
 *
IN THE MATTER OF: *
 *
MONTEREY FINANCIAL *
SERVICES LLC *
d/b/a MONTEREY COLLECTION *
SERVICES *
NMLS # 253155 *
 *
 (“Monterey”) *
 *

CONSENT ORDER

WHEREAS, the Connecticut Banking Commissioner (“Commissioner”) is charged with the administration of Part III of Chapter 668, Sections 36a-555 to 36a-573, inclusive, of the Connecticut General Statutes, “Small Loan Lending and Related Activities,” and the regulations promulgated thereunder, Sections 36a-570-1 to 36a-570-17, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”);

WHEREAS, Monterey is a California limited liability company with its main office at 4095 Avenida De La Plata, Oceanside, California;

WHEREAS, the Commissioner, through the Consumer Credit Division (“Division”), has investigated the activities of Monterey pursuant to Section 36a-17 of the Connecticut General Statutes in effect at such time to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes and Regulations within the jurisdiction of the Commissioner;

WHEREAS, as a result of such investigation, on January 11, 2022, the Commissioner issued an Order to Make Restitution, Notice of Intent to Issue Order to Cease and Desist, Notice of Intent to Impose

Civil Penalty and Notice of Right to Hearing (“Order and Notice”) against Monterey, which Order and Notice is incorporated herein by reference;

WHEREAS, the Commissioner alleged in the Order and Notice that between September 27, 2019 and July 27, 2020, Monterey received payments of principal and interest in connection with a small loan made to a Connecticut borrower without obtaining the required license, in violation of Section 36a-556 of the Connecticut General Statutes, in effect at such time;

WHEREAS, on January 12, 2022, the Order and Notice was sent by electronic mail to the designated primary contact for Monterey as provided in the “contact employee” data field on the Nationwide Multistate Licensing System and Registry (“NMLS”);

WHEREAS, on January 25, 2022, the Department received an Appearance and Request for Hearing from counsel on behalf of Monterey;

WHEREAS, the Commissioner believes that such allegation would support initiation of enforcement proceedings against Monterey, including proceedings to issue a cease and desist order against Monterey pursuant to Sections 36a-570(b) of the Connecticut General Statutes and Section 36a-52(a) of the 2022 Supplement to the General Statutes, and impose a civil penalty of up to One Hundred Thousand Dollars (\$100,000) per violation upon Monterey pursuant to Section 36a-570(b) of the Connecticut General Statutes and Section 36a-50(a) of the 2022 Supplement to the General Statutes;

WHEREAS, initiation of such enforcement proceedings would constitute a “contested case” within the meaning of Section 4-166(4) of the Connecticut General Statutes;

WHEREAS, Section 4-177(c) of the Connecticut General Statutes and Section 36a-1-55(a) of the Regulations of Connecticut State Agencies provide that a contested case may be resolved by agreed settlement, unless precluded by law;

WHEREAS, both the Commissioner and Monterey acknowledge the possible consequences of formal administrative proceedings;

WHEREAS, Monterey has been licensed as a consumer collection agency in Connecticut since August 28, 1991, and as a sales finance company in Connecticut since January 15, 2009;

WHEREAS, during discussions regarding this matter, Monterey told the Department that it had believed that no additional license was required for its small loan lending activities, but agreed to file an application to obtain a Connecticut small loan company license, despite that it already held the aforementioned licenses;

WHEREAS, Monterey voluntarily agrees to enter into this Consent Order without admitting or denying the allegation set forth herein, and solely for the purpose of obviating the need for formal administrative proceedings concerning the allegation set forth herein;

WHEREAS, on January 3, 2020, Monterey filed an application with the Commissioner on NMLS to obtain a Connecticut small loan company license, which application was approved on May 1, 2020;

WHEREAS, at various times during the examination and investigation, Monterey represented that it took commercially reasonable measures to obtain and provide the Commissioner with account information for Connecticut borrowers and herein represents that, to the best of Monterey's knowledge, the account information provided for the Connecticut borrowers is an accurate representation of all of the Connecticut borrowers who made payments on small loans originating after September 2019 until the date of licensure of May 2020 to Monterey as well as the total interest such Connecticut borrowers paid to Monterey;

WHEREAS, Monterey represents that one of the small loans was fully satisfied and the others are in various stages of repayment or have been written off;

WHEREAS, Monterey herein represents to the Commissioner that, to the best of its knowledge and belief, it does not have any Connecticut small loan accounts originating after September 2019 until the date of licensure of May 2020, other than the Connecticut borrowers shown on Exhibit A;

WHEREAS, Monterey specifically assures the Commissioner that the violations described herein shall not occur in the future;

AND WHEREAS, Monterey, through its execution of this Consent Order, voluntarily agrees to waive its procedural rights, including a right to notice and an opportunity for hearing as it pertains to the

allegation set forth herein, and voluntarily waives its right to seek judicial review or otherwise challenge or contest the validity of this Consent Order.

