

CLOTHILDE V. HEWLETT  
Commissioner  
MARY ANN SMITH  
Deputy Commissioner  
SEAN M. ROONEY  
Assistant Chief Counsel  
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Senior Counsel  
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
OF THE STATE OF CALIFORNIA

In the Matter of:	)	CFL LICENSE NO.: 6038193
THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,	)	
Complainant,	)	CONSENT ORDER
v.	)	
WHEELS FINANCIAL GROUP, LLC (d/b/a LOANMART),	)	
Respondent.	)	

This Consent Order (Consent Order) is entered into between the Commissioner of Financial Protection and Innovation (Commissioner) and Wheels Financial Group, LLC dba LoanMart (LoanMart, and, collectively with the Commissioner, the Parties) and is made with respect to the following facts:

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I.

**RECITALS**

*Parties*

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

B. The Commissioner also has jurisdiction over the regulation of persons engaged in offering or providing a consumer financial product or service in California and their affiliated service providers under the California Consumer Financial Protection Law (Fin. Code, § 90000 et seq.) (CCFPL).

C. LoanMart’s principal place of business is 16501 Ventura Boulevard, Suite 400, Encino, California 91436.

D. LoanMart has been licensed to make loans under the CFL since 2002.

*Bank Loan Program*

E. In December 2018, LoanMart entered into an agreement with Capital Community Bank, a Utah state-chartered bank (CCBank), to provide marketing and servicing services to CCBank for loans made by CCBank. LoanMart commenced providing those services in certain states outside California commencing in 2019 and within California starting on or around January 15, 2020 (Bank Loan Program).

F. On January 1, 2020, Assembly Bill 539, also known as the Fair Access to Credit Act (AB 539) became effective. AB 539 amended the CFL to prohibit licensed lenders from making loans with principal amounts of \$2,500 to less than \$10,000 with interest rates greater than 36% plus the Federal Funds Rate (about 2% during the relevant period).

G. Some loans made to California borrowers under the Bank Loan Program had principal amounts of \$2,500 to less than \$10,000 and were at interest rates that exceeded 36% plus the Federal Funds Rate.

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Commissioner’s Inquiry

H. On February 14, 2020, the Commissioner requested that LoanMart provide information relating to LoanMart’s role in the Bank Loan Program with respect to California borrowers (Inquiry).

I. On September 3, 2020, the Commissioner served a Subpoena Duces Tecum on LoanMart seeking documents and information related to the Inquiry (Subpoena). On October 16, 2020, LoanMart served its Response and Objections to the Subpoena. The Commissioner and LoanMart then engaged in meet-and-confer discussions regarding LoanMart’s response to the Subpoena.

J. On November 17, 2020, LoanMart stopped marketing loans under the Bank Loan Program in an amount less than \$10,000 to California borrowers (Cessation Date).

K. When LoanMart advised the Commissioner that it had stopped marketing loans under the Bank Loan Program in an amount less than \$10,000 to California borrowers, the Parties engaged in discussions to resolve the Inquiry without the necessity of a hearing or other litigation. LoanMart, by entering into this Consent Order, neither admits nor denies that it has violated any California law or regulation.

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

**II.**

**TERMS AND CONDITIONS**

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

2. Cessation of Loan Marketing and Servicing. Absent any change in law or regulation or any court ruling, LoanMart will not market vehicle-secured installment consumer loans intended primarily for personal, family and household purposes with loan amounts of less than \$10,000 to California consumers at an interest rate above 36% plus the Federal Funds Rate in a

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1 program involving a state-chartered bank (Subject Loans) and will not service any Subject Loans  
2 originated after the Cessation Date for a period of 21 months from the Effective Date.

3 3. Proof of Compliance. LoanMart acknowledges that the Commissioner may review  
4 LoanMart’s compliance with Paragraph 2 of this Consent Order. LoanMart agrees to provide, upon  
5 the Commissioner’s request, documentation to the Commissioner to determine compliance with  
6 Paragraph 2.

7 4. Failure to Comply with Order. LoanMart agrees that, if it fails to comply with  
8 Paragraphs 2 or 3 of this Consent Order, the Commissioner may, following 10 business days’ notice  
9 and the provision of an opportunity to meet and confer and in addition to all other available  
10 remedies the Commissioner may invoke under the CFL and the CCFPL, summarily suspend the  
11 CFL licenses of LoanMart until LoanMart is in compliance.

12 5. Change in Law. The Parties agree to meet and confer if either party believes there  
13 has been a change in law or regulation or court ruling that impacts LoanMart’s obligations under  
14 this Consent Order.

15 6. Full and Final Resolution. The Parties hereby acknowledge and agree that this  
16 Consent Order is intended to constitute a full, final, and complete resolution of the Inquiry and the  
17 Subpoena, and that no further proceedings or actions will be brought by the Commissioner in  
18 connection with the Inquiry under the CFL or any other provision of law, excepting therefrom any  
19 proceeding to enforce compliance with the terms of this Consent Order. The Commissioner hereby  
20 withdraws the Subpoena as of the Effective Date.

21 7. Commissioner’s Duties. Nothing in this Consent Order limits the Commissioner’s  
22 ability to assist any other government agency with any action brought by that agency (city, county,  
23 state or federal) with any prosecution, administrative, civil, and/or criminal brought by any such  
24 agency against LoanMart, including an action based on any of the acts, omissions, or events  
25 described in this Consent Order.

26 8. Independent Legal Advice. Each party represents that it has received independent  
27 advice from its counsel or representatives regarding the advisability of executing this Consent  
28 Order.

1           9.     Reliance. Each party represents that in executing this Consent Order it has relied  
2 solely on the statements in this Consent Order and on the advice of its counsel or representatives.  
3 Each party also represents that it has not relied on any statement or promise not contained in this  
4 Consent Order from any other person or on the failure of such person to make a statement or  
5 promise. The Parties have included this clause to preclude any claim that a party was fraudulently  
6 induced to execute this Consent Order.

7           10.    Integration. This Consent Order is the final written expression and the complete and  
8 exclusive statement of all the agreements, conditions, promises, representations, and covenants  
9 between the Parties concerning its subject matter and supersedes all discussion regarding such  
10 subject matter between the Parties, their representatives, and any other person. The Parties have  
11 included this clause to preclude the introduction of parol evidence to vary, interpret, supplement, or  
12 contradict the terms of this Consent Order.

13           11.    No Presumption Against Drafting Party. Each party acknowledges that it has had the  
14 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the Parties  
15 intend that no presumption for or against the drafting party will apply in construing any part of this  
16 Consent Order. The Parties waive the benefit of Civil Code section 1654 as amended or  
17 corresponding provisions of any successor statute, which provide that in cases of uncertainty,  
18 language of a contract should be interpreted most strongly against the party that caused the  
19 uncertainty to exist.

20           12.    Waiver, Amendments, and Modifications. No waiver, amendment, or modification  
21 of this Consent Order will be valid or binding unless it is in writing and signed by all Parties  
22 affected by it. Waiver of a provision of this Consent Order will not be deemed a waiver of any  
23 other provision.

24           13.    Headings. The headings in this Consent Order are for convenience only and do not  
25 affect its meaning.

26           14.    Governing Law. This Consent Order will be governed by and construed in  
27 accordance with the laws of the State of California.

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1 Dated: December 14, 2021

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

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3 By: \_\_\_\_\_  
MARY ANN SMITH  
4 Deputy Commissioner

5 Dated: December 8, 2021

WHEEL FINANCIAL GROUP, LLC dba  
6 LOANMART

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8 By: \_\_\_\_\_  
SUSAN GERMAISE  
9 General Counsel