

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION

4 TO: CA GRANTS
5 http://careliefgrants.org

6 DESIST AND REFRAIN ORDER
7 (For violation of California Financial Code Section 22100)

8 The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

9 1. The Commissioner is authorized to pursue administrative actions and remedies against
10 persons who engage in violations of the California Financing Law (Financial Code § 22000, *et seq.*)
11 (CFL).

12 2. A business entity of unknown form using the name “CA GRANTS” operates a website
13 at http://careliefgrants.org (Company).

14 3. Following a diligent search, the Commissioner has been unable to ascertain the
15 physical address or any contact information for the Company.

16 4. The Company does not appear to hold a CFL license and does not list a CFL license
17 number on its website as required by the CFL.

18 5. Using misleading references to the federal Coronavirus Aid, Relief, and Economic
19 Security (CARES) Act, and content stolen from a legitimate website at www.careliefgrant.com, the
20 Company tries to mislead small businesses looking for government-sponsored COVID-19 relief to,
21 instead, sign up for private financing offers, such as “merchant cash advances,” “cash flow loans”
22 and “traditional” loans.

23 6. The Company’s website touts a “Small Business COVID-19 Relief Grant Program”
24 and claims that the Company “make[s] business funding quick and painless. Apply online and get
25 approved in as fast as 5 minutes. The amount of grant funding ranges from \$10,000 to \$250,000.”

26 7. The Company’s website claims that it “listen[s] to your needs and provide[s] you with
27 the best financing solutions available. Funding managers will save you time and energy.” The
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1 Company's website purports to offer "financing recommendations" and claims that the Company
2 "provide[s] a full suite of tailored banking services for your everyday needs."

3 8. Claiming to have been founded in 2013, the Company also states on its website that it
4 serves small businesses "nationwide."

5 9. Following its misleading claims, the Company urges interested small businesses to
6 enter underwriting information, such as the owner's social security number and driver's license
7 number, in an application located at <http://carelifegrants.org/register>.

8 10. After submitting their application, the small business' information would likely be
9 sold to an untold number of unnamed companies who would target those small businesses and their
10 owners with financing offers and services unconnected to any government-sponsored program.

11 11. The Company appears to operate as, in industry jargon, an "independent sales
12 organization" or ISO.

13 12. Financial Code section 22100, subdivision (a), provides that "[n]o person shall
14 engage in the business of a . . . broker without obtaining a license from the commissioner."

15 13. Financial Code section 22004 defines "broker" to "include[] any person who is
16 engaged in the business of . . . performing any act as broker in connection with loans made by a
17 finance lender."

18 14. Collecting loan applications or application data and forwarding it to a lender licensed
19 under the CFL for the purposes of making of a CFL loan is an act of a broker under the CFL. (*See*,
20 *e.g.*, Financial Code § 22602, subd. (c) [inferentially listing activities that require a broker license,
21 including "[c]ounseling or advising the borrower about a loan[,] " [p]articipating in the preparation
22 of any loan documents, including credit applications[,] " [g]athering loan documentation from the
23 borrower or delivering the documentation to the licensee[,] and "[o]btaining the borrower's
24 signature on documents"]; Cal. Code Regs., tit. 10, § 1422, subd. (c) ["[F]inance lenders may not
25 pay compensation for brokerage services (i.e., brokerage commission, finder's fee, referral fees, etc.)
26 to anyone not licensed as a broker under [the CFL]."]; Cal. Code Regs., tit. 10, § 1451, subd. (c)
27 [CFL-licensed lender "shall [not] pay any compensation to an unlicensed person or company for
28 soliciting or accepting applications for loans[.]"]; Sen. Com. on Banking and Finance, Analysis of

1 Sen. Bill 197 (2015-2016 Reg. Sess.) as amended Aug. 31, 2015, p. 4 [“Existing [CFL] regulations
2 prohibit [CFL] licensees from paying any compensation to any person or company that is
3 unlicensed, in exchange for the referral of business.”].)

4 15. Financial Code section 22712, subdivision (a), provides, in relevant part:

5 Whenever, in the opinion of the commissioner, any person is engaged in the
6 business as a broker . . . without a license from the commissioner, . . . the
7 commissioner may order that person . . . to desist and to refrain from
engaging in the business or further violating [the CFL].

8 Based on the foregoing, the Commissioner of Financial Protection and Innovation is of the
9 opinion that CA GRANTS, the apparent operator of <http://carelifgrants.org>, violated Financial Code
10 section 22100, subdivision (a), by engaging in the business of a broker without obtaining a license
11 from the commissioner. Pursuant to Financial Code section 22712, subdivision (a), CA GRANTS,
12 the apparent operator of <http://carelifgrants.org>, is hereby ordered to desist and refrain from
13 violating Financial Code section 22100, subdivision (a).

14 This Order is necessary, in the public interest and consistent with the purposes, policies, and
15 provisions of the California Financing Law. This Order shall remain in full force and effect until
16 further order of the Commissioner.

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18 Dated: March 12, 2021
Los Angeles, California

19 MANUEL P. ALVAREZ
20 Commissioner of Financial Protection and Innovation

21 By: _____
22 MARY ANN SMITH
23 Deputy Commissioner
24 Enforcement Division
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