IN THE MATTER OF:	BEFORE THE MARYLAND
FUTURE INCOME PAYMENTS, LLC f/k/a PENSIONS, ANNUITIES AND SETTLEMENTS, LLC, a/k/a FUTURE INCOME PAYMENTS LLC, a/k/a FUTURE INCOME PAYMENTS, a/k/a FIP LLC, a/k/a FIP, LLC, a/k/a FIP, a/k/a CASH FLOW OUTSOURCING SERVICES INC., a/k/a CASH FLOW INVESTMENT PARTNERS, LLC, a/k/a BUYSELLANNUITY INC., a/k/a PENSION ADVANCE LLC, also d/b/a PENSIONS, ANNUITIES AND SETTLEMENTS, d/b/a PAS, d/b/a LUMPSUM PENSION PURCHASE,	COMMISSIONER OF FINANCIAL REGULATION CFR-FY2016-0027
FIP LLC a/k/a FIP, LLC, a/k/a FUTURE INCOME PAYMENTS, LLC, a/k/a FIP, a/k/a CASH FLOW OUTSOURCING SERVICES INC., a/k/a CASH FLOW INVESTMENT PARTNERS, LLC, a/k/a BUYSELLANNUITY INC., a/k/a PENSION ADVANCE LLC,	
CASH FLOW OUTSOURCING SERVICES INC. a/k/a FIP LLC, a/k/a FUTURE INCOME PAYMENTS, LLC, a/k/a FIP,	
CASH FLOW INVESTMENT PARTNERS, LLC f/k/a SUNLIFE FUNDING, LLC, a/k/a CASH FLOW INVESTMENT PARTNERS LLC, a/k/a CASH FLOW INVESTMENT PARTNERS, a/k/a FUTURE INCOME PAYMENTS, LLC, a/k/a FIP LLC, a/k/a FIP,	
BUYSELLANNUITY INC. a/k/a FUTURE INCOME PAYMENTS, LLC, a/k/a FIP LLC, a/k/a FIP,	
PENSION ADVANCE LLC	

a/k/a FUTURE INCOME PAYMENTS, LLC, a/k/a FIP LLC, a/k/a FIP,

SCOTT A. KOHN, Individually, and d/b/a PENSIONS, ANNUITIES AND SETTLEMENTS, LLC, d/b/a FUTURE INCOME PAYMENTS, LLC, d/b/a FIP LLC, d/b/a FIP, d/b/a CASH FLOW OUTSOURCING SERVICES INC., d/b/a CASH FLOW INVESTMENT PARTNERS, LLC, d/b/a BUYSELLANNUITY INC., d/b/a PENSION ADVANCE LLC

And

GLORILYN CUSI, Individually, and d/b/a PENSIONS, ANNUITIES AND SETTLEMENTS, LLC, d/b/a FUTURE INCOME PAYMENTS, LLC, d/b/a FIP LLC, d/b/a FIP, d/b/a CASH FLOW OUTSOURCING SERVICES INC., d/b/a CASH FLOW INVESTMENT PARTNERS, LLC d/b/a BUYSELLANNUITY INC., d/b/a PENSION ADVANCE LLC

Respondents.

SUMMARY ORDER TO CEASE AND DESIST

WHEREAS the Maryland Department of Labor, Licensing and Regulation, Office of the Commissioner of Financial Regulation (the "OCFR"), undertook an investigation into the business activities of **Future Income Payments LLC** f/k/a Pensions, Annuities and Settlements, LLC, a/k/a Future Income Payments LLC, a/k/a Future Income Payments, a/k/a FIP LLC, a/k/a FIP, LLC, a/k/a FIP, a/k/a Cash Flow Outsourcing Services Inc., a/k/a Cash Flow Investment Partners, LLC, a/k/a BuySellAnnuity Inc., a/k/a Pension Advance LLC, also d/b/a Pensions, Annuities and Settlements, d/b/a PAS,

d/b/a Lumpsum Pension Purchase; **FIP LLC** a/k/a FIP, LLC, a/k/a Future Income Payments, LLC, a/k/a FIP, a/k/a Cash Flow Outsourcing Services Inc., a/k/a Cash Flow Investment Partners, LLC, a/k/a BuySellAnnuity Inc., a/k/a Pension Advance LLC; **Cash Flow Outsourcing Services Inc.**, a/k/a FIP LLC, a/k/a Future Income Payments, LLC, a/k/a FIP; **Cash Flow Investment Partners, LLC** f/k/a Sunlife Funding, LLC, a/k/a Cash Flow Investment Partners LLC, a/k/a Cash Flow Investment Partners, a/k/a Future Income Payments, LLC, a/k/a FIP LLC, a/k/a FIP; **BuySellAnnuity Inc.** a/k/a Future Income Payments, LLC, a/k/a FIP LLC, a/k/a FIP; **Pension Advance LLC** a/k/a Future Income Payments, LLC, a/k/a FIP LLC, a/k/a FIP; **Scott A. Kohn**, individually, and d/b/a Pensions, Annuities and Settlements, LLC, d/b/a Future Income Payments, LLC, d/b/a FIP LLC, d/b/a FIP, d/b/a Cash Flow Outsourcing Services Inc., d/b/a Cash Flow Investment Partners, LLC, d/b/a BuySellAnnuity Inc., d/b/a Pension Advance LLC; and **Glorilyn Cusi,** individually, and d/b/a Pensions, Annuities and Settlements, LLC, d/b/a Future Income Payments, LLC, d/b/a FIP LLC, d/b/a FIP, d/b/a Cash Flow Outsourcing Services Inc., d/b/a Cash Flow Investment Partners, LLC, d/b/a BuySellAnnuity Inc., d/b/a Pension Advance LLC, (collectively, the "Respondents"), and

WHEREAS, as a result of that investigation, the Commissioner of Financial Regulation (the "Commissioner") finds grounds to allege that Respondents have violated various provisions of the Annotated Code of Maryland, including but not limited to Commercial Law Article ("CL") § 12-101 *et seq.* (the "Interest and Usury Law"), CL § 12-301 *et seq.* (the "Maryland Consumer Loan Law – Credit Provisions") and Financial Institutions Article ("FI") § 11-201 *et seq.* (the "Maryland Consumer Loan Law– Licensing Provisions") (collectively, the "Maryland Consumer Loan Law" or "MCLL"),

and FI § 11-301 *et seq.* ("Installment Loans – Licensing Provisions"); and the Commissioner finds that action under FI §§ 2-115(a) and 11-215(b) is appropriate.

NOW, THEREFORE, the Commissioner has determined, for the reasons set forth below, that Respondents' business activities constitute usurious and unlicensed lending to Maryland consumers in violation of Maryland law, and that it is in the public interest that Respondents immediately cease and desist from making advances or other types of consumer loans to, or otherwise engaging in lending activities with, Maryland consumers.

1. FI §§ 2-115(a) and (b) set forth the Commissioner's general authority to issue summary cease and desist orders, and to take additional actions for violations of laws, regulations, rules, and orders over which the Commissioner has jurisdiction (in addition to taking any other action permitted by law, and subject to a hearing or waiver of hearing), including issuing final cease and desist orders, suspending or revoking licenses, issuing monetary penalties, or taking any combination of these actions.

2. In the present matter, in April 2016, the OCFR began an investigation into the business activities of Respondents as a result of a consumer complaint. Pursuant to the OCFR's inquiry into Respondents' business activities, the Commissioner developed reasonable grounds to believe that Respondents had engaged in unlicensed and usurious lending activities with Maryland consumers in violation of various provisions of Maryland law, including, but not limited to, the Interest and Usury Law, Installment Loans – Licensing Provisions, and the MCLL – Licensing Provisions. The legal and factual bases for these determinations are described below.

APPLICABLE PROVISIONS OF MCLL

3. The Maryland Consumer Loan Law defines a loan as "any loan or advance of money or credit made under [the Maryland Consumer Loan Law – Credit Provisions.]" *See* FI § 11-201(e) and CL § 12-301(e).

4. Pursuant to FI § 11-203.1(a), "[u]nless a person is licensed by the Commissioner, the person may not: (1) [m]ake a loan . . . "

5. Pursuant to FI § 11-221, the provisions of Title 11, Subtitle 2 of the Financial Institutions Article "shall be interpreted and construed to effectuate [their] remedial purpose."

6. Pursuant to CL § 12-301(c) of the MCLL, a "lender" "means a person who makes a loan under this subtitle." For loans subject to CL § 12-103(c) of the Interest and Usury Law (*i.e.*, "*Loans not secured by residential real property*"), pursuant to CL § 12-103(c)(1), "a lender may charge an effective rate of simple interest not in excess of 24 percent per year on the unpaid principal balance of the loan." provided that the lender complies with various conditions and restrictions.

7. Pursuant to CL § 12-302, "[a] person may not engage in the business of making loans under this subtitle unless the person is licensed under or is exempt from the licensing requirements of Title 11, Subtitle 2 of the Financial Institutions Article, the Maryland Consumer Loan Law – Licensing Provisions."

8. CL § 12-306 specifies the maximum interest rates which a lender is permitted to charge on a loan under Title 12, Subtitle 3 of the Commercial Law Article, namely the Maryland Consumer Loan Law – Credit Provisions. Section 12-306(a)(6)(i) provides as follows: "For any loan with an original principal balance of $2,000 or less,

2.75 percent interest per month on that part of the unpaid balance not more than $1,000 and 2 percent interest per month on that part of the unpaid principal balance that is more than $1,000." This section, therefore, permits a lender to charge a maximum annual interest rate of 33 percent on unpaid principal balances up to $1,000, and 24 percent on unpaid principal balances over $1,000. Section 12-306(a)(6)(ii) provides: "For any loan with an original principal balance of more than $2,000, the maximum rate of interest is 2 percent per month on the unpaid principal balance of the loan." This section only permits a lender to charge a maximum annual interest rate of 24 percent on the unpaid principal balance of the loan.

9. CL § 12-308 sets forth various duties that lenders have towards borrowers. Among these duties, CL § 12-308(a) requires a lender to provide a borrower with a statement containing specific language and provisions at the time the loan is made, providing as follows:

> (a) *Statement to borrower.*-
> (1) At the time a loan is made, the lender shall deliver to the borrower a statement in the English language which:
> (i) Quotes §§ 12-306, 12-307, 12-312, and 12-313 of this subtitle, in their entireties; and
> (ii) Complies with § 12-106(b) of this title.
> (2) If there are two or more borrowers, the lender:
> (i) May deliver the statement to any one of the borrowers; and
> (ii) At the request of any other borrower, shall deliver a copy of the statement to that borrower within 10 days after the request.

