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4 Department of Corporations
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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of the Petition for Reinstatement) Case No.: 603-A646
of:)
12) ORDER CONDITIONALLY GRANTING
13 MERCHANT FACTORS CORP.) PETITION FOR REINSTATEMENT
) (Government Code Section 11522)
14)
15)
16)
17)

18 TO: KAMALA D. HARRIS
19 ATTORNEY GENERAL, STATE OF CALIFORNIA
Department of Justice
20 P.O. Box 944255
Sacramento, California 94244-2550

21
22 MERCHANT FACTORS CORP.
1441 Broadway, 22nd Floor
23 New York, NY 10018

24
25 Petitioner, Merchant Factors Corp. (“Petitioner”), having filed a Petition for Reinstatement of
26 License or Reduction of Penalty (“Petition”) of its California Finance Lender Law License pursuant
27 to Government Code section 11522, which was revoked by the California Commissioner of Business
28 Oversight (“Commissioner”) on April 20, 2007, to be effective May 1, 2007; the Petition along with

1 further submissions having been considered, and good cause appearing,

2 IT IS ORDERED that, subject to the Commissioner’s satisfactory review, the Petition for
3 Reinstatement is granted provided that within forty-five (45) days of the date hereof, unless otherwise
4 indicated below, Petitioner does the following:

- 5 1. Stipulate to entry of a Desist and Refrain Order for engaging in the business of a
6 finance lender or broker without obtaining a license from the Commissioner in
7 violation of section 22100 of the California Finance Lender Law;
- 8 2. Within ten (10) days from the date of this Order, submit an electronic report to the
9 attention of Senior Corporations Counsel Miranda LeKander at
10 Miranda.LeKander@dbo.ca.gov, listing all “Discount Factoring Agreements” or other
11 master factoring agreements that were executed with California customers during the
12 period of May 1, 2007 to the date of this Order, including: name of customer; date of
13 agreement; amount of initial advance, current balance; loan term; fees; and, whether
14 each loan is subject to recourse;
- 15 3. Agree to pay penalties in an amount to be determined by the Commissioner of up to
16 \$2,500.00 for each unlicensed loan disclosed in the report set forth in Condition #2
17 above, which shall be calculated according to proof and subject to verification by the
18 Commissioner;
- 19 4. Identify all California loans originated by Petitioner during the period of May 1, 2007
20 to the date of this Order where the loan yield – including all interest, commissions,
21 fees, and other charges – exceeded the 10 percent usury rate allowed under Section 1
22 of Article 15 of the California Constitution; issue refunds to borrowers of all amounts
23 overcharged; and, submit evidence of compliance to the Commissioner;
- 24 5. Submit a fingerprint card for Neville Grud and any other new officers not previously
25 reported to the Commissioner;
- 26 6. Pay a penalty of \$2,500.00 for failing to timely file the annual report for the year
27 ended December 31, 2006, in violation of Financial Code section 22159;
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- 7. Pay a penalty of \$2,500.00 for failing to report Susan Dreyfus as an officer in violation of Financial Code section 22101; and,
- 8. Pay a penalty of \$2,500.00 for failing to timely notify the Commissioner of Petitioner’s change of address in violation of Financial Code section 22102.

Dated: January 16, 2015
Sacramento, California

JAN LYNN OWEN
California Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division