CONSENT TO ENTRY OF SANCTIONS

WHEREAS, Monterey, through its execution of this Consent Order, consents to the Commissioner's entry of a Consent Order imposing the following sanctions:

1. Monterey shall cease and desist from receiving payments of principal and interest in connection with small loans made to Connecticut borrowers without the required license or otherwise violating Section 36a-556 of the Connecticut General Statutes;
2. No later than the date this Consent Order is executed by Monterey, it shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of Ten Thousand Dollars (\$10,000) as a civil penalty;
3. No later than the date this Consent Order is executed by Monterey, it shall remit to the Department of Banking by electronic funds transfer, cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut", the sum of Four Hundred Dollars (\$400) as a back-licensing fees;
4. No later than ten (10) days after the date this Consent Order is executed by Monterey, it shall refund each Connecticut borrower listed in Exhibit A attached hereto, in the amount identified therein, which represents payments made by the identified Connecticut borrowers on small loans owned by Monterey prior to the date Monterey was licensed to engage in small loan activity. All refund payments shall be made by check or money order valid for 90 days, and shall be mailed by registered or certified mail, return receipt requested, with proof of mailing. No later than 15 days after issuance of refund payments, Monterey shall provide evidence of such refund payments to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov;
5. Any refund to an identified Connecticut borrower which remains uncashed after the 90 days in which the issued checks are valid and, therefore cannot be cashed, shall be reduced to an additional civil penalty and Monterey shall remit such additional civil penalty to the Department by electronic funds transfer, cashier's check, certified check or money order made payable to the "Treasurer, State of Connecticut" no later than December 1, 2022;
6. No later than 14 calendar days after the date when Monterey hereafter identifies, discovers, or is otherwise notified of, additional Connecticut borrower small loan accounts which Monterey received payments on while not duly licensed and on which account Monterey has not yet refunded such payments, Monterey shall refund said Connecticut borrower in manner as stated in Paragraph No. 4 of this section. Monterey shall provide evidence of such refund payment to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov; and

7. In the event that an active balance remains on any identified Connecticut borrowers' open account, Monterey shall have the option to apply a credit in lieu of a refund directly towards the said Connecticut borrowers' account. In order to exercise this option, Monterey must obtain explicit express agreement from the specified Connecticut borrower that he/she consents to a credit in lieu of a refund. If no such consent is obtained from the Connecticut borrower, Monterey shall provide a refund. Monterey shall provide evidence of any such agreement and the corresponding credit to Carmine Costa, Director, Consumer Credit Division, Department of Banking, 260 Constitution Plaza, Hartford, Connecticut 06103-1800, or carmine.costa@ct.gov.

CONSENT ORDER

NOW THEREFORE, the Commissioner enters the following:

1. The Sanctions set forth above be and are hereby entered;
2. Upon issuance of this Consent Order by the Commissioner, this matter will be resolved and the Commissioner will not take any future enforcement action against Monterey based upon the allegation set forth herein; provided that issuance of this Consent Order is without prejudice to the right of the Commissioner to take enforcement action against Monterey based upon a violation of this Consent Order or the matters underlying its entry, if the Commissioner determines that compliance with the terms herein is not being observed or if any representation made by Monterey and reflected herein is subsequently discovered to be untrue;
3. Monterey shall not take any action or make or permit to be made any public statement, including in regulatory filings, any proceeding in any forum or otherwise, denying, directly or indirectly, any allegation referenced in this Consent Order or create the impression that this Consent Order is without factual basis. Except as specifically provided herein, Monterey shall not take any position in any proceeding brought by or on behalf of the Commissioner, or to which the Commissioner is a party, that is inconsistent with any part of this Consent Order. Nothing in this provision affects Monterey's (i) testimonial obligations; or (ii) right to take any legal or factual position that may contradict an allegation in this Consent Order in litigation or other legal proceedings in which the Commissioner is not a party;
4. Subject to the foregoing, and so long as this Consent Order is promptly disclosed by Monterey and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of Monterey to apply for or obtain licenses or renewal licenses under Part III of Chapter 668, Sections 36a-555 *et seq.*, of the Connecticut General Statutes, provided that all applicable legal requirements for any such license are satisfied and the terms of this Consent Order are being followed;

5. This Consent Order shall become binding upon Monterey and its successors and assigns;
and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 8th day of August 2022.

/s/

Jorge L. Perez
Banking Commissioner

I, Shaun Lucas, state on behalf of Monterey Financial Services LLC d/b/a Monterey Collection Services, that I have read the foregoing Consent Order; that I know and fully understand its contents; that I am authorized to execute this Consent Order on behalf of Monterey Financial Services LLC d/b/a Monterey Collection Services; that Monterey Financial Services LLC d/b/a Monterey Collection Services agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that Monterey Financial Services LLC d/b/a Monterey Collection Services voluntarily agrees to enter into this Consent Order, expressly waiving the procedural rights set forth herein as to the matters described herein.

By: /s/
Name: Shaun Lucas
Title: President/CEO
Monterey Financial Services LLC
d/b/a Monterey Collection Services

State of: California

County of: San Diego

On this the 3 day of August, 2022, before me, Viviana Bojorquez, the undersigned officer, personally appeared Shaun Lucas who acknowledged himself/herself to be the President/CEO of Monterey Financial Services LLC d/b/a Monterey Collection Services, a limited liability company, and that he/she as such Shaun Lucas, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself/herself as President/CEO.

In witness whereof I hereunto set my hand.

/s/
Notary Public – Vivian Bojorquex
Date Commission Expires: Mar 9, 2022