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3	Deputy Commissioner SEAN M. ROONEY					
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9						
10	BEFORE THE DEPARTMENT OF FINAN	NCIAL PROTECTION AND INNOVATION				
11	OF THE STATE OF CALIFORNIA					
12						
13	In the Matter of:	) CFL LICENSE NO.: 6053535 ) NMLS ID: 1908212				
14	THE COMMISSIONER OF FINANCIAL	) ACCUSATION IN SUPPORT OF ORDER:				
15	PROTECTION AND INNOVATION,	<ul><li>(1) REVOKING CALIFORNIA FINANCING</li><li>LAW LICENSE OF QUICK CASH FUNDING</li></ul>				
16	Complainant, v.	LLC; AND (2) SUSPENDING MICHAEL HIJOON SHIM FROM ANY POSITION OF				
17	QUICK CASH FUNDING LLC AND	EMPLOYMENT, MANAGEMENT, OR CONTROL OF ANY FINANCE LENDER,				
18	MICHAEL HIJOON SHIM,	BROKER, OR MORTGAGE LOAN ORIGINATOR PURSUANT TO FINANCIAL				
19 20	Respondents.	) CODE 22169				
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		SATION				
	ACCOSATION					

1 The Complainant, the Commissioner of Financial Protection and Innovation (Commissioner), is informed and believes, and based upon such information and belief, alleges and charges as follows: 2 3 I. 4 **Introduction** 5 1. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of finance lending or brokering under the California Financing Law 6 7 (CFL) (Cal. Fin. Code § 22000 et seq.)<sup>1</sup> 8 2. Respondent Quick Cash Funding LLC (Quick Cash) is a California limited liability 9 company with its principal place of business at 119 S. Atlantic Boulevard, Suite 215, Monterey Park, 10 California 91754. Quick Cash is licensed by the Commissioner under the CFL with the license 11 number 6053535. Quick Cash's primary business is making auto title loans. 12 3. Respondent Michael Hijoon Shim (Shim) is the Chief Executive Officer, managing 13 member, and 100% owner of Quick Cash. 14 II. 15 2015 Examination of Quick Cash 16 4. On August 10, 2015, the Commissioner commenced a regulatory examination of 17 Quick Cash. The examination concluded that Quick Cash had made loans in excess of \$2,500.00 for 18 the purpose of evading the regulatory ceiling provisions of the CFL, in violation of Section 22251. In 19 other words, the Commissioner found that Quick Cash had loaned more money than was necessary to 20 borrowers to circumvent the law and lend at higher interest rates, which, at the time, had no statutory 21 interest rate cap. 22 /// 23 /// 24 /// 25 /// 26 27 Cal. Fin. Code § 22000, et seq. All subsequent statutory references are to the California Financial Code unless otherwise specified. 28 2

5. A	as a result of these examination findings, Quick Cash entered into a Consent Order				
with the Commissioner in January of 2017. <sup>2</sup> As part of the Consent Order, Quick Cash agreed to:					
i.	Desist and refrain from violating Section 22303 (setting maximum interest rates);				
	Section 22304 (setting alternative maximum interest rates); and Section 22305				
	(setting maximum administrative loan fees);				
ii.	Pay a penalty of \$7,700.00 to the Commissioner, plus \$2,000.00 in investigative				
	fees;				
iii.	Audit its records to identify all loans that violated Section 22251 and to make				
	adjustments and issue refunds as appropriate; and				
iv.	Make certain disclosures regarding is loans and to train its employees to ensure				
	this misconduct did not recur.				
	III.				
<u>2022 F</u>	Regulatory Examination of Quick Cash and Shims's Failure to Respond				
6. E	ach CFL licensee must establish an email address for communications from the				
Commissioner (	each, a Designated Email Address) pursuant to the Commissioner's Order on				
Electronic Com	nunications, dated November 22, 2013.				
7. C	In April 29, 2022, the Commissioner sent an examination entrance letter to Quick				
Cash at its Desig	gnated Email Address, notifying it of a scheduled examination and demanding				
production of documents and information for pre-examination review. Per the examination entrance					
letter, an initial response and documents were to be provided to the Department of Financial					
Protection and Innovation (Department) by no later than May 13, 2022. <sup>3</sup>					
LLC.pdf. This C	tps://dfpi.ca.gov/wp-content/uploads/sites/337/2013/07/Quick-Cash-Funding- Consent Order was entered into with the Commissioner of the Department of ght, a predecessor agency to the Department of Financial Protection and Innovation.				
<sup>3</sup> The examination entrance letter contains an obvious scrivener's error stating that the requested information should be submitted by no later than "May 13, 2021," although it is obvious from the context of the letter that the author in fact meant the information should be provided by no later than May 13, <b>2022</b> . In any event, neither Shim nor Quick Cash ever requested clarification regarding the date of production or any extension in light of this error.					

