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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

13	In the Matter of:)	CFL LICENSE NO. 603-E477
14	THE COMMISSIONER OF BUSINESS)	CFL APPLICATION NO. 30728
15	OVERSIGHT,)	
16	Complainant,)	STIPULATION TO ENTRY OF DESIST AND
17	v.)	REFRAIN ORDER, ISSUANCE OF
18)	REFUNDS, AND PAYMENT OF PENALTIES
19	SUNTRUST LEASING CORPORATION and)	
20	SUNTRUST EQUIPMENT FINANCE &)	
21	LEASING CORP.,)	
	Respondents.)	

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23 In consideration of the application filed by SunTrust Equipment Finance & Leasing Corp.
24 (SEFLC) for a license under the California Finance Lenders Law (CFLL) (Fin. Code, § 22000 et
25 seq.), this Stipulation to Entry of Desist and Refrain Order, Issuance of Refunds, and Payment of
26 Penalties (Stipulation) is entered into by and between the Commissioner of Business Oversight
27 (Commissioner), on the one hand, and SEFLC and SunTrust Leasing Corporation (SLC)
28 (collectively Respondents), on the other hand (Parties).

RECITALS

This Stipulation is made with reference to the following facts:

A. SLC is a Virginia corporation organized in 1997 with its main office located at 3333 Peachtree Road Northeast, Fourth Floor, Atlanta, Georgia, 30326. On July 16, 2007, SLC became licensed pursuant to the CFLL (License No. 603-E477) to engage in the business of a finance lender in this state. SLC’s CFLL license has remained in effect since the date of issuance.

B. SEFLC, a subsidiary of SLC, is a Virginia corporation organized in October 2007 with its main office located at 3333 Peachtree Road Northeast, Fourth Floor, Atlanta, Georgia, 30326. SEFLC has never been licensed under the CFLL.

C. Paul Matthew Severn is the President and a control person of SLC and SEFLC and, as such, is authorized to enter into this Stipulation on behalf of Respondents.

D. On or about March 15, 2013, SEFLC filed with the Commissioner an application for licensure under the CFLL (Application No. 30728). The application disclosed that SLC owned or controlled at least 10 percent of SEFLC. During the Commissioner’s review of the application, it was further disclosed that, through claimed inadvertence or error, SEFLC had engaged in unlicensed finance lender activity in this state since January 2008.

E. The Commissioner is of the opinion that during the period of January 2008 through December 2014, SELFC, in association with SLC, engaged in the business of a finance lender in this state by making at least 162 loans without first obtaining a license from the Commissioner, then in effect, or being otherwise exempt, in violation of Financial Code section 22100.

F. It is the intention and desire of the Parties to resolve this matter without the necessity of a hearing and/or other litigation.

NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set forth herein, the Parties agree as follows:

TERMS AND CONDITIONS

1. Respondents stipulate to the issuance of the Desist and Refrain Order issued pursuant to section 22712, in the form attached hereto as Exhibit A, directing Respondents to desist and refrain from engaging in the business of a finance lender in this state in violation of Financial Code section

1 22100. Respondents agree that the delivery by certified mail of the executed Desist and Refrain
2 Order issued by the Commissioner to the address set forth in Paragraph A above shall constitute valid
3 service of the Desist and Refrain Order.

4 2. Respondents hereby waive all rights to any hearing or appeal of the Desist and Refrain
5 Order.

6 3. SEFLC shall be approved for a CFLL license within 30 calendar days after the
7 Commissioner's receipt of the following:

8 (a) Satisfactory evidence that SEFLC has refunded all usurious amounts charged to California
9 borrowers in excess of the 10 percent interest rate allowed under article 15, section 1 of the California
10 Constitution during the period that SEFLC did not have a CFLL license, then in effect, in the sum of
11 at least \$98,926.00; and,

12 (b) Payment of a penalty in the sum of \$100,000.00 in the form of a cashier's check made
13 payable to the "Department of Business Oversight."

