
*
IN THE MATTER OF: *
*
CHERRY TECHNOLOGIES INC. *
d/b/a CHERRY *
NMLS # 2061234 *
*
(“Cherry”) *
*

CONSENT ORDER

WHEREAS, the 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;

WHEREAS, Cherry is a Delaware corporation with its main office at 2 Embarcadero Center, 8th floor, San Francisco, California;

WHEREAS, Cherry has never been licensed as a small loan company in Connecticut;

WHEREAS, on March 29, 2024, Cherry submitted an application for a small loan license through the Nationwide Multistate Licensing System and Registry (“NMLS”), which application is currently pending;

WHEREAS, the Commissioner, through the Consumer Credit Division of the Department of Banking, conducted an investigation pursuant to Section 36a-17(a) of the Connecticut General Statutes into the activities of Cherry to determine if it had violated, was violating or was about to violate the provisions of the Connecticut General Statutes and Regulations of Connecticut State Agencies within the jurisdiction of the Commissioner;

WHEREAS, as a result of such investigation, the Commissioner alleges that between October 2, 2023 and April 24, 2024, Cherry purchased, acquired, or received assignments of small loans made to Connecticut borrowers without first obtaining a small loan license, in violation of Section 36a-556 of the Connecticut General Statutes, effective October 1, 2023;

WHEREAS, the Commissioner believes that such allegation would support initiation of enforcement proceedings against Cherry, including, without limitation, proceedings to issue an order to cease and desist against Cherry pursuant to Sections 36a-570(b) and 36a-52(a) of the Connecticut General Statutes, and impose a civil penalty of up to One Hundred Thousand Dollars (\$100,000) per violation upon Cherry pursuant to Sections 36a-570(b) and 36a-50(a) of the Connecticut 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 consent order, unless precluded by law;

WHEREAS, the Commissioner and Cherry acknowledge the possible consequences of formal administrative proceedings, and Cherry voluntarily agrees to consent to the entry of the sanctions imposed below 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, the Commissioner and Cherry now desire to resolve the matters set forth herein;

WHEREAS, Cherry specifically assures the Commissioner that the alleged violations described herein have ceased and shall not occur in the future;

WHEREAS, Cherry acknowledges that this Consent Order is a public record and is a reportable event for purposes of the regulatory disclosure questions on NMLS, as applicable;

WHEREAS, Cherry acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Consent Order and executes this Consent Order freely;

WHEREAS, Cherry herein represents to the Commissioner that it has reviewed and updated its internal policies, procedures and controls for ensuring compliance with small loan licensure requirements in Connecticut;

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

1. Cherry shall cease and desist from violating Section 36a-556(a)(5) of the 2024 Supplement to the General Statutes, including, but not limited to, purchasing, acquiring, or receiving assignment of a small loan made to a Connecticut borrower, without a license;
2. No later than the date this Consent Order is executed by Cherry, 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; and
3. No later than the date this Consent Order is executed by Cherry, 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 payment for back licensing fees.

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 Cherry 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 Cherry 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 Cherry and reflected herein is subsequently discovered to be untrue;

3. Cherry 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, Cherry 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 Cherry'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 Cherry and its control persons on NMLS, as applicable, nothing in the issuance of this Consent Order shall adversely affect the ability of Cherry to apply for or obtain an initial license 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 be binding upon Cherry and its successors and assigns; and
6. This Consent Order shall become final when issued.

Issued at Hartford, Connecticut
this 17th day of January, 2025.

/s/

Jorge L. Perez
Banking Commissioner

I, Felix Steinmeyer, state on behalf of CHERRY TECHNOLOGIES INC. d/b/a Cherry, 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 CHERRY TECHNOLOGIES INC. d/b/a Cherry; that CHERRY TECHNOLOGIES INC. d/b/a Cherry agrees freely and without threat or coercion of any kind to comply with the sanctions entered and terms and conditions ordered herein; and that CHERRY TECHNOLOGIES INC. d/b/a Cherry 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: Felix Steinmeyer
Title: CEO
CHERRY TECHNOLOGIES INC.
d/b/a Cherry

State of: Texas

County of: Harris

On this the 16th day of December, 2024, before me, Barbara Ann Lane-Snowden, the undersigned officer, personally appeared Felix Steinmeyer, who acknowledged himself/herself to be the CEO of CHERRY TECHNOLOGIES INC. d/b/a Cherry, a corporation, and that he/she as such CEO, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as Felix Steinmeyer.

In witness whereof I hereunto set my hand.

/s/
Notary Public
Date Commission Expires: