

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1290

Introduced by Senator Mendoza

February 19, 2016

~~An act to amend Section 22701 of the Financial Code, relating to finance lenders. An act to add Sections 22701.5 and 23046.5 to the Financial Code, relating to the Commissioner of Business Oversight.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1290, as amended, Mendoza. *Commissioner of Business Oversight: California Finance Lenders Law: Commissioner of Business Oversight: duties. California Deferred Deposit Transaction Law.*

Existing law, the California Finance Lenders Law, provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight. Existing law, the California Deferred Deposit Transaction Law, provides for the licensure and regulation by the commissioner of persons engaged in the business of making or arranging deferred deposit transactions.

For the purpose of discovering violations of the law or for enforcement purposes, the commissioner is authorized to investigate the business of these licensees, and examine the books, accounts, records, and files used in the business, of every person engaged in those business activities, whether the person acts or claims to act as principal or agent, or under or without the authority of those laws. For the purpose of examination, the commissioner is required to have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all these persons.

When conducting an examination or investigation of a licensee that is under common ownership with one or more other persons licensed

under the law, the bill would require the commissioner to conduct a single consolidated examination that includes all licensees that share the same common ownership, as defined. The bill would authorize all books, accounts, papers, records, and files required by the commissioner in connection with a consolidated examination to be provided in electronic format.

~~The California Finance Lenders Law generally provides for the licensure and regulation of finance lenders and brokers by the Commissioner of Business Oversight. The law authorizes the commissioner, for the purpose of discovering violations of the law or securing information required by him or her in the administration and enforcement of the law, to investigate the loans and business, and examine the books, accounts, records, and files used in the business of every person engaged in the business of a finance lender or broker.~~

~~This bill would require the commissioner to establish protocols that allow a licensee under this law to comply with the commissioner's investigations by using an electronic filing program.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 22701.5 is added to the Financial Code,*
- 2 *to read:*
- 3 *22701.5. (a) When conducting an examination of a finance*
- 4 *lender or broker that is under common ownership with one or*
- 5 *more other persons licensed under this division, the commissioner*
- 6 *shall conduct a single consolidated examination that includes all*
- 7 *persons licensed under this division that share the same common*
- 8 *ownership. For purposes of this section, "common ownership"*
- 9 *means two or more licensees that are wholly owned by the same*
- 10 *person.*
- 11 *(b) All books, accounts, papers, records, and files required by*
- 12 *the commissioner in connection with a consolidated examination*
- 13 *may be provided to the commissioner in electronic format.*
- 14 *(c) Notwithstanding subdivisions (a) and (b), the commissioner*
- 15 *shall retain the right to conduct periodic onsite investigations and*
- 16 *examinations of a licensee's physical location for business to*
- 17 *ensure compliance with this division.*

1 *SEC. 2. Section 23046.5 is added to the Financial Code, to*
2 *read:*

3 23046.5. (a) *When conducting an investigation of a licensee*
4 *that is under common ownership with one or more other persons*
5 *licensed under this division, the commissioner shall conduct a*
6 *single consolidated examination that includes all persons licensed*
7 *under this division that share the same common ownership. For*
8 *purposes of this section, “common ownership” means two or more*
9 *licensees that are wholly owned by the same person.*

10 (b) *All books, accounts, papers, records, and files required by*
11 *the commissioner in connection with a consolidated examination*
12 *may be provided to the commissioner in electronic format.*

13 (c) *Notwithstanding subdivisions (a) and (b), the commissioner*
14 *shall retain the right to conduct periodic onsite investigations and*
15 *examinations of a licensee’s physical location for business to*
16 *ensure compliance with this division.*

17 SECTION 1. ~~Section 22701 of the Financial Code is amended~~
18 ~~to read:~~

19 22701. ~~(a) For the purpose of discovering violations of this~~
20 ~~division or securing information required by him or her in the~~
21 ~~administration and enforcement of this division, the commissioner~~
22 ~~may at any time investigate the loans and business, and examine~~
23 ~~the books, accounts, records, and files used in the business, of~~
24 ~~every person engaged in the business of a finance lender or broker,~~
25 ~~whether the person acts or claims to act as principal or agent, or~~
26 ~~under or without the authority of this division. For the purpose of~~
27 ~~examination, the commissioner and his or her representatives shall~~
28 ~~have free access to the offices and places of business, books,~~
29 ~~accounts, papers, records, files, safes, and vaults of all these~~
30 ~~persons.~~

31 ~~(b) The commissioner shall establish protocols that allow a~~
32 ~~licensee to comply with the commissioner’s investigations pursuant~~
33 ~~to subdivision (a) by using an electronic filing program.~~