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8
9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:) CFL LICENSE NO.: 60DBO-90658
12)
13 THE COMMISSIONER OF FINANCIAL)
PROTECTION AND INNOVATION,)
14) CONSENT ORDER
Complainant,)
15 v.)
16)
SYNC FUNDING LLC,)
17)
Respondent.)
18)
19)

20 This Consent Order is entered into between the Commissioner of Financial Protection and
21 Innovation (Complainant or Commissioner), and Respondent Sync Funding LLC (Respondent) and
22 is made with respect to the following facts:

23
24 **I.**

25 **RECITALS**

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

1 B. Respondent is a limited liability company with a principal place of business at
2 2101 Palo Duro Dr., Prosper, Texas 75078.

3 C. Respondent is licensed as a finance broker under the CFL with main license number
4 60DBO-90658.

5 D. Respondent operates no branch offices in California.

6 E. In accordance with Financial Code section 22159, CFL licensees must file an annual
7 report with the Commissioner by March 15 of each year (Annual Report).

8 F. On December 16, 2019, the Commissioner notified CFL licensees of the March 15,
9 2020 deadline to file their annual reports by sending notice to the email address of each CFL
10 licensee established pursuant to the Commissioner's Order on Electronic Communications, dated
11 November 22, 2013. The notification admonished licensees that the Commissioner could assess
12 penalties for untimely filing or failing to file pursuant to Financial Code section 22715(b).

13 G. On January 29, 2020, the Commissioner again notified CFL licensees of the
14 March 15, 2020 deadline to file their annual reports by sending notice to the email address each CFL
15 licensee established pursuant to the Commissioner's Order on Electronic Communications, dated
16 November 22, 2013. The notification again warned that the Commissioner could assess monetary
17 penalties for untimely filing or failing to file pursuant to Financial Code section 22715(b).

18 H. On March 2, 2020, the Commissioner again notified CFL licensees of the March 15,
19 2020 deadline to file their annual reports by sending notice to the email address each CFL licensee
20 established pursuant to the Commissioner's Order on Electronic Communications, dated
21 November 22, 2013. The notification warned that the Commissioner could assess penalties and
22 summarily revoke licenses for untimely filing or failing to file pursuant to Financial Code section
23 22715.

24 I. As of March 15, 2020, Respondent had not filed its Annual Report with the
25 Commissioner. As a result, the Commissioner issued a notice on March 18, 2020 to Respondent to
26 Respondent's email address established pursuant to the Commissioner's Order on Electronic
27 Communications, dated November 22, 2013, advising Respondent that it should file its annual report
28

1 by or before March 30, 2020 or else its license would be summarily revoked pursuant to Financial
2 Code section 22715 (Notice Email).

3 J. As of March 30, 2020, Respondent had not filed its Annual Report with the
4 Commissioner as directed in the Notice Email. As a result, on April 3, 2020, the Commissioner
5 issued an Order Summarily Revoking Finance Lender and/or Broker License(s) Pursuant to
6 Financial Code Section 22715 for CFL License Number 60DBO-90658 (Summary Revocation
7 Order).

8 K. Upon receiving the Summary Revocation Order(s), Respondent timely notified the
9 Commissioner that Respondent was requesting a hearing on the Summary Revocation Order(s).

10 L. On September 24, 2020 Respondent submitted its Annual Report, which was due on
11 March 15, 2020, over 54 business days late. Pursuant to Financial Code section 22715, the
12 maximum penalty that may be imposed for filing over 54 business days late is \$25,000 (\$100 per
13 business day for the first five business days and \$500 per business day thereafter up to a maximum
14 of \$25,000).

15 M. In connection with these proceedings, Respondent represented to the Commissioner
16 that it had taken no new applications under its license.

17 N. In connection with these proceedings, Respondent represented to the Commissioner
18 that it intends to surrender its CFL license, 60DBO-90658.

19 O. The Commissioner finds that entering into this Consent Order is in the public interest
20 and consistent with the purposes fairly intended by the policies and provisions of the CFL.

21 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
22 forth herein, the parties agree as follows:

23 **II.**

24 **TERMS AND CONDITIONS**

25 **1. Purpose.** The parties intend to resolve this matter for the purpose of judicial economy
26 and expediency and without the uncertainty and expense of a hearing or other litigation.

27 **2. Order Rescinding Penalty Order.** The Commissioner hereby rescinds the Summary
28 Revocation Order which had been issued on April 3, 2020.

1 **3. Administrative Penalty.** Respondent shall pay an administrative penalty of \$5,000.00
2 no later than 30 days after the effective date of this Consent Order as defined in paragraph 26. The
3 penalty must be made payable in the form of a cashier’s check or Automated Clearing House deposit
4 to the Department of Financial Protection and Innovation and transmitted to the attention of:
5 Accounting - Litigation, at the Department of Financial Protection and Innovation, 2101 Arena
6 Boulevard, Sacramento, California 95834-2036. Notice of the payment must be concurrently sent to
7 Taylor Steinbacher, Counsel, Department of Financial Protection and Innovation, 320 West 4th
8 Street, Suite 750, Los Angeles, California 90013-2344.

