

1 ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS

2 In the Matter of the Consumer Lender License
3 of:

No. 17F-BD015-SBD

4 **CASHCALL, INC. and JOHN PAUL
5 REDDAM, PRESIDENT**

CONSENT ORDER

6 One City Boulevard West, Suite 102
Orange, CA 92868

7 Respondents.

8
9 On October 11, 2016, the Arizona Department of Financial Institutions (“Department”)
10 issued an Order to Cease and Desist; Notice of Opportunity For Hearing; Consent to Entry of Order.
11 Wishing to resolve this matter in lieu of an administrative hearing, Respondents consent to the entry
12 of the following Order.

13 FINDINGS OF FACT

14 1. Respondent Company is a California corporation and is registered with the Arizona
15 Corporation Commission, File Number F10889324. John Paul Reddam is the President of
16 Respondent Company.

17 2. Respondents are authorized to transact business in Arizona as a consumer lender,
18 License Number 0924944, within the meaning of A.R.S. § 6-601, *et seq.* Respondents became
19 licensed by the Department in October 2013.

20 3. Respondents are not and were not, at any time material herein, exempt from licensure
21 as a consumer lender within the meaning of A.R.S. § 6-602.

22 4. The Department conducted an on-site examination of Respondent Company, which
23 commenced on December 9, 2015 and concluded on December 10, 2015, which revealed the
24 following:

- 25 a. Respondent Company purchased five hundred twenty-one (521) loans (the “Loans”)
26 from Western Sky Financial, LLC (“Western Sky”) between May 2011 and

1 September 2013.

2 b. Respondent Company purchased the Loans previous to being licensed by the
3 Department.

4 c. Each of the Loans was purchased shortly after being originated by Western Sky, who
5 is not and has never been licensed by the Department.

6 d. Respondent Company has been charging and collecting interest on the Loans as
7 follows:

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Loan Amount	Interest Rate Charged per Annum	Number of Loans
\$ 850.00	169%	8
\$ 1,500.00	120-149%	28
\$ 2,600.00	135%	392
\$ 5,075.00	115%	69
\$ 10,000.00	89%	24

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16 e. The total amount of interest on the Loans to be charged and received by Respondent
17 Company, assuming regular monthly payments to maturity, is estimated to be
18 between eight million dollars (\$8,000,000.00) and ten million dollars
19 (\$10,000,000.00), with the majority of that being interest in excess of thirty-six
20 percent (36%) per annum.

21 f. The total amount of principal to be repaid on the Loans is approximately one million
22 six hundred thousand dollars (\$1,600,000.00).

23 g. The origination fees associated with the Loans totaled approximately fifty-three
24 thousand one hundred seventy-five dollars (\$53,175.00).

25 **LAW**

26 1. Pursuant to A.R.S. § 6-601 *et seq.*, the Superintendent has the authority and duty to

1 regulate all persons engaged in the consumer lender business and with the enforcement of statutes,
2 rules and regulations relating to consumer lenders.

3 2. Respondent Company's conduct set forth in the Findings of Fact constitutes violations of
4 the following statutes governing consumer lenders:

5 a. A.R.S. § 6-613(A)(1) and (2) which state "[e]xcept as the result of an accidental or
6 bona fide error, if the licensee *charges, contracts for or receives any amount in excess*

7 *of the finance charges¹ and other fees permitted by this chapter* the following
8 restrictions apply: 1. If the original principal amount of a consumer loan is *five*
9 *thousand dollars or less*, that consumer loan is voidable and the *licensee has no right*
10 *to collect or receive any principal, finance charges or other fees* in connection with
11 that consumer loan. 2. If the original principal amount of a consumer loan is *more*
12 *than five thousand dollars*, the licensee has *no right to collect or receive any finance*
13 *charges* in connection with that consumer loan [emphasis added]." Respondent
14 Company has been charging and receiving interest on the Loans in excess of those
15 finance charges allowed under Arizona law.

16 b. A.R.S. § 6-613(B) which states "[a]ny consumer lender loan that is *made by a person*
17 *who is required to be licensed pursuant to this chapter but who is not licensed is void*,
18 and the person making that consumer lender loan has *no right to collect, receive or*
19 *retain any principal, finance charges or other fees* in connection with that consumer
20 lender loan [emphasis added]." Furthermore, A.R.S. § 6-603(B) states "[t]his chapter
21 [Consumer Lenders] applies to any person who seeks to avoid its application by any
22

23 ¹ A licensee may contract for and receive finance charges...that are not more than the following amounts: 1. On a
24 consumer loan...of three thousand dollars or less, a consumer loan rate of thirty-six per cent. 2. On a consumer loan...of
25 more than three thousand dollars, either: (a)...thirty-six per cent on the initial three thousand dollars of the original
26 principal amount, and a consumer loan rate of twenty-four per cent on that part of the principal amount greater than three
thousand dollars; (b) The single blended consumer loan rate that results from the total amount of finance charges that the
licensee would receive through the scheduled maturity of the consumer loan at the consumer loan rates that otherwise
would be applicable pursuant to subdivision (a) of this paragraph to the different portions of the unpaid principal
balance, assuming that the consumer loan will be paid according to its agreed terms." A.R.S. § 6-632(A).

1 device, subterfuge or pretense.” Respondent Company has collected and received
2 principal, finance charges and origination fees on the Loans despite such being void
3 by statute.