1 8. Neither Quick Cash nor Shim responded to the examination entrance letter. Instead, on May 16, 2022, Shim sent an email to the Department attaching a letter. The letter purported to 2 3 surrender Quick Cash's CFL license. On May 23, 2022, the Department responded, telling Shim that 4 the company needed to submit an application to surrender its license through the Nationwide Multistate Licensing System & Registry<sup>4</sup> (NMLS), pursuant to the Department's procedures. 5 9. Pursuant to the Financial Code and the Code of Code of Regulations, a CFL license 6

remains in effect unless it is offered to be surrendered by the licensee and that surrender has been accepted by the Commissioner pursuant to the applicable regulations. See Cal. Fin. Code § 22770(c); Cal. Code Regs. tit. 10, § 1422.9. Section 1422.10 of Title 10 of the Code of Regulations provides that, to properly surrender its CFL license, a licensee must file a surrender application through NMLS in accordance with procedures for transmission provided by the Commissioner.

10. Pursuant to Section 22770(c), an application to surrender a CFL license becomes effective 30 days after receipt by the Commissioner unless "a proceeding to revoke or suspend or to impose conditions upon the surrender is instituted within 30 days after the application is filed."

11. After no application to surrender Quick Cash's license was submitted via NMLS, the Department emailed Shim on June 21, 2022, to follow up regarding submitting a surrender application.

18 12. On June 27, 2022, the Commissioner received an application from Quick Cash to 19 surrender its license through NMLS. As the instant Accusation to revoke Quick Cash's license was 20 initiated within 30 days of receipt of its properly filed application to surrender on the NMLS, the Commissioner retains the ability to revoke Quick Cash's license and its application for surrender is 22 not self-executing.

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25 <sup>4</sup> The NMLS is the system of record for non-depository, financial services licensing or registration in 26 participating agencies, including the District of Columbia and the U.S. Territories of Puerto Rico, the U.S. Virgin Islands, and Guam. In these jurisdictions, NMLS is the official system for companies 27 and individuals seeking to apply for, amend, renew and surrender licenses authorities managed 28 through NMLS.

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13. To date, neither Quick Cash nor Shim have provided the documents and information that the Commissioner demanded in her April 29, 2022, examination opening letter. Quick Cash and 2 3 Shim's failure to provide this information to the Commissioner has prevented her from completing 4 her examination and from determining Quick Cash's compliance the CFL.

### IV.

#### Quick Cash's Failure to File a 2021 Annual Report

In accordance with Section 22159, CFL licensees must file an annual report with the 14. Commissioner by March 15 of each year which discloses certain financing provided by the licensee during the previous year (Annual Report). The Annual Report includes a verification that is submitted under penalty of perjury if signed by a person located in the state of California.

15. On January 5, 2022, the Commissioner notified CFL licensees of the March 15, 2022, deadline to file their 2021 Annual Reports by sending notice to each licensee's Designated Email Address. The notification warned that the Commissioner could assess monetary penalties for untimely filing or failing to file pursuant to Section 22715(b).

16. On February 17, 2022, the Commissioner again notified CFL licensees of the March 15, 2022 deadline to file their Annual Reports by sending notice to each CFL licensee's Designated Email Address. The notification warned that the Commissioner could assess penalties and summarily revoke licenses for untimely filing or failing to file pursuant to Section 22715.

17. On March 2, 2022, the Commissioner again notified CFL licensees of the March 15, 2022 deadline to file their Annual Reports by sending notice to each CFL licensee's Designated Email Address. The notification warned that the Commissioner could assess penalties and summarily revoke licenses for untimely filing or failing to file pursuant to Section 22715.

18. As of March 15, 2022, Quick Cash had not filed its Annual Report with the Commissioner. As a result, the Commissioner issued a notice on March 18, 2022, to Quick Cash's Designated Email Address advising Quick Cash that it should file its Annual Report by or before March 30, 2022 or else its license could be summarily revoked pursuant to Section 22715.

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28 /// 19. To date, Quick Cash has not submitted its Annual Report for the year 2021, which was due to be filed no later than March 15, 2022.

## Violation # 1: Failure to Maintain Books and Records and Produce Them Upon Demand

20. Subsection (a) of Section 22701 states that:

For the purpose of discovering violations of this division or securing information required by him or her in the administration and enforcement of this division, the commissioner may at any time investigate the loans, assessment contracts, and business, and examine the books, accounts, records, and files used in the business, of every person engaged in the business of a finance lender, broker, or program administrator, whether the person acts or claims to act as principal or agent, or under or without the authority of this division. For the purpose of examination, the commissioner and his or her representatives shall have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all these persons.

21. Subsection (a) of Section 22156 states in relevant part that CFL licensees "shall keep and use in their business, books, accounts, and records which will enable the commissioner to determine if the licensee is complying with the provisions of this division and with the rules and regulations made by the commissioner."

