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7 Attorneys for Complainant

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

11  
12 In the Matter of: ) CFL FILE NO.: 60DBO-110414  
13 THE COMMISSIONER OF BUSINESS )  
OVERSIGHT, ) CONSENT ORDER  
14 )  
15 Complainant, )  
16 v. )  
17 QUADPAY, INC., )  
18 Respondent. )

19 This Consent Order is entered into by and between the Commissioner of Business Oversight  
20 and QuadPay, Inc. (Consent Order).

21 **RECITALS**

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

23 A. QuadPay, Inc. (QuadPay) is a corporation organized in Delaware in 2018 with its  
24 principal place of business at 27 West 24<sup>th</sup> Street, 2<sup>nd</sup> Floor, New York, New York, 10010.

25 B. Adam Ezra is the Co-Chief Executive Officer of QuadPay and is authorized to enter  
26 into this Consent Order on behalf of QuadPay.

27 ///

1 C. The Department of Business Oversight, through the Commissioner of Business  
2 Oversight (Commissioner), has jurisdiction over the licensing and regulation of persons and entities  
3 engaged in the business of lending and brokering pursuant to the California Financing Law (CFL).

4 D. After an inquiry, the Commissioner determined that QuadPay had engaged in the  
5 business of a finance lender in California without obtaining a license in violation of Financial Code  
6 section 22100, subdivision (a) by making loans through the operation of “buy now, pay later” point  
7 of sale products (Transactions). QuadPay neither admits nor denies that it has engaged in the  
8 business of a finance lender or broker in California.

9 E. On February 10, 2020, QuadPay submitted to the Commissioner its application for a  
10 CFL lender license pursuant to the applicable provisions of the CFL (Application).

11 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions  
12 contained herein, the Commissioner and QuadPay (the Parties) agree as follows:

13 **TERMS AND CONDITIONS**

14 1. **Purpose.** This Consent Order resolves the findings described in Paragraph D above  
15 in a manner that avoids the expense of a hearing and other possible court proceedings, protects  
16 consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of  
17 the CFL.

18 2. **Desist and Refrain Order.** Pursuant to Financial Code section 22712, QuadPay, Inc.  
19 is hereby ordered to desist and refrain from engaging in the business of a finance lender in California,  
20 in violation of Financial Code section 22100, subdivision (a).

21 3. **Penalty.** QuadPay shall pay a penalty of \$68,556.00 to the Commissioner (Penalty)  
22 within 30 days of the Effective Date, as defined in Paragraph 26 below (Effective Date). QuadPay  
23 shall pay an additional Penalty to the Commissioner equal to 10% of all fees paid to QuadPay by  
24 California residents, including, but not limited to, late fees and convenience fees (Fees) from  
25 February 14, 2020 through the date QuadPay ceases collecting Fees from California consumers or  
26 obtains a CFL lender license as contemplated by Paragraph E above, whichever occurs first. The  
27 additional Penalty is due within 45 days of the Effective Date. The Penalty should be made payable  
28 in the form of a cashier’s check or Automated Clearing House deposit to the “Department of

1 Business Oversight” and transmitted to the attention of: Accounting – Enforcement Division,  
2 Department of Business of Oversight, 1515 K Street, Suite 200, Sacramento, California 95814.  
3 Notice of such payment shall be forwarded to Judy L. Hartley, Senior Counsel, Department of  
4 Business Oversight, Enforcement Division, 320 West 4th Street, Suite 750, Los Angeles, California  
5 90013.

6 4. **Refunds.** QuadPay shall refund or credit all Fees paid to QuadPay by California  
7 residents in connection with QuadPay’s Transactions through the date QuadPay ceases collecting  
8 such Fees from California residents or obtains a CFL lender license as contemplated by Paragraph E  
9 above, whichever occurs first (Refunds). QuadPay represents to the Commissioner that it has  
10 collected \$685,561.00 in such Fees through February 14, 2020. QuadPay shall make the refunds no  
11 later than 30 days after the Effective Date. QuadPay shall submit evidence of such payments or  
12 credits no later than 60 days after the Effective Date. QuadPay shall escheat any unclaimed refunds to  
13 the California State Controller’s Office within the period provided by Code of Civil Procedure  
14 section 1520 of the Unclaimed Property Law (Code of Civ. Proc., section 1500, et seq.).

15 5. **Compliance.** As of the Effective Date, QuadPay shall cease offering and/or entering  
16 into Transactions with California residents by means of purchasing credit sales contracts from  
17 merchants or otherwise. Instead, QuadPay shall only offer or enter into Transactions and/or  
18 extensions of credit to California residents under authority of the license issued by the Commissioner.

19 6. **Proof of Compliance.** QuadPay acknowledges that the Commissioner will examine  
20 and review QuadPay’s compliance with Paragraphs 3 through 4 of this Consent Order. QuadPay  
21 agrees to provide, upon the Commissioner’s request, documentation satisfactory to the Commissioner  
22 to determine compliance with Paragraphs 3 through 4.

