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

11 In the Matter of:)
12 THE COMMISSIONER OF FINANCIAL)
13 PROTECTION AND INNOVATION,) CONSENT ORDER
14 Complainant,)
15 v.)
16 EMPIRE COLLEGE,)
17 Respondent.)

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19 The Commissioner of Financial Protection and Innovation (Commissioner) and Empire
20 College (Empire) (collectively, the Parties) enter into this consent order with respect to the following
21 facts:

22 **I.**
23 **Recitals**

24 A. The Commissioner has jurisdiction over the licensing and regulation of persons
25 engaged in the business of servicing student loans under the Student Loan Servicing Act (SLSA),
26 Cal. Fin. Code §§ 28100-28182.

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1 B. Under the SLSA, it is unlawful for a person to engage in the business of servicing a
2 student loan in California without first obtaining a license under the SLSA. Cal. Fin. Code §
3 28102(a).

4 C. At all relevant times, Empire was and is a California corporation that maintained a
5 business address at 3035 Cleveland Avenue Suite 101, Santa Rosa, California 95403.

6 D. Empire operates educational programs in California, including a law school and
7 previously a business school. Empire offered institutional student loans and installment contracts to
8 its students as financing options.

9 E. At all relevant times herein, Empire did not hold any license issued by the
10 Commissioner under the authority of the SLSA.

11 F. In response to an inquiry, Empire informed the Commissioner that from at least July 1,
12 2018, through the Effective Date, Empire serviced student loans and installment contracts in
13 California. As such, the Commissioner finds that Empire violated Financial Code section 28102,
14 subdivision (a) by engaging in the business of servicing student loans in this state without first
15 obtaining a license from the Commissioner.

16 G. Empire, by entering into this Consent Order, neither admits nor denies that it has
17 violated any California law or regulation.

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

20 **II.**

21 **Terms and Conditions**

22 1. Purpose. This Consent Order resolves the issues before the Commissioner in a manner
23 that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in
24 the public interest, and is consistent with the purposes and provisions of the SLSA.

25 2. Finality of Consent Order. Empire agrees to comply with this Consent Order and
26 stipulates this Consent Order is hereby deemed final.

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1 3. Desist and Refrain Order. Pursuant to Financial Code section 28160, Empire is hereby
2 ordered to desist and refrain from engaging in the business of servicing student loans in California
3 without first obtaining a license, in violation of Financial Code section 28102, subdivision (a).

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

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

16 6. Future Actions by Commissioner. If Empire fails to comply with any term of this
17 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
18 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
19 against Empire for any and all unknown violations of the SLSA.

20 7. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s
21 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
22 administrative, civil, or criminal brought by that agency against Empire or any other person based
23 upon any of the activities alleged in this matter or otherwise.

24 8. No Representation of Approval of Business Model or Practices. Nothing in this
25 Consent Order shall be interpreted as the Commissioner’s approval of Empire’s business model or
26 conclusion that the model complies with state or federal law or regulations.

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

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

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

15 12. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
16 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
17 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
18 provision. No waiver by any party of any breach of, or of compliance with, any condition or
19 provision of this Consent Order by any other party will be considered a waiver of any other condition
20 or provision or of the same condition or provision at another time.

21 13. Full Integration. This Consent Order is the final written expression and the complete
22 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
23 between the parties with respect to the subject matter hereof, and supersedes all prior or
24 contemporaneous agreements, negotiations, representations, understandings, and discussions between
25 and among the parties, their respective representatives, and any other person or entity, with respect to
26 the subject matter covered hereby.

27 14. Governing Law. This Consent Order will be governed by and construed in accordance
28 with California law. Each of the parties hereto consents to the jurisdiction of such court, and hereby

1 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the
2 maintenance of such action or proceeding in such court.

3 15. Counterparts. This Consent Order may be executed in one or more separate
4 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
5 together constitute a single document.

6 16. Effect Upon Future Proceedings. If Empire applies for any license, permit,
7 qualification, or registration under the Commissioner's current or future jurisdiction, or is the subject
8 of any future action by the Commissioner to enforce this Consent Order, then the subject matter
9 hereof shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

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

15 18. Notice. Any notice required under this Consent Order shall be provided to each party
16 at the following addresses:

17 To Empire College: Arthur A. Coren, Esq.
18 Duane Morris LLP
19 865 South Figueroa Street, Suite 3100
20 Los Angeles, California 90017
acoren@duanemorris.com

21 To the Commissioner: Trevor J. Carroll, Senior Counsel
22 Department of Financial Protection and Innovation
23 1455 Frazee Road, Suite 315
24 San Diego, California 92108
trevor.carroll@dfpi.ca.gov

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

27 20. Public Record. Empire acknowledges that this Consent Order is and will be a matter of
28 public record.

1 21. Effective Date. This Consent Order shall become final and effective when signed by
2 all parties and delivered by the Commissioner’s agent via e-mail to Empire at
3 acoren@duanemorris.com.

4 22. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary
5 capacity and authority to sign and enter into this Consent Order and undertake the obligations set
6 forth herein.

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8 Dated: February 8, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

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10 By: _____
11 MARY ANN SMITH
12 Deputy Commissioner

13 Dated: February 6, 2023

EMPIRE COLLEGE

14
15 By: _____
16 ROY O. HURD
17 CEO and President

18 Approved as to form:

19 Dated: February 7, 2023

20 By: _____
21 ARTHUR A. COREN, ESQ.
22 Attorney for Empire College
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