4 3. The violations, set forth above, constitute grounds for: (1) the issuance of an order under
5 A.R.S. § 6-137 directing Respondents to cease and desist from the violative conduct and to take the
6 appropriate affirmative actions, within a reasonable period of time prescribed by the Superintendent,
7 to correct the conditions resulting from the unlawful acts, practices, and transactions; (2) the
8 imposition of a civil monetary penalty under A.R.S. § 6-132; and (3) an order or any other remedy
9 necessary or proper for the enforcement of statutes and rules regulating consumer lenders pursuant
10 to A.R.S. § 6-601 *et seq.*

11 **ORDER**

12 1. Respondents shall immediately cease and desist from committing the violations set forth
13 in the Findings of Fact and Conclusions of Law.

14 2. Respondents shall pay to the Department a civil money penalty in the amount of **two**
15 **hundred fifty thousand dollars (\$250,000.00)** (“Civil Penalty”) by October 6, 2017.

16 3. Respondents are jointly and severally liable for payment of the civil money penalty.

17 4. Respondents shall comply with all Arizona statutes and rules regulating Arizona
18 consumer lenders (A.R.S. §§ 6-601, *et seq.*).

19 5. The provisions of this Order shall be binding upon Respondents, their employees, agents,
20 and other persons participating in the conduct of the affairs of Respondent Company.

21 SO ORDERED this 28TH day of SEPTEMBER, 2017.

22 Robert D. Charlton, Superintendent
23 Department of Financial Institutions

24 By: 
25 Ron Doba, Division Manager
26 Financial Services
Department of Financial Institutions

CONSENT TO ENTRY OF ORDER

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2 1. Respondents acknowledge that they have been served with a copy of the foregoing
3 Findings of Fact, Conclusions of Law, and Order in the above-referenced matter, have read the
4 same, are aware of their right to an administrative hearing in this matter, and have waived the same.
5 Respondents do not admit to the foregoing legal findings.

6 2. Respondents accept the jurisdiction of the Superintendent and consent to the entry of the
7 foregoing Findings of Fact, Conclusions of Law, and Order.

8 3. Respondents state that no promise of any kind or nature has been made to induce them to
9 consent to the entry of this Order, and that they have done so knowingly, willfully, and voluntarily.

10 4. Respondents agree to immediately cease from engaging in the violative conduct set forth
11 in the Findings of Fact and Conclusions of Law.

12 5. Respondents acknowledge that the acceptance of this Consent to Entry of Order by the
13 Superintendent is solely to settle this matter, which includes any other loans made to Arizona
14 consumers that Respondent Company purchased from Western Sky and collected on.

15 6. With respect to the Department's regulation and enforcement authority under Title 6 of
16 the A.R.S., the Department agrees and acknowledges that execution of this Consent Order, including
17 payment of the Civil Penalty, hereby releases and discharges Respondent Company, its predecessors
18 and successors in interest, assignees, nominees, and its past, present, and future subsidiaries,
19 affiliates, divisions, officers, directors, employees, stockholders, attorneys, servants, representatives,
20 partners, agents, authorized dealers, and liability insurers (in their capacities as such), as well as John
21 Paul Reddam, from any and all existing or potential liability for claims and findings relating to the
22 conduct asserted in this Consent Order. However, this does not preclude this Department, any other
23 agency or officer of this state or subdivision thereof from instituting other proceedings as may be
24 appropriate now or in the future.

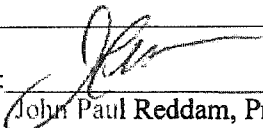
25 7. Failure to correct the violations set forth above in this Order or any future findings of
26 repeat violations may result in disciplinary action that may include a greater civil money penalty.

1 8. John Paul Reddam represents that he is the President of Respondent Company and is
2 authorized to consent to the entry of this Order.

3 9. Respondents waive all rights to seek judicial review or otherwise to challenge or contest
4 the validity of this Order.

5 DATED this 28 day of September, 2017.

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By: 

John Paul Reddam, President
CashCall, Inc.

1 ORIGINAL of the foregoing filed this 17th
2 day of October, 2017, in the office of:

3 Robert D. Charlton, Superintendent
4 ATTN: June Beckwith
5 Arizona Department of Financial Institutions
6 2910 N. 44th Street, Suite 310
7 Phoenix, AZ 85018
8 JBeckwith@azdfi.gov

9 **COPY** mailed/delivered same date to:

10 Shane Foster, Assistant Attorney General
11 Office of the Attorney General
12 1275 West Washington
13 Phoenix, AZ 85007
14 Shane.Foster@azag.gov

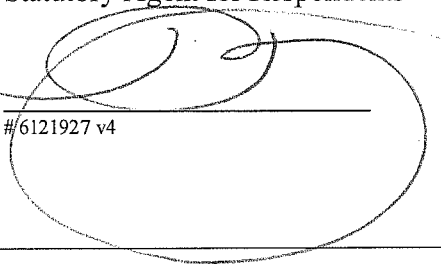
15 Ron Doba, Division Manager
16 Tawnya Webel, Examiner-in-Charge
17 ATTN: Linda Lutz
18 Arizona Department of Financial Institutions
19 2910 N. 44th Street, Suite 310
20 Phoenix, AZ 85018
21 LLutz@azdfi.gov

22 **COPY MAILED SAME DATE** by
23 Certified Mail, Return Receipt Requested, to:

24 John Paul Reddam, President
25 CashCall, Inc.
26 One City Boulevard West, Suite 102
Orange, CA 92868
Respondents

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2 3800 North Central Avenue, Suite 460
3 Phoenix, AZ 85012
4 Statutory Agent for Respondents

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