10. Pursuant to CL § 12-314(a), a person is prohibited from lending $6,000 or less "if the person directly or indirectly contracts for, charges, or receives a greater rate of

interest, charge, discount, or other consideration than that authorized by the laws of this State." Further, CL §§ 12-314(b)(1) and (2) provide as follows:

> (1) A loan made in the amount of $6,000 or less, whether or not the loan is or purports to be made under this subtitle, is unenforceable if a rate of interest, charge, discount or other consideration greater than that authorized by the laws of this State is contracted for by any person unless the excess rate contracted for is the result of a clerical error or mistake and the person corrects the error or mistake before any payment is received under the loan.
>
> (2) The person who is neither a licensee nor exempt from licensing may not receive or retain any principal, interest, or other compensation with respect to any loan that is unenforceable under this subsection.

11. Pursuant to CL § 12-315, the provisions of Title 12, Subtitle 3 of the Commercial Law Article (*i.e.*, the Maryland Consumer Loan Law – Credit Provisions) "shall be interpreted and construed to effectuate its general remedial purpose."

12. Various sections of the MCLL restrict the types and amounts of fees that lenders are permitted to charge in conjunction with consumer loans, these sections include, but are not limited to, CL §§ 12-307, 12-307.1, and 12-313(a)(1). Pursuant to CL § 12-307 ("Collection of certain fees"), the following fees are authorized:

> (a) *In general.*- At the time a loan is made, a lender may collect from the borrower:
> (1) As to any item of the total property that secures a loan:
> (i) The fees paid to a public official or governmental agency for recording or satisfying a mortgage, encumbrance, or lien on any property securing the loan; or
> (ii) An equal or lesser amount for nonfiling insurance premium on any property, or portion of the property, that is not recorded if:
> 1. The Insurance Commissioner approves the rates; and
> 2. A commission is not paid on the policy; and
> (2) The title insurance premiums or reasonable attorney's fees paid for searching and insuring the title to any real property securing the loan.

> (b) *Bad check fee.*- A lender may collect from the borrower a fee not exceeding $15 if payment is made with a check that is dishonored on the second presentment.

APPLICABLE PROVISIONS OF THE INTEREST AND USURY LAW

13. Pursuant to CL § 12-101(k), "usury" is defined as "the charging of interest by a lender in an amount which is greater than that allowed by this subtitle."

14. Pursuant to CL § 12-103(a)(3) of the Interest and Usury Law, the maximum annual interest rate which a lender may charge on the unpaid principal balance of a loan made on or after July 1, 1982 and "secured by the pledge of collateral which is other than a savings account or if such loan is unsecured" is 24 percent.

15. Pursuant to CL § 12-103(c)(4), a lender who makes a loan subject to CL § 12-103(c) of the Interest and Usury Law "is subject to the licensing provisions of Title 11, Subtitle 3 of the Financial Institutions Article."

16. Penalties for violating the usury and disclosure provisions of the Interest and Usury Law are set forth in CL § 12-114, which provides, in relevant part, as follows:

> (a) *Usury.*-
> (1) Any person who violates the usury provisions of this subtitle shall forfeit to the borrower the greater of:
> (i) Three times the amount of interest and charges collected in excess of the interest and charges authorized by this subtitle; or
> (ii) The sum of $500.
> * * *
> (b) *Failure to provide required statement.*- Any person who violates the disclosure provisions of § 12-106 (b) and (c) of this subtitle is guilty of a misdemeanor and on conviction is subject to a fine not exceeding $1,000 or imprisonment not exceeding one year or both.
> * * *

17. Pursuant to CL § 12-122, "[a]ny lender who knowingly and willfully violates any provision of § 12-103, § 12-109.2, § 12-119, § 12-120, or § 12-121 of this subtitle [the Interest and Usury Law] is guilty of a misdemeanor and on conviction is subject to a fine not exceeding $500, or imprisonment not exceeding 6 months, or both."

APPLICABLE PROVISIONS INSTALLMENT LOANS

18. Pursuant to FI § 11-302(a), "installment loan" is defined "in this section" as "a loan or extension of credit made for consideration under § 12-103(a)(3) or (c), Title 12, Subtitle 9, or Title 12, Subtitle 10 of the Commercial Law Article." In turn, FI § 11-302(b) provides that, "[u]nless the person is licensed by the Commissioner, a person may not: (1) [e]ngage in the business of making installment loans; (2) [m]ake more than 5 installment loans a year; or (3) [e]ngage in the business of a credit services business as defined under Title 14, Subtitle 19 of the Commercial Law Article."

19. Pursuant to FI § 11-303, "[a] license under this subtitle shall be applied for and issued in accordance with, and is subject to, the licensing and investigatory provisions of Subtitle 2 of this title, the Maryland Consumer Loan Law – Licensing Provisions."

20. For loans made under Title 12 of the Commercial Law Article, including but not limited to loans subject to the Interest and Usury Law or loans subject to the MCLL, the disclosure requirements for lenders are set forth in CL § 12-106, which provides, in relevant part, as follows:

> (b) *Statement before loan.-*
> (1) Before the execution of a loan contract under this title, the lender shall furnish to the borrower a written statement which sets forth:
> (i) The total principal amount of the loan and the total amount of finance charge as defined in the federal Truth in

> Lending Act to be paid, stated in dollars, except that on loans payable on demand, the total amount of finance charge to be paid shall be stated on a per diem basis;
> (ii) The annual effective rate of simple interest charged, stated in percentage calculated to the nearest 0.2 percent; and
> (iii) The itemized amount of payments in addition to interest payable to the lender in connection with the loan at the time the loan is made, stated in dollars.
> * * *

APPLICABLE PROVISIONS MARYLAND CONSTITUTION

21. Article III, Section 57 of the Maryland Constitution provides as follows: "[t]he Legal Rate of Interest shall be *Six per cent per annum;* unless otherwise provided by the General Assembly." (emphasis in original). This rate is codified at CL § 12-102 ("General legal rate of interest"), which provides that, "[e]xcept as otherwise provided by law, a person may not charge interest in excess of an effective rate of simple interest of 6 percent per annum on the unpaid principal balance of a loan."

