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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10 In the Matter of:)	CFLL LICENSE NO.: 6032051
11)	
12 THE COMMISSIONER OF BUSINESS)	ORDER SUMMARILY SUSPENDING
13 OVERSIGHT,)	FINANCE LENDERS LICENSE PURSUANT
14)	TO SETTLEMENT AGREEMENT DATED
15 Complainant,)	JUNE 5, 2015 AND FINANCIAL CODE
16 v.)	SECTION 22715
17)	
18 JACK J. KRECH dba ENTERPRISES)	
19 UNLIMITED)	
20)	
21 Respondent.)	
22)	

19 Pursuant to Financial Code section 22715, and a Settlement Agreement dated June 5, 2015
20 entered into between Respondent Jack J. Krech dba Enterprises Unlimited (“Krech”) and the
21 Commissioner of Business Oversight (“Commissioner”), attached and incorporated herein as Exhibit
22 A, the finance lenders license issued by the Commissioner to Krech is hereby summarily suspended
23 effective immediately.

24 1. FACTUAL BACKGROUND

25 1. Krech is licensed under the California Finance Lenders Law (Cal. Fin. Code §22000
26 et seq.) and applicable regulations (“CFLL”). Krech was issued a CFLL license #6032051 on July 1,
27 1995. Krech’s principal place of business is located at 390 S. Sepulveda, Suite 311, Los Angeles,
28 California. Any reference to Krech herein shall also mean Enterprises Unlimited.

1 2. The Commissioner has jurisdiction over the licensing and regulation of persons and
2 entities engaged in the business of lending pursuant to the CFLL.

3 3. For the purpose of discovering violations of the CFLL or securing information
4 required by the Commissioner in administering and enforcing the CFLL, the Commissioner may at
5 any time investigate the loans and business, and examine the books and records of a licensee
6 pursuant to Financial Code section 22701.

7 4. Under Financial Code section 22709, a licensee must make available all books,
8 records and data requested by the Commissioner for examination within 10 days after a written
9 demand by the Commissioner.

10 5. In accordance with Financial Code section 22159 (b), "... A licensee shall make other
11 special reports that may be required by the commissioner."

12 6. On October 29, 2009 and January 22, 2015, the Commissioner commenced regulatory
13 examinations of the books and records of Krech pursuant to Financial Code sections 22701 and
14 22709. The regulatory examinations disclosed violations of the CFLL by Krech, including that he
15 failed to make his books and records available for examination by the Commissioner after a written
16 demand or denied the Commissioner's staff free access to his offices, books and records in violation
17 of Financial Code sections 22701 and 22709. In addition, the January 22, 2015 regulatory
18 examination revealed that Krech changed his business location designated on his license without
19 first providing notice to the Department in violation of Financial Code section 22153 (a).

20 7. On April 17, 2015, the Commissioner commenced an administrative action against
21 Krech by issuing pertinent pleadings, including: a Notice of Intention to Issue Order Suspending
22 California Finance Lenders Law License; Accusation in Support of Notice of Intent to Issue an
23 Order Suspending California Finance Lenders Law License; Statement in Support of Order Levying
24 Administrative Penalties Pursuant to Financial Code section 22153; and Order Levying
25 Administrative Penalty (collectively, "Accusation").

26 8. Further, pursuant to California Code section 22712, the Commissioner issued a Desist
27 and Refrain Order dated April 16, 2015 ("Order") directing Krech to immediately desist and refrain
28

1 from engaging in the business of a finance lender or broker in violation of any provision of the
 2 CFLL including, Financial Code sections 22701, 22709 and 22153.

3 9. On or about June 5, 2015, Krech entered into a Settlement Agreement (“Agreement”)
 4 with the Commissioner to resolve the Accusation. Under the terms of the Agreement, Krech
 5 stipulated to the Order; paid five hundred dollars (\$500.00) in administrative penalties for failure to
 6 notify the Commissioner of his change of address; and agreed to comply with the following
 7 provisions:

8 (a) ... make his books and records available for examination by
 9 the Commissioner upon a written or oral demand by the
 10 Commissioner’s staff in accordance with Financial Code section
 22709 and 22701;

11 (b)

12 (c) Comply with the Order dated April 16, 2015 issued against
 13 Krech.

14 10. Despite the Agreement and Order, Krech continued to engage in
 15 business as a finance lender or broker in violation of the Commissioner’s demand for
 16 records in violation of Financial Code sections 22709 and 22701 and the Agreement.

17 II. VIOLATION OF THE AGREEMENT BY FAILING TO COMPLY WITH THE
 18 COMMISSIONER’S DEMAND TO PRODUCE BOOKS AND RECORDS

19 11. On July 28, 2015, the Commissioner sent a certified 10-day demand letter (“July
 20 2015 letter”) to Krech demanding that he produce books and records for examination in pursuant to
 21 the Agreement and Financial Code section 22709. The July 2015 letter enumerated the documents
 22 Krech was required to produce and included the following reports:

23 ...

24 4. A consolidated loan report required by Section III of the
 25 Examination Questionnaire. The consolidated report
 26 should include data for loans brokered, originated,
 27 purchased, paid-off or serviced for the period of January 1,
 28 2012 to present

5. A repossession report. The repossession report should list
 all loans in which the collateral was repossessed and/or
 sold for the period of January 1, 2012 to present. The

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report should include at a minimum, the loan number, name of borrower, the date of repossession, a description of the property and the date of sale or disposition of the property.

6. A judgment report, if applicable. The judgment report should list all loans in which the company has obtained a court judgment for the repayment of any outstanding amounts owed during the period of January 1, 2012 to present. The report should include at a minimum, the loan number, the name of borrower, judgment amount obtained, status of account.

