

AMENDED IN SENATE APRIL 11, 2016

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1290

Introduced by Senator Mendoza

February 19, 2016

An act to add *and repeal* 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: 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~~ *this* 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. *Not later than January 1, 2020, the bill would require the commissioner to submit a report to the Legislature regarding the impacts of the consolidated examination procedure on consumers and licensees. The bill would repeal these provisions on January 1, 2021.*

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 more
5 other persons licensed under this division, the commissioner shall
6 conduct a single consolidated examination that includes all persons
7 licensed under this division that share the same common ownership.
8 For purposes of this section, “common ownership” means two or
9 more 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 (d) *Not later than January 1, 2020, the commissioner shall*
18 *submit a report to the Legislature regarding the impacts of the*
19 *consolidated examination procedure on consumers and licensees.*
20 *This report shall be submitted in compliance with Section 9795 of*
21 *the Government Code.*
22 (e) *This section shall be repealed on January 1, 2021.*
23 SEC. 2. Section 23046.5 is added to the Financial Code, to
24 read:
25 23046.5. (a) When conducting an investigation of a licensee
26 that is under common ownership with one or more other persons

1 licensed under this division, the commissioner shall conduct a
2 single consolidated examination that includes all persons licensed
3 under this division that share the same common ownership. For
4 purposes of this section, “common ownership” means two or more
5 licensees that are wholly owned by the same person.

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

9 (c) Notwithstanding subdivisions (a) and (b), the commissioner
10 shall retain the right to conduct periodic onsite investigations and
11 examinations of a licensee’s physical location for business to
12 ensure compliance with this division.

13 (d) *Not later than January 1, 2020, the commissioner shall*
14 *submit a report to the Legislature regarding the impacts of the*
15 *consolidated examination procedure on consumers and licensees.*
16 *This report shall be submitted in compliance with Section 9795 of*
17 *the Government Code.*

18 (e) *This section shall be repealed on January 1, 2021.*