FACTUAL DETERMINATIONS

22. Future Income Payments, LLC is a Delaware limited liability company that was originally formed in April 2011 as Pensions, Annuities and Settlements, LLC ("PAS"). PAS changed its name to Future Income Payments, LLC in May 2014. The company has conducted business, including in Maryland, from the following addresses: 18300 Von Karman Avenue, Suite 410, Irvine, California 92612; 3535 East Coast Highway, #119, Corona Del Mar, California 92625; 4500 Campus Drive, Suite 650, Newport Beach, California 92660; 2505 Anthem Village Drive, #E-578, Henderson, Nevada 89052; and 2850 W. Horizon Ridge Parkway, Henderson, Nevada 89052. Future Income Payments, LLC has also been known as, or has conducted business as, Future Income Payments LLC; Future Income Payments; FIP LLC; FIP, LLC; FIP; Cash Flow

Outsourcing Services Inc.; Cash Flow Investment Partners, LLC; BuySellAnnuity Inc.; Pension Advance LLC; Pensions, Annuities and Settlements; PAS; and Lumpsum Pension Purchase. Respondent Scott Alan Kohn is the chief exectutive officer, managing member, and owner of Future Income Payments, LLC. Future Income Payments, LLC engaged in business activities in the State of Maryland with Maryland consumers, even though it is not registered with the Maryland State Department of Assessments & Taxation to conduct business in Maryland, nor is it licensed by the Commissioner.

23. FIP LLC is a Nevada limited liability company, formed in 2016, which has conducted business in Maryland, from a locoation at 2505 Anthem Village Drive, #E-578, Henderson, Nevada. Future Income Payments, LLC has also been known as, or has conducted business as, Future Income Payments LLC; Future Income Payments; FIP LLC; FIP, LLC; FIP; Cash Flow Outsourcing Services Inc.; Cash Flow Investment Partners, LLC; BuySellAnnuity Inc.; Pension Advance LLC; Pensions, Annuities and Settlements; PAS; and Lumpsum Pension Purchase. Respondent Scott Alan Kohn is the chief executive officer, managing member, and owner of Future Income Payments, LLC. FIP LLC engaged in business activities in the State of Maryland with Maryland consumers, even though it is not registered with the Maryland State Department of Assessments & Taxation to conduct business in Maryland, nor is it licensed by the Commissioner.

24. Cash Flow Outsourcing Services Inc. ("CFOS") is listed as one of the managing members of FIP LLC with the Nevada Secretary of State. CFOS has conducted business, including in Maryland, from the following addresses: 2505 Anthem Village Drive, #E-578, Henderson, Nevada 89052; and 33rd Floor, UnionBank Plaza

Bldg., Sapphire Cor. Onyx Road, Ortigas Center, Pasig City 1605, Philippines. CFOS is also known as, and has conducted business as, FIP LLC; Future Income Payments, LLC; and FIP.

25. BuySellAnnuity Inc. ("BSA") is a Delaware company that was incorporated in December 2011, and which has conducted business, including in Maryland, from the following addresses: 2505 Anthem Village Drive, #E-578, Henderson, Nevada 89052; and 18300 Von Karman Avenue, Suite 410, Irvine, California 92612. BSA is also known as Future Income Payments, LLC; FIP LLC; and FIP.

26. Pension Advance LLC ("Pension Advance") is a Delaware limited liability company that was formed in January 2012, and which has conducted business, including in Maryland, from various addresses, including from the following: 2505 Anthem Village Drive, #E-578, Henderson, Nevada 89052; and 18300 Von Karman Avenue, Suite 410, Irvine, California 92612. Pension Advance is also known as Future Income Payments, LLC, FIP LLC, and FIP.

27. Respondents Future Income Payments, LLC; FIP LLC; CFOS; CFIP, BSA, and Pension Advance (collectively, the "Business Respondents") operate as a common business enterprise, and are each individually and collectively referred to as "Future Income Payments" or "FIP" by their employees when communicating with consumers. The Business Respondents offer and extend credit to consumers in Maryland in the form of pension advances, and are thus engaged in business activities in the State. However, none of the Business Respondents is properly registered with the Maryland State Department of Assessments and Taxation, which is a necessary prerequisite for conducting business in Maryland, nor is any of them properly licensed to offer or provide

extensions of credit to consumers in the State. Further, on information and belief, the Business Respondents have engaged in the business activities alleged herein with common management, employees, business functions, office locations, phone numbers, bank accounts, and websites. Moreover, the Business Respondents are operated without regard for proper business formalities, and their names are used interchangeably, depending on what is the most advantageous or convenient for the Respondents at the time. Finally, each of the Respondents is an alter ego of Respondent Scott Alan Kohn. As such, each of the Business Respondents is jointly and severally liable for the acts and practices described herein.

28. Scott Alan Kohn is the owner, director, officer, manager, member, principal, and/or agent for each and all of the Business Respondents. Scott Alan Kohn has conducted business in the name of, or on behalf of, each and all of the Business Respondents, including in Maryland, from various addresses, including from the following: 3535 East Coast Highway, #119, Corona Del Mar, California 92625; 18300 Von Karman Avenue, Suite 410, Irvine, California 92612; 4500 Campus Drive, Suite 650, Newport Beach, California 92660; 2505 Anthem Village Drive, #E-578, Henderson, Nevada 89052; and 2850 W. Horizon Ridge Parkway, Henderson, Nevada 89052.

