1	STATE OF ALASKA
2	DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
3	DIVISION OF BANKING AND SECURITIES
4	550 WEST SEVENTH AVENUE, SUITE 1940
5	ANCHORAGE, ALASKA 99501
6 7 8	In the Matter of:) CashCall, Inc.,)
9 10 11 12	Respondent.) Case No. 2010-001035
14	CONSENT ORDER
15	I. INTRODUCTION
16	The Alaska Department of Commerce, Community, and Economic Development
17	("department"), Division of Banking and Securities ("Division"), administers the Alaska Secure and
18	Fair Enforcement for Mortgage Licensing Act of 2010, Alaska Statutes ("AS") 06.60. Having
19	conducted an investigation under AS 06.60.250, the Division finds as follows:
20	II. STATEMENT OF FACTS
21	2.1. Respondent. CashCall, Inc. ("Respondent") has applied for an Alaska mortgage
22	license, also known as a mortgage broker/lender license.

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- 2.2. Location. Respondent maintains its principal place of business at 1600 South Douglass Road, Anaheim, California 92806-5998.
- 2.3. **Application.** On August 19, 2010, Respondent submitted the Uniform Mortgage Lender/Mortgage Broker Application ("Form MU1") to the Division through the Nationwide Mortgage License System and Registry ("NMLS" or "registry").
- 2.4. **Averment.** On August 19, 2010, Hilary Holland, Vice President of CashCall, stated under oath that she signed the Form MU1 on behalf, and with the authority, of CashCall, Inc., and that the information provided on the application was current, true, and complete, under penalty of perjury, or unsworn falsification to authorities, or similar provisions as provided by law.
- 2.5. Nondisclosure. August 19, 2010, Respondent answered "NO" On to Question 9(F)(1) on Form MU1 that asks, "Has any domestic or foreign court: (a) in the past ten

CONSENT ORDER ITMO: CashCall, Inc.

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PAGE 1 OF 5 CASE NO.: 2010-001035 years enjoined the entity or a control affiliate in connection with any financial services-related activity?"

- **2.6. Form MU1 Definition.** Form MU1 defines "financial services-related" as pertaining to securities, commodities, banking, insurance, consumer lending, or real estate (including, but not limited to; acting as or being associated with a bank or savings association, credit union, mortgage lender, mortgage broker, real estate salesperson or agent, closing agent, title company, or escrow agent).
- **2.7. Injunction.** On August 24, 2009, CashCall, Inc., was enjoined by the California Superior Court for the County of Los Angeles in Civil Action No. BC420115, filed by the State of California. CashCall, Inc. was permanently enjoined from committing numerous illegal acts and practices relating to the offering and collection of consumer loans, including loans secured by personal property.
- **2.8. Division Discovery of Injunction.** As part of its investigation of CashCall's application, the Division discovered the Final Judgment and Permanent Injunction described in paragraph 2.7 above. On November 2, 2010, the Division contacted Respondent regarding the undisclosed judgment and injunction. In response, Jordana Gilden, Associate Counsel for Respondent, indicated a desire to change the application, Form MU1, to disclose the Final Judgment and Permanent Injunction of August 24, 2009.
- **2.9. Amended Answer**. On November 12, 2010, Respondent changed its answer to Question 9(F)(1) on Form MU1 in the electronic registry to "YES."

III. LEGAL STANDARDS

- **3.1. Licensing Requirements.** AS 06.60 governs the licensing of mortgage brokers/mortgage lenders and mortgage loan originators in Alaska. Under AS 06.60.010, a person operating in Alaska as a mortgage broker or mortgage lender is required to obtain a mortgage broker/mortgage lender license, also known as a mortgage license.
- **3.2. Application for License.** Under AS 06.60.020 and 3 AAC 14.055 an application for a mortgage license must be on the form prescribed by the department and the registry and contain complete information regarding the applicant.
- **3.3.** Untrue, Misleading, or False Statements. Under AS 06.60.905, a person may not, in a document filed with the department, make or cause to be made an untrue statement of a material fact, or omit to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading or false.

CONSENT ORDER ITMO: CashCall, Inc.

PAGE 2 OF 5 CASE NO.: 2010-001035 5

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CONSENT ORDER

ITMO: CashCall. Inc.

3.4. Grounds for Denial or Discipline. Under AS 06.60.200(a), the department may deny a license or take other disciplinary action against a person subject to AS 06.60, if the department finds that the person knowingly withholds material information or negligently makes a material misstatement in an application for a license.

