14 i. engaging in the business of negotiation or performing any act as a broker in
15 connection with loans made by a finance lender without proper licensure, in violation of Financial
16 Code section 22100; and

17 ii. advertising or distributing statements or representations with regard to business
18 subject to the CFL that are false, misleading, or deceptive, or that omit material information that is
19 necessary to make the statements not false, misleading, or deceptive, in violation of section 22161,
20 subdivision (a)(3) of the Financial Code.

21 3. Penalty. Reliant shall pay a penalty totaling \$250,000.00 (Penalty) to the
22 Commissioner. Payment of the Penalty is due by the Effective Date, as defined in Paragraph 23
23 below (Effective Date), and should be made in the form of a cashier’s check or Automated Clearing
24 House deposit payable to the “Department of Business Oversight” and transmitted to the attention of:
25 Accounting – Enforcement Division, Department of Business of Oversight, 1515 K Street, Suite 200,
26 Sacramento, California 95814. Notice of such payment shall be forwarded to Adam Wright, Senior
27 Counsel, Department of Business Oversight, Enforcement Division, 320 West 4th Street, Suite 750,
28 Los Angeles, California 90013.

1 4. Consideration. In consideration of Reliant’s agreement to the issuance of this Consent
2 Order, Reliant’s payment of the Penalty, the Application, and the Information, the Commissioner
3 hereby agrees to issue a CFL lender and broker license to Reliant within five business days of the
4 Effective Date.

5 5. Waiver of Hearing Rights. Reliant acknowledges the Commissioner is ready,
6 willing, and able to proceed with the filing of an administrative enforcement action on the Findings.
7 Reliant hereby waives the right to any hearings, and to any reconsideration, appeal, or other right to
8 review which may be afforded pursuant to the CFL, the California Administrative Procedure Act, the
9 California Code of Civil Procedure, or any other provision of law. Reliant further expressly waives
10 any requirement for the filing of an Accusation or a Statement of Issues pursuant to Government
11 Code section 11415.60, subdivision (b). By waiving such rights, Reliant effectively consents to this
12 Consent Order becoming final.

13 6. Full and Final Settlement. The Parties hereby acknowledge and agree that this
14 Consent Order is intended to constitute a full, final, and complete resolution of the Findings, and that
15 no further proceedings or actions will be brought by the Commissioner in connection with the
16 Information or the Findings under the CFL or any other provision of law, excepting therefrom any
17 proceeding to enforce compliance with the terms of this Consent Order.

18 7. Failure to Comply with Consent Order. With respect to compliance with this Consent
19 Order, Reliant agrees as follows:

20 i. If Reliant fails to comply with the terms of this Consent Order with respect to
21 violations of section 22161, subdivision (a)(3) of the Financial Code, the Commissioner may,
22 following 10 business days from Reliant’s receipt of notice from the Commissioner of Reliant’s
23 failure to comply with any term of this Consent Order, in addition to all other available remedies it
24 may invoke under the CFL, suspend the CFL license of Reliant, until Reliant is in compliance;

25 ii. If Reliant fails to comply with the terms of this Consent Order other than with
26 respect to violations of section 22161, subdivision (a)(3) of the Financial Code, the Commissioner
27 may, in addition to all other available remedies it may invoke under the CFL, summarily suspend the
28 CFL license of Reliant, if subsequently issued, until Reliant is in compliance. Reliant waives any

1 notice and hearing rights to contest such summary suspension which may be afforded under the CFL,
2 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
3 provision of law in connection therewith.

4 8. Information Willfully Withheld or Misrepresented. This Consent Order may be
5 revoked, and the Commissioner may pursue any and all remedies available under the law against
6 Reliant, including suspending the CFL license of Reliant, if the Commissioner discovers that
7 Reliant knowingly or willfully withheld information used for and relied upon in this Consent Order,
8 including, without limitation, the Application and the Information.

9 9. Future Actions by Commissioner. If Reliant fails to comply with any terms of the
10 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
11 resolved under this Consent Order. Except as otherwise provided in this Consent Order, the
12 Commissioner reserves the right to bring any future actions against Reliant, or any of its partners,
13 owners, officers, shareholders, directors, employees or successors for any and all violations of the
14 CFL.

15 10. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
16 ability to assist any other government agency (city, county, state, or federal) with any administrative,
17 civil or criminal prosecutions brought by that agency against Reliant or any other person based upon
18 any of the activities alleged in this matter or otherwise.

19 11. Headings. The headings to the paragraphs of this Consent Order are for convenience
20 only and will not be deemed a part hereof or affect the construction or interpretation of the provisions
21 hereof.

22 12. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
23 interest.

24 13. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
25 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel.
26 Each of the parties further represents, warrants, and agrees that in executing this Consent Order it has
27 placed no reliance on any statement, representation, or promise of any other party, or any other
28 person or entity not expressly set forth herein, or upon the failure of any party or any other person or

1 entity to make any statement, representation or disclosure of anything whatsoever. The Parties have
2 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to
3 execute this Consent Order; and (2) to preclude the introduction of parol evidence to vary, interpret,
4 supplement, or contradict the terms of this Consent Order.

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

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

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

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

24 18. Effect Upon Future Proceedings. If Reliant applies for any license, permit or
25 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future
26 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
27 admitted for the purpose of such application or proceeding.

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1 19. Third Parties. This Consent Order does not create or give rise to any private rights or
2 remedies against Reliant, or any of its past, present, and future predecessors, successors, parents,
3 subsidiaries and affiliates, and each of their respective partners, employees, agents, attorneys,
4 officers, directors, shareholders, members, partners, joint venturers, representatives and assigns
5 (Reliant Parties), create any liability for Reliant or the Reliant Parties, or limit the defenses of Reliant
6 or the Reliant Parties for any person or entity not a party to this Consent Order. This Consent Order
7 is a compromise of disputed claims.

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

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

15 22. Public Record. Reliant hereby acknowledges that this Consent Order is and will be a
16 matter of public record.

17 23. Effective Date. This Consent Order shall become final and effective when signed by
18 all parties and sent by the Commissioner’s counsel via e-mail to Reliant’s counsel, Scott M. Pearson,
19 at SPearson@manatt.com.

20 24. Authority to Sign. Each signatory hereto covenants that he or she possesses all
21 necessary capacity and authority to sign and enter into this Consent Order and undertake the
22 obligations set forth herein.

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Dated: April 28, 2020

MANUEL ALVAREZ
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner

Dated: April 27, 2020

RELIANT SERVICES GROUP, LLC

By _____
Adam Stettner
Chief Executive Officer