22. Specifically with respect to information about originated loans, subsection (a) of Section 22157 requires that CFL licensees "shall preserve their books, accounts, and records, if any, for at least three years after making the final entry on any loan recorded therein." The Commissioner seeks information about loans made within the last three years as part of her examination; such loans would be within the document retention period prescribed by Section 22157.

23. Section 22158 requires that CFL licensees must furnish information demanded by the Commissioner within 48 hours.

24. As noted above, Shim has refused to provide documents demanded by the Commissioner pursuant to her regulatory examination of Quick Cash. The Commissioner demanded certain documents and information from Quick Cash on April 29, 2022. To date, neither Shim nor

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V.

1	Quick Cash have provided any of the information demanded, possibly under the mistaken belief that				
2	filing an application for license surrender relieved them of the obligation to respond. <sup>5</sup>				
3	25. Accordingly, the Commissioner finds that Shim and Quick Cash have violated the				
4	following sections of the CFL:				
5	i. Section 22158 by failing to provide information demanded by the Commissioner				
6	within 48 hours.				
7	ii. Subsection (a) of Section 22701 by failing to provide free access to Quick Cash's				
8	loan files upon request.				
9	iii. Subsection (a) of Section 22156 and subsection (a) of Section 22157 by failing to				
10	keep the company's books and records in such a condition that they could be				
11	easily accessed and provided to the Commissioner upon demand pursuant to a				
12	regulatory examination.				
13	VI.				
14	Violation 2: Failure to Submit 2021 Annual Report				
15	26. As noted above, Section 22159 requires that CFL licensees submit an Annual Report				
16	to the Department each year by no later than March 15.				
17	27. Quick Cash has not submitted an Annual Report for the year 2021, thereby frustrating				
18	the Commissioner's ability to determine whether, and to what extent, Quick Cash has continued to				
19	violate the CFL.				
20	28. Notably, by the time of Shim's May 16, 2022, letter purporting to surrender Quick				
21	Cash's license—which as discussed above was ineffective—the company's 2021 Annual Report was				
22	already two months delinquent.				
23	///				
24	///				
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27	<sup>5</sup> Even if the Commissioner had accepted Quick Cash's surrender application, which she has not, the Commissioner retains the power and authority to examine, investigate, and prosecute violations of the				
28	CFL even after a license is surrendered. See Cal. Fin. Code §§ 22000, 22704, 22705, 22711.				
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# **Relief Available to the Commissioner**

VII.

29. Subsection (a)(2) of Section 22714 provides that the Commissioner shall revoke any CFL license, upon notice and reasonable opportunity to be heard, if the Commissioner finds that the licensee has violated any provision of the CFL, or any rule or regulation made by the Commissioner under and within the authority of the CFL.

30. Subsection (a) of Section 22169 provides that the Commissioner, after notice and an opportunity to be heard, may suspend a person for a period not exceeding twelve months from any position of employment with, or management or control of, any finance lender or broker, if the Commissioner finds that the bar is in the public interest and that the person has committed or caused to be committed a violation of the CFL, which the person knew or should have known by the person committing it. By this action the Commissioner seeks to suspend Michael Hijoon Shim from any further position of employment with, or management or control of, any finance lender or broker for a period of 12 months due to the violations of the CFL he caused, including without limitation his failure to cooperate with the Commissioner's regulatory examination of Quick Cash.

### VIII.

## **Prayer for Relief**

## WHEREFORE, IT IS PRAYED that

31. Pursuant to subsection (a)(2) of Section 22714, the California Financing Law license of Respondent Quick Cash Funding LLC be revoked due to violations of the following provisions of the CFL and rules and regulations made by the Commissioner under and within the authority of the CFL:

23	a.	Subsection (a) of Section 22701;
24	b.	Subsection (a) of Section 22156
25	с.	Subsection (a) of Section 22157;
26	d.	Section 22158; and
27	e.	Subsection (a) of Section 22159.
28	///	

1	32.	Pursuant to subs	ection (a) of Section 22169 that Respondent Quick Cash Funding
2	LLC's CEO and managing member, Michael Hijoon Shim, be suspended from any further position of		
3	employment with, or management or control of, any finance lender or broker for a period of twelve		
4	months due to his violations of the CFL, such as: (a) his failure to cooperate with the		
5	Commissioner's examination of Quick Cash and his attempt to avoid this obligation by		
6	unsuccessfully submitting a request to surrender Quick Cash's CFL license; and (b) his failure to		
7	keep Quick Cash's books and records in good order such that they could be provided to the		
8	Commissioner upon demand and within the time period provide by the CFL.		
9	33.	The Commission	ner finds that suspending Shim is in the public interest, that Shim has
10	committed or caused a violation of the CFL, and that Shim knew or should knave known that his		
11	actions would violate the CFL.		
12			
13	Dated: July 2		CLOTHILDE V. HEWLETT
14	LOS A	Angeles, CA	Commissioner of Financial Protection and Innovation
15			By
16	Taylor Steinbacher Senior Counsel		
17			Enforcement Division