IV. AGREEMENT AND ORDER

- **4.1. Parties' Intent.** The parties intend this agreement to be a full and final settlement of the violation described above.
- **4.2. Jurisdiction.** It is agreed that the Division has jurisdiction over the persons covered by and the subject matter of this Consent Order.
- **4.3. Voluntarily Entered.** Respondent freely and voluntarily enters into this Consent Order and admits the facts stated.
- **4.4. Grounds.** Under the statement of facts and the legal standards set out above, grounds exist for the denial of Respondent's application for a mortgage license or for the imposition of other sanctions.
- **4.5. Fine/Reimbursement.** Respondent agrees to pay to the Division a civil penalty of \$2,000 and investigative fees of \$450, for a total of \$2,450, by November 1, 2011.
- **4.5.1.** A payment delivered by U.S. mail or private delivery service will be considered timely if the date of mailing, shown by a postmark or other written receipt, is November 1, 2011, or earlier.
- **4.5.2.** If Respondent's payment is late, Respondent agrees to pay to the Division a late fee of \$25 per day for each day the payment is late.
- **4.5.3.** The payment must be in the form of a certified check or money order made payable to the State of Alaska, delivered to the attention of Marilyn White, Licensing Examiner, Department of Commerce, Community, and Economic Development, Division of Banking and Securities, 550 West Seventh Avenue, Suite 1940, Anchorage, Alaska 99501.
- **4.6. Duty to Update Information.** Respondent acknowledges its continuing obligation to update its answers to questions on Form MU1 and other information provided to the Division, so that answers on filed forms and other submittals to the Division provide current information.
- **4.7. License Approval.** The Division agrees to issue an Alaska mortgage license to Respondent upon receipt by the Division of (1) the fine/reimbursement described in paragraph 4.5,

PAGE 3 OF 5 CASE NO.: 2010-001035 ///

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above; and (2) a copy of this Consent Order with the original signature of the individual executing the Consent Order on behalf of CashCall, Inc.

- **4.8. Authority to Execute Order.** The undersigned warrants that he/she has full authority and right to execute this Consent Order on behalf of CashCall, Inc.
- **4.9. Representatives/Successors.** This Consent Order shall be binding on all employees, agents, officers, directors, and other representatives, successors, or assigns of Respondent.
- **4.10. Waiver of Hearing.** Respondent acknowledges and waives its right to a hearing before an administrative law judge or any other administrative or judicial review of the Consent Order or the issues raised in this matter. Respondent understands and agrees that it is relieving the Division of the burden of proving the facts admitted in this Consent Order.
- **4.11. Non-compliance with Order.** Respondent understands that its failure to abide by the terms and conditions of this Consent Order may provide grounds for the denial of licensure or other legal action by the Division. If Respondent fails to perform its obligations under this Consent Order, Respondent shall reimburse the Division for its costs, including attorney's fees, incurred in pursing legal action.
- **4.12. Agreement Read and Understood/Advice of Counsel.** Respondent has read and understands this Consent Order in its entirety, having had an unrestricted opportunity to obtain the advice of counsel in regard to the meaning of this Consent Order.
- **4.13. Amendment.** This Consent Order may be modified only by written amendment signed by both parties.
 - **4.14. Effective Date.** This agreement is effective when signed by the Division Director.

CONSENT ORDER ITMO: CashCall. Inc.

1	4.15. Confidentiality. Respondent waives any right it may have to the confidentiality of
2	this Consent Order and agrees that it will be a public record of the Division.
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4	SO ORDERED this 10 th day of October, 2011.
5	30 ORDERED tills 10 day of October, 2011.
6	Alaska Department of Commerce,
7	Community, and Economic Development,
8 9	Division of Banking and Securities
0	/s/ Lorie L. Hovanec
11	Lorie L. Hovanec, Director
12	LH: <u>/s/ LH</u>
13	FOR: CashCall, Inc.
14 15	Torc. Custicuti, inc.
16	/s/ J. Paul Reddam
17	By: J. Paul Reddam
18 19	/s/ J. Paul Reddam
	Its: President, Chief Executive Officer, and Owner
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20 21 22 23 24 25	<u>ACKNOWLEDGMENT</u>
$\frac{23}{24}$	STATE OF California
25	: ss.
26	COUNTY OF Orange
27 28	I HEREBY CERTIFY that on the 4^{th} day of October, 2011, before me, the undersigned, a
29	Notary Public in and for the State of <u>California</u> , personally appeared J. Paul Reddam, known to me
30	to be the person whose name is subscribed to this Consent Order, who stated that he is an agent of
31	CashCall, Inc., and is authorized to sign on its behalf, and acknowledged that he executed the same
32	voluntarily and of his own free will for the uses and purposes set forth therein.
33	SUBSCRIBED AND SWORN TO before me this 4 th day of October, 2011.
34	/s/ Chiara A. Shallahamer
35	Notary Public in and for the
36	County of Orange
36 37 38	State of <u>California</u> My commission expires: <u>October, 16, 2011</u>
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CONSENT ORDER ITMO: CashCall, Inc.

PAGE 5 OF 5 CASE NO.: 2010-001035