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

11 In the Matter of:) CFL LICENSE NO.: 60DBO-87024
12 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) CONSENT ORDER
13)
14 Complainant,)
15 v.)
16 SCG LENDING, LLC,)
17 Respondent.)
18 _____)

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21 This Consent Order is entered into between the Commissioner of Business Oversight
22 (Commissioner) and SCG Lending, LLC (SCG) and is made with respect to the following facts:

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I.

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RECITALS

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A. The Commissioner has jurisdiction over the licensing and regulation of persons and
26 entities engaged in the business of making consumer and commercial loans pursuant to the
27 California Financing Law (CFL) (Fin. Code, § 22000 et seq.).

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1 B. SCG is a finance lender and broker that was licensed by the Commissioner from
2 August 10, 2018 to December 29, 2019 (CFL License No. 60DBO-87024). SCG's main office is
3 located at 26000 Towne Center, Suite 130, Foothill Ranch, California 92610.

4 C. SCG operates no branch locations in California.

5 D. Kurt Miklinski is the Manager of SCG and, as such, is authorized to enter into this
6 Consent Order on SCG's behalf.

7 E. In accordance with Financial Code section 22107, each finance lender, broker, or
8 program administrator licensee shall pay to the Commissioner its pro rata share of all costs and
9 expenses, including the costs and expenses associated with the licensing of mortgage loan originators
10 it employs, reasonably incurred in the administration of this division, as estimated by the
11 Commissioner, for the ensuing year and any deficit actually incurred or anticipated in the
12 administration of the program in the year in which the assessment is made. CFL licensees must pay
13 the annual assessment on or before the 31st day of October each year.

14 F. On September 30, 2019, the Commissioner sent SCG an Assessment Notice per
15 invoice number CF2854. The notice stated that the annual assessment would become delinquent if
16 not paid by October 31, 2019.

17 G. As of October 31, 2019, SCG had not paid its annual assessment. The failure to pay the
18 annual assessment on or before October 31, 2019 is a violation of Financial Code section 22107.

19 H. As of November 6, 2019, SCG still had not paid its annual assessment. As a result, on
20 November 6, 2019, the Commissioner sent SCG a Notice of Unpaid Assessment. This notice warned
21 that failure to pay the assessment would result in summary revocation of SCG's license. SCG did not
22 respond to the Commissioner's notice.

23 I. As of December 6, 2019, SCG still had not paid its annual assessment. As a result, on
24 December 6, 2019, the Commissioner issued an Order Summarily Revoking California Financing
25 Law License Pursuant to Financial Code Section 22107 for CFL License Number 60DBO-87024
26 (Revocation Order). The Department mailed the Revocation Order to SCG along with notice that the
27 Revocation Order would become effective December 30, 2019 unless payment of the annual
28 assessment was received by close of business on December 27, 2019.

1 J. As of December 27, 2019, the assessment remained unpaid. Accordingly, the
2 Revocation Order became effective December 30, 2019.

3 K. The Department received SCG’s annual assessment payment on January 16, 2020.

4 L. In connection with these proceedings, SCG represented to the Commissioner that it had
5 conducted lending activity in California after its license had been revoked. As such, the Commissioner
6 finds that SCG engaged in the business of a finance lender in violation of Financial Code section 22100.

7 M. SCG admits to the jurisdiction of the Commissioner and it is the intention of the parties
8 to resolve this matter without the necessity of a hearing and/or other litigation.

9 N. The Commissioner finds that entering into this Consent Order is in the public interest and
10 consistent with the purposes fairly intended by the CFL.

11 NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set
12 forth herein, the Parties agree as follows:

13 **II.**

14 **TERMS AND CONDITIONS**

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

19 2. Desist and Refrain Order(s). Pursuant to Financial Code section 22712, SCG is
20 hereby ordered to desist and refrain from violating any provision of the CFL or regulation
21 thereunder, including Financial Code section 22100 as set forth above.