23 7. **Consideration.** In consideration of QuadPay’s agreement to the issuance of this  
24 Consent Order, QuadPay’s payment of the Penalty and Refunds, the Commissioner hereby agrees to  
25 continue reviewing QuadPay’s Application in accordance with Financial Code section 22109,  
26 subdivision (c).

27 8. **Waiver of Hearing Rights.** QuadPay acknowledges the Commissioner is ready,  
28 willing, and able to proceed with the filing of an administrative enforcement action on the charges

1 contained in this Consent Order. QuadPay hereby waives the right to any hearings, and to any  
2 reconsideration, appeal, or other right to review which may be afforded pursuant to the CFL, the  
3 California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
4 provision of law. QuadPay further expressly waives any requirement for the filing of an Accusation  
5 pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights, QuadPay  
6 effectively consents to this Consent Order and Desist and Refrain Order becoming final.

7       9.       **Full and Final Settlement.** The Parties hereby acknowledge and agree that this  
8 Consent Order is intended to constitute a full, final, and complete resolution of the findings described  
9 in Paragraph D above, and that no further proceedings or actions will be brought by the  
10 Commissioner in connection with the findings described in Paragraph D above (including any  
11 liabilities for refunds of Fees or for penalties) under the CFL or any other provision of law, excepting  
12 therefrom any proceeding to enforce compliance with the terms of this Consent Order.

13       10.       **Failure to Comply with Paragraphs 3 and 4.** QuadPay agrees that, if no cure is  
14 made by QuadPay within 10 days' written notice from the Commissioner of QuadPay's failure to  
15 comply with Paragraphs 3 and 4 of this Consent Order (relating to the payment of Penalties and  
16 Refunds), the Commissioner may, in addition to all other available remedies he may invoke under the  
17 CFL, summarily suspend the CFL license of QuadPay until QuadPay is in compliance. Upon failure  
18 to cure within the 10 days' written notice period, QuadPay waives any notice and hearing rights to  
19 contest such summary suspension which may be afforded under the CFL, the California  
20 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law  
21 in connection therewith.

22       11.       **Failure to Otherwise Comply with the Consent Order.** QuadPay agrees that, upon  
23 any failure to comply with the terms of this Consent Order not discussed in Paragraph 10 above, the  
24 Commissioner may, in addition to all other available remedies he may invoke under the CFL,  
25 summarily suspend the CFL license of QuadPay until QuadPay is in compliance. QuadPay waives  
26 any notice and hearing rights to contest such summary suspension which may be afforded under the  
27 CFL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any  
28 other provision of law in connection therewith.

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

5           13.    **Future Actions by Commissioner.** If QuadPay fails to comply with any terms of the  
6 Consent Order, the Commissioner may, in accordance with Paragraph 10 and/or 11 as applicable,  
7 institute proceedings for any and all violations otherwise resolved under this Consent Order except  
8 insofar as QuadPay’s obligations hereunder have been otherwise performed. The Commissioner  
9 reserves the right to bring any future actions against QuadPay, or any of its partners, owners, officers,  
10 shareholders, directors, employees or successors for any and all unknown violations of the CFL.

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

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

18           16.    **Binding.** This Consent Order is binding on all heirs, assigns, and/or successors in  
19 interest.

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

1           18.     **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 Parties.  
3 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 condition  
6 or provision or of the same condition or provision at another time.

7           19.     **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 between  
11 and among the Parties, their respective representatives, and any other person or entity, with respect to  
12 the subject matter covered hereby.

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

17           21.     **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           22.     **Effect Upon Future Proceedings.** If QuadPay applies for any license, permit or  
21 qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future  
22 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be  
23 admitted for the purpose of such application or proceeding.

24           23.     **Voluntary Agreement.** QuadPay enters into this Consent Order voluntarily and  
25 without coercion and acknowledges that no promises, threats or assurances have been made by the  
26 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent  
27 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and  
28 without any duress or undue influence of any kind from any source.

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

3           25.     **Public Record.** QuadPay hereby acknowledges that this Consent Order is and will be  
4 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 counsel via e-mail to QuadPay’s counsel, Marshall  
7 Bell, at mbell@buckleyfirm.com.

8           27.     **Authority to Sign.** Each signatory hereto covenants that he or 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 Dated: April 22, 2020

MANUEL P. ALVAREZ  
Commissioner of Business Oversight

12  
13 By \_\_\_\_\_  
MARY ANN SMITH  
14 Deputy Commissioner

15 Dated: April 20, 2020

QUADPAY, INC.

16  
17 By \_\_\_\_\_  
ADAM EZRA  
18 Co-Chief Executive Officer

19 APPROVED AS TO FORM:

20 By \_\_\_\_\_  
21 MARSHALL BELL, ESQ. attorney for  
22 QUADPAY, INC.  
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