29. At all times relevant to the allegations set forth herein, Respondent Scott Alan Kohn has directed, overseen, and managed the business activities of each and all of the Business Respondents, including those business activities in Maryland. Further, Scott Alan Kohn has had knowledge of, has had the authority to control, and has directly participated in, the business activities of each and all of the Business Respondents, including those activities in Maryland. As such, Scott Alan Kohn is jointly and severally

liable with each and all of the Business Respondents for the acts and practices described herein.

30. Glorilyn Cusi is a managing member of FIP LLC and directs or exercises control over FIP LLC's activities and finances, including its lending activities with Maryland consumers. Glorilyn Cusi has conducted business in the name of, each and all of the Business Respondents, including in Maryland, from the following address: 2505 Anthem Village Drive, #E-578, Henderson, Nevada 89052; and 33rd Floor, UnionBank Plaza Bldg., Sapphire Cor. Onyx Road, Ortigas Center, Pasig City 1605, Philippines. Since 2016 or earlier, Respondent Glorilyn Cusi has directed, overseen, and managed the business activities of each and all of the Business Respondents in conjunction with Scott Alan Kohn, including those business activities in Maryland. Glorilyn Cusi has had knowledge of, has had the authority to control, and has directly participated in, the business activities of each and all of the Business Respondents, including those activities in Maryland. As such, Glorilyn Cusi is jointly and severally liable with Scott Alan Kohn and with each and all of the Business Respondents since she began engaging in the acts and practices described herein.

31. Cash Flow Outsourcing Services, Inc. is a managing member of FIP LLC and directs or exercises control over FIP LLC's activities and finances, including its lending activities with Maryland consumers.

32. The Respondents' business model is to solicit pensioners, including in Maryland, through the websites of its marketing affiliates and enter into contracts with pensioners in which pensioners receive a lump sum payment in exchange for some or all of the pensioners' monthly payments from their respective pensions for a fixed period of

time, generally three to five years. The Respondents also enter into contracts with investors, who provide money for the lump sum cash payments and receive some or all of the consumers' monthly pension payments.

33. The Respondents advertised their products as a way for pensioners to obtain cash quickly to meet their immediate needs and long-term goals. The Respondents hold themselves out as "America's largest pension cash-flow originator with over 300 million in completed transactions." The Respondents' website states that "Pension holders receiving $300 or more per month from their pension and living in the approved states are all encouraged to apply."

34. Maryland residents were required to provide their addresses when applying for a loan with the Respondents, therefore, the Respondents were aware that they were contacting individuals who resided in Maryland when it solicited and then completed its loan agreements with them. The Respondents contacted Maryland residents via phone and/or email while they were located in Maryland. The Respondents transmitted documents to and received documents from Maryland residents located in Maryland. The Respondents deposited the lump sum payments into Maryland residents' bank accounts, and accepted credit and debit payments in return from Maryland residents while they were located in Maryland. As a result of the Respondents' actions, Maryland residents have been and continue to be harmed.

35. Consumers contacted the Respondents through their websites or by phone to obtain a quote and begin the application process. Representatives of the Respondents communicated with consumers by phone, letter, or email to provide a quote for the loan

amount and begin collecting information and documents from the consumer to allow the Respondents to complete the underwriting process.

36. Consumers were asked to submit a number of documents relating to their pension and financial situation, as well as documents evidencing their identity and marital status, to undergo a credit check and bankruptcy review, and to answer certain questions regarding their medical history.

37. After verifying the consumers' information and deciding to extend an offer, the Respondents proposed to Maryland consumers a lump sum of cash in exchange for a specified amount of the consumers' monthly pension payments. To complete the loan process, Respondents required the consumers to sign several documents provided by Respondents. Respondents used several versions of the documents included in what Respondents referred to as the "Seller Packet" during all times relevant to the facts stated herein.

38. The Seller Packet generally consisted of the following documents (although each consumer did not receive the same documents in his or her packet): 1) a contract entitled "Future Income Payment Purchase and Sale Agreement;" 2) Transaction Details; 3) Authorization for Automatic Payments; 4) Disclosures and Seller's Acknowledgement; 5) Certificate of Marital Status; 6) Security Guaranty and Indemnification Agreement; 7) Purchase Agreement; 8) Employment Verification Form; and 9) W9- Request for Taxpayer Identification Number and Certification.

39. Additionally, depending on which version of the agreement was used, consumers were asked to submit some or all of the following documents: (1) Verification

of Annuity; 2) Spousal Consent Form; 3) photographic identification; 4) a voided check; and 5) a bank statement.

40. Once the Respondents received and verified all documents, Maryland consumers executed a loan agreement with the Respondents.

41. The Respondents' loan agreement provided that the consumers would receive a "one-time, lump sum payment" in exchange for a specified amount of the consumer's monthly pension payment to be paid monthly for a specified number of months.

42. Through the agreement, consumers promised to repay the principal amount of the loan plus interest. To facilitate collection of the obligated payment, consumers executed an authorization for electronic funds transfer granting the Respondents the power to collect the monthly pension installment payments from the consumers' respective accounts.

43. Under the agreement, upon receipt of the lump sum payment into the consumers' bank account, consumers were to instruct their respective financial institution at which their pension payments were deposited to transfer a specified amount of the monthly pension payment into the the Respondents' controlled account.