12. The July 2015 letter gave Krech up to, and including, August 7, 2105, to produce the documents requested. On July 30, 2015, the Department’s staff received a voicemail message from Krech requesting an extension of time in which to produce the books and records. Krech’s voicemail message stated his request for an extension was due to an “eye surgery,” and his “accountant was on vacation.”

13. On August 3, 2015, the Department’s staff sent an email to Krech denying his request and informing him that he must produce the books and records demanded on the due date in accordance with the Agreement and Financial Code section 22709.

14. On August 4, 2015, Krech left a second voicemail asking that the Department’s staff return his call. On August 6, 2015, the Department’s staff forwarded by email, the August 3, 2015 correspondence to Krech which notified him that his request to extend the due date for production of his records was denied. Krech was further informed in the August 6, 2015 email that any questions regarding the demand for his books and records should be referred to Enforcement counsel.

15. On August 7, 2015, the Department’s staff left a voicemail message on each of Krech’s two telephone numbers reiterating that his request for an extension of time to produce the documents demanded was denied, and requesting that he comply with the Commissioner’s demand no later than the close of business on August 7, 2015.

16. On August 8, 2015, the Department’s staff received a third voicemail message from Krech which only stated, "Jack Krech returning your call. Fantastic. You have my number."

17. To date, Krech has failed to provide the documents requested by the Commissioner in violation of the Agreement and Financial Code section 22709.

1 III. VIOLATION OF THE DESIST AND REFRAIN ORDER DATED APRIL 16, 2015

2 18. The Order directed Krech to, among other things, immediately desist and refrain from
3 engaging in the business of a finance lender or broker in violation of any provision of the CFLL
4 including, Financial Code sections 22701 and 22709. Notwithstanding the Order, Krech has
5 continued to engage in acts or practices constituting violations of the CFLL by failing to make his
6 books and records available for examination by the Commissioner after a written demand, or failing
7 to grant the Commissioner's staff free access to his offices, books and records in violation of
8 Financial Code sections 22709 and 22701, respectively.

9 IV. VIOLATION OF FINANCIAL CODE SECTION 22159(b) BY FAILING TO
10 MAKE SPECIAL REPORTS

11 19. Financial Code section 22159 (b) provides in pertinent part that "... A licensee shall
12 make other special reports that may be required by the commissioner."

13 20. The July 2015 letter specifically requested that Krech produce books and records
14 including the following reports:

15 ...

- 16 4. A consolidated loan report required by Section III of the
17 Examination Questionnaire. The consolidated report
18 should include data for loans brokered, originated,
19 purchased, paid-off or serviced for the period of January 1,
20 2012 to present
- 21 5. A repossession report. The repossession report should list
22 all loans in which the collateral was repossessed and/or
23 sold for the period of January 1, 2012 to present. The
24 report should include at a minimum, the loan number, name
25 of borrower, the date of repossession, a description of the
26 property and the date of sale or disposition of the property.
- 27 6. A judgment report, if applicable. The judgment report
28 should list all loans in which the company has obtained a
court judgment for the repayment of any outstanding
amounts owed during the period of January 1, 2012 to
present. The report should include at a minimum, the loan
number, the name of borrower, judgment amount obtained,
status of account.

1 21. The Commissioner deems these reports demanded in the July 2015 letter as special
2 reports pursuant to Financial Code section 22159 (b). To date, Krech has failed to provide these
3 special reports lawfully demanded by the Commissioner in violation of Financial Code section
4 22159 (b).

5 V. **AUTHORITY TO SUMMARILY SUSPEND KRECH’S LICENSE BY FAILING
6 TO COMPLY WITH AN ORDER OF THE COMMISSIONER AND VIOLATION
7 OF FINANCIAL CODE 22159**

8 Paragraph 7 of the Settlement Agreement states in pertinent part:

9 Krech agrees that failure to comply with any of the provisions set forth in
10 this Settlement Agreement shall constitute grounds for disciplinary action
11 under the CFLL. If Krech fails to comply with any of the provisions set
12 forth herein, the Commissioner may, in addition to all other available
13 remedies under the CFLL, summarily suspend the finance lender license
14 of Krech until such time as Krech comes into full compliance. Krech
15 hereby waives any notice and hearing rights to contest such summary
16 suspension which may be afforded under the CFLL, the California
17 Administrative Procedure Act, the California Code of Civil Procedure, or
18 any other provision of law in connection therewith.

19 Financial Code section 22715 provides in pertinent part:

20 The commissioner may by order summarily suspend the license of any
21 licensee if that person fails to file the report required by Section 22159
22 within 10 days after notice by the commissioner that the report is due and
23 not filed. If, after an order is made, a request for hearing is filed in writing
24 within 30 days and the hearing is not held within 60 days thereafter, the
25 order is deemed rescinded as of its effective date.

26 By reason of the foregoing, Krech has violated paragraphs 6 (a) and (c) of the June 5, 2015
27 Settlement Agreement by failing to produce books and records upon the Commissioner’s demand
28 and to comply with the Desist and Refrain Order issued by the Commissioner.

 Further, Krech has violated Financial Code section 22159 (b) by failing to make special
reports demanded by the Commissioner.

 WHEREFORE, good cause showing and the Commissioner’s determination that this action
is in the public interest and necessary to effectuate the Department’s primary, legitimate, regulatory
purpose based upon Krech’s violations of the Financial Code:

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IT IS HEREBY ORDERED that the finance lenders license issued by the Commissioner to Krech is hereby summarily suspended effective immediately

Dated: September 3, 2015
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division