22 3. Order Rescinding Revocation Order(s). The Commissioner hereby rescinds the
23 Revocation Order, which was issued on December 6, 2019, and became effective on December 30,
24 2019.

25 4. Administrative Fines and Penalties. SCG shall pay administrative fines and penalties
26 in the amount of \$5,000.00 for the violations of the CFL enumerated herein. SCG shall pay those
27 fines and penalties no later than 30 days after the effective date of this Consent Order as defined in
28 paragraph 22. Payment must be made payable in the form of a cashier’s check or Automated

1 Clearing House deposit to the Department of Business Oversight and transmitted to the attention of
2 Accounting – Litigation, at the Department of Business Oversight, 1515 K Street, Suite 200,
3 Sacramento, California 95814. Notice of the payment of the fines and penalties must be
4 concurrently sent to Taylor Steinbacher, Counsel, Department of Business Oversight, 320 West 4th
5 Street, Suite 750, Los Angeles, California 90013-2344.

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

15 6. Failure to Comply with Consent Order. SCG agrees that if it fails to comply with the
16 terms of this Consent Order, the Commissioner may, in addition to all other available remedies it
17 may invoke under the CFL, summarily suspend or revoke SCG’s CFL license until SCG is in
18 compliance. SCG waives any notice and hearing rights to contest such summary suspension or
19 revocation which may be afforded under the CFL, the California Administrative Procedure Act, the
20 California Code of Civil Procedure, or any other provision of law in connection therewith.

21 7. Information Willfully Withheld or Misrepresented. This Consent Order may be
22 revoked and the Commissioner may pursue any and all remedies available under law against SCG if
23 the Commissioner discovers that SCG knowingly or willfully withheld or misrepresented
24 information used for and relied upon in this Consent Order.

25 8. Future Actions by the Commissioner. If SCG fails to comply with any terms of the
26 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
27 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
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1 against SCG, or any of its partners, owners, officers, shareholders, directors, employees or
2 successors for any and all unknown violations of the CFL.

3 9. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
4 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
5 administrative, civil or criminal brought by that agency against SCG or any other person based upon
6 any of the activities alleged in this matter or otherwise.

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

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

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

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

27 14. Full Integration. This Consent Order is the final written expression and the complete
28 and exclusive statement of all the agreements, conditions, promises, representations, and covenant

1 between the parties with respect to the subject matter hereof, and supersedes all prior or
2 contemporaneous agreements, negotiations, representations, understandings, and discussions
3 between and among the parties, their respective representatives, and any other person or entity, with
4 respect to the subject matter covered hereby.

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

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

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

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

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

23 To Respondent SCG Lending, LLC: SCG Lending, LLC
24 c/o Kurt Miklinski, Manager
25 26000 Towne Centre, Suite 130
26 Foothill Ranch, California 92610
27 kurt@solvecapitalgroup.com
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John Russell, Esq.
Wallin & Russell LLP
26000 Towne Centre, Suite 130
Foothill Ranch, California 92610
jrussell@wallinrussell.com

To the Commissioner:

Taylor Steinbacher, Counsel
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
Taylor.Steinbacher@dbo.ca.gov

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

21. Public Record. SCG hereby acknowledges that this Consent Order is and will be a matter of public record.

22. Effective Date. This Consent Order shall become final and effective when signed by all parties and delivered by the Commissioner’s agent via email to SCG’s representative, at jrussell@wallinrussell.com.

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1 23. Authority to Sign. Each signatory hereto covenants that he/she possesses all
2 necessary capacity and authority to sign and enter into this Consent Order and undertake the
3 obligations set forth herein.
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6 Dated: May 22, 2020

MANUEL P. ALVAREZ
Commissioner of Business Oversight

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9 By _____
10 MARY ANN SMITH
11 Deputy Commissioner
12 Enforcement Division

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14 Dated: May 20, 2020

SCG LENDING, LLC

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16 By _____
17 KURT MIKLINSKI
18 Manager
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