44. Respondents deducted $300 from the lump sum amount as an account set-up fee and servicing fee. The agreement included a Late Payment Fee and a non-sufficient funds ("NSF") fee. Specifically, consumers who failed to make timely payments were charged late fees equal to 1.5% of the delinquent payment and consumers were charged a $25 NSF fee.

45. The OCFR's investigation revealed that from April 14, 2014 to May 5, 2017, approximately 486 Maryland consumers executed agreements with the Respondents. See Attached List of Consumer Collection Report.

46. The Respondents made loans to Maryland consumers ranging from $1,434 to $20,644.

47. 37 consumers obtained loans that were greater than $6,000. The remaining 449 were less than $6,000.

48. The Respondents loaned Maryland consumers a total of $1,650,025. As of May, 8 2017, Maryland consumers have repaid $950,236.13.

49. The Respondents' transactions with Maryland consumers are illegal loans that were made while unlicensed with interest rates that far exceed those permitted under Maryland law.

50. On or about April 21, 2016, the OCFR received several complaints related to agreements that the Respondents entered into with Maryland residents. The agreements were each titled "Future Income Payment Purchase and Sale Agreement."

51. The OCFR's investigation revealed that on or about February 16, 2016, the Respondents entered into a written agreement with a Maryland resident, [redacted] ("Consumer A").

a. Pursuant to the written agreement, the Respondents provided a $5,622 advance to Consumer A in exchange for Consumer A's agreement to repay Respondents $750 each month for a period of 60 months or 5 years, which amounts to a total payback amount of $45,000.

b. The $5,622 advance to Consumer A was reduced by a $300 "Set-up Fee," thus the net advance that the Respondents provided to Consumer A was $5,322.

c. Although the Respondents' written agreement with Consumer A did not provide the applicable interest rates, the annual interest rate on the Respondents' $5,622.00 advance to Consumer A are approximately as follows (with these interest rate calculations including the $300 "Set-up Fee," in the interest charged by Respondents; although the MCLL does not permit such fees, they are properly considered "interest" for determining the applicable interest rates under the MCLL): the annual interest rate of the loan is 159% or higher.

52. The OCFR's investigation further revealed that on or about May 11, 2015, the Respondents entered into a written agreement with a Maryland resident, [redacted] ("Consumer B"). Respondents provided a $4,700 advance to Consumer B in exchange for his agreement to repay the Respondents $617.34 each month for a period of 48 months or 4 years, which amounts to a total payback amount of $29,632.32. According to the agreement provided by the Respondents, this constituted an annual interest rate of 157% or higher.

53. On or about January 27, 2016, the Respondents entered into a written agreement with a Maryland resident, [redacted] ("Consumer C"). The Respondents provided a $2,249 advance to Consumer C in exchange for her agreement to repay the Respondents $300 each month for a period of 60 months or 5 years, which amounts to a total payback amount of $18,000. According to the agreement provided by the Respondents, this constituted an annual interest rate of 159% or higher.

54. On or about September 12, 2016, the Respondents entered into a written agreement with a Maryland resident, [redacted] ("Consumer D"). The Respondents provided a $2,100 advance to Consumer D in exchange for his agreement to repay the Respondents $300 each month for a period of 36 months or 3 years, which amounts to a total payback amount of $10,800. According to the agreement provided by the Respondents, this constituted an annual interest rate of 169% or higher.

55. The Respondents entered into a written agreement with a Maryland resident, [redacted] ("Consumer E"). The Respondents provided a $2,624 advance to Consumer E in exchange for her agreement to repay the Respondents $350 each month for a period of 60 months or 5 years, which amounts to a total payback amount of $21,000. According to the agreement provided by the Respondents, this constituted an annual interest rate of 159% or higher.

56. On or about August 12, 2013, the Respondents entered into a written agreement with a Maryland resident, [redacted] ("Consumer F"). The Respondents provided a $8,000 advance to Consumer F in exchange for her agreement to repay the Respondents $347 each month for a period of 60 months or 5 years, which amounts to a total payback amount of $20,820. According to the agreement provided by the Respondents, this constituted an annual interest rate of 46% or higher.

57. On or about January 10, 2015, the Respondents entered into a written agreement with a Maryland resident, [redacted] ("Consumer G"). The Respondents provided a $4,700 advance to Consumer G in exchange for her agreement to repay the Respondents $621 each month for a period of 60 months or 5 years, which amounts to a

total payback amount of $37,260. According to the agreement provided by the Respondents, this constituted an annual interest rate of 158% or higher.

58. On or about November 27, 2017, the Respondents entered into a written agreement with a Maryland resident, [redacted] ("Consumer H"). The Respondents provided a $2,769 advance to Consumer H in exchange for his agreement to repay the Respondents $300 each month for a period of 84 months or 7 years, which amounts to a total payback amount of $25,2000. According to the agreement provided by the Respondents, this constituted an annual interest rate of 129% or higher.

59. The Respondents' agreements with Maryland consumers are loans because the Respondents delivered a principal sum of money to the Consumers, and the Consumers promised to repay the principal (plus interest) over a period of time. The agreements also provided that any breach could require the Consumers to pay the Respondents and any subsequent purchasers' legal fees and cost incurred pursuing a claim against the consumers. Any consumer who failed to make timely payments were charged late fees equal to 1.5% of the delinquent payment. Payments returned to the Respondents for non-sufficient funds resulted in a $25 NSF fee, in addition to any late fees. Additionally, Respondents' loan agreements with Maryland consumers stated any disruption or interruption was deemed a material breach of the contract and cause all remaining and unpaid payments to be immediately due and payable.

