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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	)	ACCUSATION IN SUPPORT OF NOTICE OF
13 OVERSIGHT,	)	INTENTION TO REVOKE FINANCE
14	)	LENDERS LICENSE
15 Complainant,	)	
16 v.	)	
17 JACK J. KRECH dba ENTERPRISES	)	
18 UNLIMITED	)	
19	)	
20 Respondent.	)	

21 The Complainant, the Commissioner of The Department of Business Oversight  
22 (“Commissioner”), is informed and believes and based upon such information and belief, alleges and  
23 charges as follows:

24 I. FACTUAL BACKGROUND

25 1. Respondent Jack J. Krech dba Enterprises Unlimited (“Krech”), is licensed under the  
26 California Finance Lenders Law (Cal. Fin. Code §22000 et seq.) and applicable regulations  
27 (“CFLL”). Krech was issued a CFLL license #6032051 on July 1, 1995. Krech’s principal place of  
28 business is located at 390 S. Sepulveda, Suite 311, Los Angeles, 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.       Further, in accordance with Financial Code section 22159 (b), "... A licensee shall  
11 make other 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 Financial 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 and paid five hundred dollars (\$500.00) of administrative penalties for failure  
6 to notify the Commissioner of his change of address. Further, the Agreement required Krech to  
7 comply with the Order and make his books and records available upon demand by the Commissioner  
8 in accordance with Financial Code sections 22709 and 22701.

9 10. Despite the Agreement and Order, Krech continues to engage in business as a  
10 finance lender or broker in violation of Financial Code section 22709, 22701, and 22159.

11 **II. VIOLATION OF FINANCIAL CODE SECTION 22709 BY FAILING TO**  
12 **COMPLY WITH THE COMMISSIONER’S DEMAND TO PRODUCE BOOKS**  
13 **AND RECORDS**

14 11. On July 28, 2015, the Commissioner sent a certified 10-day demand letter (“July  
15 2015 letter”) to Krech demanding that he produce books and records for examination pursuant to the  
16 Agreement and Financial Code section 22709.

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

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

25 14. On August 4, 2015, Krech left a second voicemail asking that the Department’s staff  
26 return his call. On August 6, 2015, the Department’s staff forwarded by email, the August 3, 2015  
27 correspondence to Krech which notified him that his request to extend the due date for the books and  
28 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.

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

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

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

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

11           18.     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           19.     The books and records Krech was requested to produce in the July 2015 letter  
14 included pertinent reports as follows:

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           20.     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 the  
3 special reports lawfully demanded by the Commissioner in violation of Financial Code section  
4 22159 (b).

5           IV.     **AUTHORITY TO REVOKE FINANCE LENDERS LICENSE BY FAILING TO**  
6                   **COMPLY WITH AN ORDER OF THE COMMISSIONER AND VIOLATION OF**  
7                   **FINANCIAL CODES 22709 AND 22159 (b)**

8           Financial Code section 22714 provides in pertinent part:

9                   (a) The commissioner shall suspend or revoke any license, upon  
10                   notice and reasonable opportunity to be heard, if the  
11                   commissioner finds any of the following:

12                   (1) The licensee has failed to comply with any demand, ruling, or  
13                   requirement of the commissioner made pursuant to and within  
14                   the authority of this division.

15                   (2) The licensee has violated any provision of this division or any  
16                   rule or regulation made by the commissioner under and within  
17                   the authority of this division.

18           IV.     **PRAYER**

19           The Commissioner finds that by reason of the foregoing, Respondent Jack J. Krech dba  
20 Enterprises Unlimited has violated Financial Code section 22709 by failing to make his books and  
21 records available for examination by the Commissioner in this state within 10 days after a written  
22 demand on July 28, 2015.

23           The Commissioner further finds that Respondent Jack J. Krech dba Enterprises Unlimited  
24 has violated Financial Code section 22159 (b) by failing to make other special reports demanded by  
25 the Commissioner.

26           The Commissioner further finds that Respondent Jack J. Krech dba Enterprises Unlimited  
27 has violated Financial Code section 22714(a)(1) by failing to comply with a demand of the  
28 Commissioner by violating the expressed terms of the Settlement Agreement dated June 5, 2015.

          Based on the foregoing, it is in the best interest of the public to revoke the finance lenders  
license of Respondent Jack J. Krech dba Enterprises Unlimited.

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WHEREFORE, IT IS PRAYED that the finance lenders license of Respondent Jack J. Krech dba Enterprises Unlimited be revoked.

Dated: September 3, 2015  
Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By: \_\_\_\_\_  
UCHE ENENWALI  
Senior Counsel  
Enforcement Division