9 **4. License Surrender.** No later than 7 calendar days after the effective date of this
10 Consent Order defined in paragraph 26, Respondent shall complete all steps necessary to surrender
11 its CFL license to the Commissioner.

12 **5. Failure to Pay Administrative Penalty or Surrender License.** If Respondent fails to
13 comply with paragraphs 3 or 4, the Commissioner may summarily suspend Respondent from
14 engaging in business under its license until it provides evidence of compliance to the
15 Commissioner’s satisfaction. Respondent hereby waives any notice or hearing rights afforded under
16 the Administrative Procedure Act, including Government Code section 11415.60, subdivision (b);
17 Code of Civil Procedure; or any other provision of law to contest the summary suspension
18 contemplated by this paragraph.

19 **6. Waiver of Hearing Rights.** Respondent acknowledges the Commissioner is ready,
20 willing, and able to proceed with the filing of an administrative enforcement action on the charges
21 contained in this Consent Order. Respondent hereby waives the right to any hearings, and to any
22 reconsideration, appeal, or other right to review which may be afforded pursuant to the CFL, the
23 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
24 provision of law. Respondent further expressly waives any requirement for the filing of an
25 Accusation pursuant to Government section 11415.60, subdivision (b). By waiving such rights,
26 Respondent effectively consents to this Consent Order and Order rescinding Penalty Order becoming
27 final.
28

1 **7. Full and Final Resolution.** The parties hereby acknowledge and agree that this
2 Consent Order is intended to constitute a full and final resolution of the violations described herein,
3 and that no further proceedings or actions will be brought by the Commissioner in connection with
4 these matters except under the CFL or any other provision of law, excepting therefrom any
5 proceeding to enforce compliance with the terms of this Consent Order.

6 **8. Failure to Comply with Consent Order.** Respondent agrees that if it fails to comply
7 with the terms of this Consent Order, the Commissioner may, in addition to all other available
8 remedies it may invoke under the CFL, summarily suspend/revoke the CFL license of Respondent
9 until Respondent is in compliance. Respondent waives any notice and hearing rights to contest such
10 summary suspensions/revocations which may be afforded under the CFL, the California
11 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law
12 in connection therewith.

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

17 **10. Future Actions by Commissioner.** If Respondent fails to comply with the terms of the
18 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
19 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
20 against Respondent, or any of its partners, owners, officers, shareholders, directors, employees or
21 successors for any and all unknown violations of this CFL.

22 **11. Assisting Other Agencies.** Nothing in this Consent Order limits the Commissioner's
23 ability to assist any other government agency (city, county, state or federal) with any prosecution,
24 administrative, civil or criminal action brought by that agency against Respondent or any other
25 person based on any of the activities alleged in this matter or otherwise.

26 **12. No Presumption Against Drafter.** Each party acknowledges that it has had the
27 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties
28 intend no presumption for or against the drafting party will apply in construing any part of this

1 Consent Order. The parties waive the benefit of Civil Code section 1654 as amended or
2 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
3 language of a contract should be interpreted most strongly against the party who caused the
4 uncertainty to exist.

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

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

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

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

22 **17. Waiver, Amendments, and Modifications.** No waiver, amendment, or modification of
23 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
24 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
25 provision. No waiver by either party of any breach of, or of compliance with, any condition or
26 provision of this Consent Order by the other party will be considered a waiver of any other condition
27 or provision or of the same condition or provision at another time.
28

1 **18. Full Integration.** This Consent Order is the final written expression and the complete
2 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
3 between the parties with respect to the subject matter hereof, and supersedes all prior or
4 contemporaneous agreements, negotiations, representations, understandings, and discussions
5 between and among the parties, their respective representatives, and any other person or entity, with
6 respect to the subject matter covered hereby.

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

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

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

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

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

25 To Respondent Sync Funding LLC: Sync Funding LLC
26 c/o Richard G Hakes II, CEO
27 2101 Palo Duro Dr.
28 Prosper, Texas 75078
rick@syncfunding.com

1 To the Commissioner:

Taylor Steinbacher, Counsel
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
Taylor.Steinbacher@dfpi.ca.gov

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

7 **25. Public Record.** Respondent hereby acknowledges that the Consent Order is and will
8 be a matter of public record.

9 **26. Effective Date.** This Consent Order shall become final and effective when signed by
10 all parties and delivered by the Commissioner’s agent via e-mail to rick@syncfunding.com.

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

14
15 Dated: October 2, 2020

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

16
17
18 By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

19
20
21 Dated: October 2, 2020

SYNC FUNDING LLC

22
23 By _____
RICHARD G HAKES II
CEO