60. Each advance by the Respondents to the Consumers under the terms of the agreements referenced above constituted a "loan" under FI § 11-201(e) and CL § 12-301(e) of the MCLL (both defining "loan" as "any loan or advance of money or credit made under [the Maryland Consumer Loan Law – Credit Provisions.]"), and thus the

Respondents and their advances to the Consumers are subject to the MCLL, which the Commissioner is charged with enforcing. This includes the licensing provisions, interest rate caps, and other provisions of the MCLL.

61. Alternatively, if Respondents' transactions were not subject to the MCLL, the advances by Respondents to Maryland consumers under the terms of their agreements constituted unsecured loans, or alternatively constituted loans "secured by the pledge of collateral which is other than a savings account," under the Interest and Usury Law. Regardless, both types of loans would be subject to CL § 12-103(a)(3), which specifies that the maximum annual interest rate which a lender may charge on the unpaid principal balance of a loan made on or after July 1, 1982 is 24%. Further, pursuant to FI §§ 11-302(a), 11-302(b), and 11-303, a person may not engage in the business of making loans subject to CL § 12-103(a)(3) without first being licensed by the Commissioner under the MCLL. Thus, Respondents and their advances to Maryland consumers would again be subject to regulation by the Commissioner.

62. Alternatively, if the Respondents' transactions were not subject to CL § 12-103(a)(3) or (c), then the transactions would be subject to the 6% interest rate cap set forth in both Article III, Section 57 of the Maryland Constitution and CL § 12-102.

63. The Respondents' written agreements with Maryland consumers violated various other provisions of Maryland law. For example, the Respondents' written agreements did not include the statements and disclosures of interest rates and other items required under CL §§ 12-106 and 12-308(a). Further, the Respondents' written agreements permitted the Respondents to collect fees of types and amounts that are not authorized under the MCLL, such as a "Set-up Fee."

64. Based on the foregoing facts, it has been determined that the Respondents have engaged in the business of making loans to Maryland consumers without being licensed by the Commissioner as required by Maryland law, that the Respondents have charged and received interest on the aforementioned loans in excess of the rates and amounts permitted by State law, and that the Respondents have failed to otherwise comply with other applicable provisions of Maryland law, such as by making required disclosures to Maryland consumers.

CHARGES:

Count 1. Making Usurious Loans to Maryland Consumers.

65. As evident from paragraphs 46 through 52 above, the advances which the Respondents made to the Consumers involved usurious rates of interest, far in excess of the 24% annual interest rate cap set forth in CL § 12-103(a)(3) and (c). As such, the Respondents violated the usury-related provisions of the Interest and Usury Law, including, but not limited to, CL §§ 12-101(k), 12-103(a)(3), and 12-103(c)(1).

66. Alternatively, if the Respondents' agreements with Maryland consumers were not subject to CL § 12-103(a)(3) or (c), then Respondents' agreements with these consumers violated the 6% interest rate cap set forth in both Article III, Section 57 of the Maryland Constitution and in CL § 12-102.

67. As evident from paragraphs 46 through 52 above, the advances which the Respondents made to Maryland consumers involved usurious rates of interest, far in excess of the 24% or 33% annual interest rates permitted for such loans under CL § 12-306(a)(6). As such, the Respondents violated multiple provisions of the MCLL,

including, but not limited to, CL §§ 12-306(a)-(d), 12-313(a), 12-314(a), 12-314(b)(1), 12-314(b)(2), and 12-314(c).

68. Pursuant to CL § 12-314(b)(1), as the Respondents' loans to Maryland consumers contained a "rate of interest, charge, discount or other consideration greater than that authorized by the laws of this State," the Respondents' consumers loans to Maryland consumers are illegal and unenforceable. Further, pursuant to CL § 12-314(b)(2), the Respondents (who are neither licensed nor exempt from licensing), "may not receive or retain any principal, interest, or other compensation with respect to any loan that is unenforceable under this subsection." It follows that, not only are the Respondents' loans to Maryland consumers "illegal and unenforceable," but the Respondents are also prohibited from collecting or retaining the principal amount of these consumer loans or from collecting or retaining any other monies related to these loans.

Count 2. Engaging in Unlicensed Lending Activities.

69. The Respondents have never been licensed by the Commissioner to make consumer loans, nor have they been exempt from licensing under the MCLL. As such, the Respondents' unlicensed lending activities in Maryland violated the licensing provisions of the MCLL cited above, including FI § 11-203.1(a) and CL § 12-302.

70. The Respondents have never been licensed by the Commissioner to make loans to Maryland consumers, nor have they been exempt from licensing under the Installment Loans – Licensing Provisions. As such, the Respondents' unlicensed lending activities in Maryland violated the licensing provisions cited above, including CL § 12-103(c)(4) and FI §§ 11-302(a), 11-302(b), 11-303.

71. Moreover, since the Respondents were prohibited from making any loans to Maryland consumers without proper licensure pursuant to CL § 12-103(c)(4) and FI §§ 11-203.1(a), 11-302(a), 11-302(b), and 11-303, it follows that the Respondents' unlicensed loans to Maryland consumers are illegal and unenforceable, and that Respondents are prohibited from collecting or retaining any money related to these loans.

Count 3. Failure to Provide Written Disclosures.

72. Pursuant to CL § 12-106(b), the Respondents are required to provide Maryland consumers a written statement disclosing the applicable interest rates and other specific items regarding the loan product prior to entering into a loan agreement. Respondents failed to provide such a written disclosure statement to Maryland consumers prior to entering into their pension advance agreements, and thus the Respondents violated CL § 12-106(b).