14 Respondents shall submit the evidence of refunds and penalty payment required pursuant to
15 this paragraph to the attention of Miranda LeKander, Senior Counsel, Enforcement Division, at the
16 Department of Business Oversight located at 1515 K Street, Suite 200, Sacramento, California,
17 95814.

18 4. Refunds issued pursuant to Paragraph 3 shall be subject to final examination review by
19 the Commissioner and sent to the borrower with the accompanying notice: "Pursuant to an
20 agreement entered with the California Department of Business Oversight, a refund or adjustment in
21 the amount of \$xxx.xx is being made for your benefit. If you have any questions concerning this
22 refund, please contact Buchalter Nemer, P.C. on behalf of Suntrust Equipment Finance & Leasing
23 Corp., attention: Matthew Kavanaugh, Esq. or Fanny Dusastre-Martinez, Esq. at 1-888-298-2639."

24 5. Satisfactory evidence of the refunds required pursuant to Paragraph 3 shall include, at
25 a minimum, the following for each and every loan: (i) the borrower's loan number, name, last known
26 address, loan amount, loan date, interest charged; (ii) date of issuance of refund check; and, (iii)
27 evidence of refund in the form of a copy of the refund check or ACH deposit and accompanying
28 correspondence sent to the borrower.

1 6. Respondents shall be responsible for ensuring that any outstanding refund payment
2 required by Paragraph 3(a) above is escheated to the State of California pursuant to the provisions of
3 the California Unclaimed Property Law (Code of Civ. Proc., § 1500 et seq.).

4 7. Respondents agree that failure to timely comply with the conditions set forth in
5 Paragraph 3 within 30 days of execution of this Stipulation, as such date is set forth in Paragraph 13,
6 shall result in summary denial of SEFLC’s application for a CFLL license.

7 8. Respondents acknowledge that remedies for violations of the CFLL are not exclusive
8 and may be sought and employed in any combination to enforce the purpose and provisions of this
9 law.

10 9. Respondents agree that nothing in this Stipulation shall preclude the Commissioner, or
11 her agents or employees, to the extent authorized by law, from assisting or cooperating in any
12 investigation and/or action brought by any other federal, state or county agency. Respondents further
13 agree that this Stipulation shall not bind or otherwise prevent any other federal, state or county
14 agency from the performance of its duties.

15 10. Respondents have obtained the advice of legal counsel, and enter into this Stipulation
16 voluntarily and without coercion and acknowledge that no promises, threats or assurances have been
17 made by the Commissioner or any officer, or agent thereof, about this Stipulation.

18 11. Respondents acknowledge that this Stipulation and the Exhibit attached thereto are a
19 public record.

20 12. Respondents and the Commissioner agree that this Stipulation may be executed in one
21 or more separate counterparts, each of which when so executed, shall be deemed an original. Such
22 counterparts shall together constitute and be one and the same instrument.

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1 13. This Stipulation shall not become effective until signed by all parties and delivered by
2 the Commissioner's agent by email to Respondents' counsel at mkavanaugh@buchalter.com.

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4 Dated: 2/19/16 JAN LYNN OWEN
Commissioner of Business Oversight

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6 By _____
7 Mary Ann Smith
8 Deputy Commissioner

9 SUNTRUST LEASING CORPORATION and SUNTRUST
EQUIPMENT FINANCING & LEASING CORP.

10
11 Dated: 2/3/16 By _____
12 Paul Matthew Severn, President
13 On behalf of SunTrust Leasing Corporation
and SunTrust Equipment Finance & Leasing Corp.

14 Approved as to Form and Content

Dated: 2/12/16

15
16 By _____
17 Matthew Kavanaugh, Esq.
18 Buchhalter Nemer, A Professional Law Corporation
19 Attorneys on behalf of SunTrust Leasing Corporation
20 and SunTrust Equipment Finance & Leasing & Corp.
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