LIABILITY AND POTENTIAL SANCTIONS

73. Based on the foregoing facts, it has been determined that the Respondents have engaged in the business of making loans to Maryland consumers without being licensed by the Commissioner as required by Maryland law, that the Respondents have charged and received interest on the aforementioned loans in excess of the rates and amounts permitted by Maryland law, and that the Respondents have failed to otherwise comply with other applicable provisions of Maryland law, such as by making required disclosures to Maryland consumers.

74. The aforementioned illegal activities by the Respondents in connection with making loans to Maryland consumers subjects all of the Respondents, following a hearing or opportunity for a hearing, to monetary penalties and other sanctions under FI §

2-115(b), and to restitution and other sanctions under the Interest and Usury Law, as more fully set forth below. The Respondents are also subject to referral for criminal prosecution under CL §§ 12-114(b) and 12-122, and under FI § 11-222.

WHEREFORE, having determined that immediate action is in the public interest, and pursuant to the aforementioned provisions of the Annotated Code of Maryland, it is, by the Deputy Commissioner of Financial Regulation, **HEREBY**

ORDERED that the Respondents shall immediately **CEASE AND DESIST** from making or entering into agreements to make advances or any other types of loans to, and from otherwise engaging in lending activities with, Maryland consumers, which includes, but is not limited to, entering into loan agreements with repayment based on and subject to the expected payments from the borrowers' pensions or like transactions with Maryland consumers; it is further

ORDERED that the Respondents shall immediately **CEASE AND DESIST** from collecting or attempting to collect, whether directly or indirectly through third parties, on any advances or other loans previously made to Maryland consumers, including but not limited to collecting or attempting to collect any principal, interest, or other fees related to loan agreements with repayment based on and subject to the expected payments from the borrowers' pensions or like transactions involving Maryland consumers; and it is further

ORDERED that the Respondents shall immediately **CEASE AND DESIST** from violating the aforementioned statutory provisions of Maryland law, and that Respondents

should be ordered to provide restitution for such violations, in addition to any other sanctions or actions against the Respondents permitted by law; and it is further

ORDERED that all provisions of this Summary Order to Cease and Desist ("Summary Order"), including all Orders and Notices set forth herein, also apply to all unnamed owners, partners, members, officers, principals, directors, managers, employees, and agents of all Respondents' business entities named above; and it is further

ORDERED that the officers or managers for all Respondents' business entities named above shall provide a copy of this Summary Order to all unnamed owners, partners, members, officers, principals, directors, managers, and agents of those of the Respondents' business entities.

FURTHERMORE,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI §§ 2-115(a) and 11-215(b), the Respondents are entitled to a hearing before the Commissioner to determine whether this Summary Order to Cease and Desist should be vacated, modified, or entered as a final Order of the Commissioner; and further,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI §§ 2-115(a) and 11-215(b), this Summary Order to Cease and Desist will be entered as a final Order of the Commissioner if Respondents do not request a hearing within 15 days of the receipt of this Summary Order to Cease and Desist; and further,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to Code of Maryland Regulations ("COMAR") § 09.01.02.08, and State Government Article ("SG")

§§ 9-1607.1, 10-206.1, and 10-207, and in accordance with SG § 10-207(b)(4), each individual respondent in this matter is only permitted to request a hearing, and to appear at such hearing, on behalf of himself or herself, or through an attorney authorized to practice law in Maryland at the respondent's own expense; and further,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to SG §§ 9-1607.1 and 10-206.1, and in accordance with SG § 10-207(b)(4), the Respondents' business entities are only permitted to request a hearing, and to appear at such hearing, through an attorney authorized to practice law in Maryland at the business entities' own expense; and further,

RESPONDENTS ARE HEREBY NOTIFIED that any and all requests for a hearing in this matter must conform to the requirements stated above, must be made in the form of a signed, written request, and must be submitted to the following address:

Enforcement Unit, Administrator
Office of the Commissioner of Financial Regulation
500 North Calvert Street, Suite 402
Baltimore, Maryland 21202;

And further,

RESPONDENTS ARE HEREBY NOTIFIED that, pursuant to FI § 2-115(b), as a result of a hearing, or of the Respondents' failure to timely request a hearing in the manner described above, the Commissioner may, in the Commissioner's discretion, and in addition to taking any other action authorized by law, enter an order making this Summary Order to Cease and Desist final, issue a penalty order against Respondents imposing a civil penalty up to $1,000 for the first violation of Maryland law cited above, up to $5,000 for each subsequent violation, or may take any combination of the

aforementioned actions against Respondents. Additionally, as a result of a hearing, or of Respondents' failure to timely request a hearing in the manner described above, the Commissioner may also enter an order directing Respondents to provide restitution to Maryland consumers in accordance with CL § 12-114(a). The Commissioner may also enter a final order declaring that all loan agreements entered into by the Respondents with Maryland consumers are illegal and unenforceable pursuant to CL § 12-103(c)(4) and FI §§ 11-302(a), 11-302(b), 11-303, and 11-203.1(a). As such, the Commissioner may enter a final order requiring Respondents to provide restitution to Maryland consumers for any principal, interest or other amounts collected from Maryland consumers pursuant to those agreements that are subject to the MCLL, Interest and Usury Law and the Installment Loan Law. The Commissioner may also refer this matter to the appropriate agencies for criminal prosecution under CL §§ 12-114(b) and 12-122, and under FI § 11-222.

MARYLAND COMMISSIONER OF
FINANCIAL REGULATION

April 25, 2018
Date

By: Teresa M. Louro
Teresa M. Louro
Deputy Commissioner