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FILED

JAN 25 2019

DEPT. OF REAL ESTATE

By *[Signature]*

7
8 BEFORE THE DEPARTMENT OF REAL ESTATE
9 STATE OF CALIFORNIA

10 * * *

11 In the Matter of the Accusation of) No. H-41279 LA
12 J. PAUL REDDAM,) A C C U S A T I O N
13)
14 Respondent.)

15 The Complainant, Chika Sunquist, a Supervising Special Investigator of the
16 State of California, acting in her official capacity, for cause of Accusation against J. PAUL
17 REDDAM aka John Paul Reddam ("Respondent") alleges as follows:

18 1.

19 All references to the "Code" are to the California Business and Professions
20 Code, all references to the "Real Estate Law" are to Part 1 of Division 4 of the Code, and all
21 references to "Regulations" are to Title 10, Chapter 6, California Code of Regulations.

22 2.

23 Respondent is presently licensed and/or has license rights under the Real Estate
24 Law as a real estate broker. Respondent was originally licensed as a real estate salesperson on
25 October 4, 1989, and as a real estate broker on July 24, 1991. Respondent's real estate broker
26 license is due to expire on June 20, 2020.

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3.

At all times herein relevant, Respondent has been President, Chief Executive Officer, sole Director and owner of Cashcall, Inc., a corporation not licensed by the Department of Real Estate ("DRE").

4.

On or about, January 23, 2017, the Superior Court of Georgia, County of Fulton, by Stipulated Judgment and Final Order, entered judgment against Respondent, and other defendants, in the amount of \$25,000,000.00 and enjoined Respondent, and others, from multiple activities including engaging in consumer lending practices with interest rates above 10%, all based on the violation by Respondent, and others, of the Georgia Payday Lending Act. The acts resulting in the foregoing action constitute cause under Code Section 10177(f) for the suspension or revocation of the license and license rights of Respondent under the Real Estate Law.

5.

On or about December 30, 2016, the State of Florida Office of Financial Regulation issued its Final Order adopting the Stipulation that Cashcall, Inc. and Respondent be subject to a permanent lifetime bar from licensure with the Office of Financial Regulation in any capacity including mortgage loan brokering and consumer lending activities, in addition to other findings. Cashcall, Inc., and Respondent were also ordered to pay an administrative fine of \$500,000.00. The above action was based on Respondent's violation of Florida State Statutes by engaging in mortgage loan brokering and consumer lending activities without a license and in violation of consumer lending laws. The acts resulting in the foregoing action constitute cause under Code Section 10177(f) for the suspension or revocation of the license and license rights of Respondent under the Real Estate Law.

6.

On or about August 17, 2016, the District Court of Minnesota, Fourth Judicial District issued a Consent Judgment and Order in Case No. 27-CV-13-12740 enjoining

1 Cashcall, Inc. and Respondent, among others, from engaging in consumer lending services of
2 any kind, and ordering them to cancel and discharge all existing consumer debt held by them,
3 in addition to other findings. Cashcall, Inc. and Respondent were also ordered to pay a civil
4 penalty to the Minnesota Attorney General in the amount of \$4,500,000.00. The above court
5 action was based on the violation by Respondent and others of Minnesota State Statutes by
6 engaging in consumer lending without a license and in violation of consumer lending laws.
7 The acts resulting in the foregoing action constitute cause under Code Section 10177(f) for the
8 suspension or revocation of the license and license rights of Respondent under the Real Estate
9 Law.

10 7.

11 On or about October 5, 2015, the State of Washington Department of Financial
12 Institutions Division of Consumer Services issued a Consent Order in Case Nos. C-11-0701-
13 15-CO01 and C-11-0810-15-CO01 ordering Respondent, among others, to cease and desist
14 from engaging in unlicensed consumer lending activities of any kind, and revoking Cashcall,
15 Inc.'s consumer loan license, in addition to other findings. Respondent, and others, were also
16 ordered to pay restitution in the amount of \$1,900,000.00. The above action was based on the
17 violation by Respondent and others of Washington State Statutes by engaging in consumer
18 lending without a license and in violation of consumer lending laws.

19 8.

20 On or about June 4, 2013, the State of New Hampshire Banking Department
21 issued an Order to Cease and Desist against Cashcall, Inc., Respondent, and others from
22 engaging in unfair or deceptive practices or acts with regard to consumer lending, in addition to
23 other provisions. Respondent and others were also ordered to pay restitution to their customers
24 and pay an administrative fine in the amount of \$1,967,500.00. The above action was based on
25 the violation by Respondent and others of New Hampshire State Statutes regarding consumer
26 lending.

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1 9.

2 On or about June 28, 2012, the State of Kansas Office of the State Bank
3 Commissioner Consumer & Mortgage Lending Division issued its Consent Order against
4 Respondent as Owner, President and Chief Executive Officer of Cashcall, Inc., revoking
5 Respondent's supervised loan license and ordering Respondent to Cease and Desist from
6 engaging in "supervised lending activity" due to unfair and deceptive business practices,
7 among other findings.

8 10.

9 On or about June 1, 2012, the State of Maryland Commissioner of Financial
10 Regulation issued His Opinion and Final Order to Cease and Desist against Cashcall, Inc., and
11 its owner, officers, employees, and/or agents, from engaging in mortgage loan activities and
12 revoking Cashcall, Inc.'s mortgage lender license. The above action was based the failure of
13 Cashcall, Inc. to disclose in its mortgage lender license application that the California Attorney
14 General had obtained an injunction against Cashcall, Inc. and others from engaging in
15 mortgage loan activities as set forth below.

16 11.

17 On or about October 10, 2011, the State of Alaska, Department of Commerce,
18 Community, and Economic Development, Division of Banking Services, issued its Consent
19 Order denying a mortgage lender license to Cashcall, Inc. and Respondent, based on Cashcall,
20 Inc.'s failure to disclose that the California Attorney General had obtained an injunction against
21 Cashcall, Inc. and others from engaging in mortgage loan activities as set forth below.

22 12.

23 On or about August 24, 2009, the Superior Court of California, County of Los
24 Angeles, in Case No. BC420115, issued it Final Judgment and Permanent Injunction
25 prohibiting Cashcall, Inc., and its owners, officers, directors, and others from using untrue or
26 misleading statements in connection with consumer lending activities whether, advertising,
27 making or servicing such loans, and from violating the federal Unfair Debt Collection Practices

1 Act, in addition to other findings. Cashcall, Inc. was also ordered to pay a civil penalty of
2 \$500,000.00.

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4 13.

5 On April 22, 2016, Respondent applied to the DRE for a renewal of his real
6 estate broker license. Questions 18, 19, and 21 of the license application are as follows:

7 18. Within the six-year period prior to filing this application, have you ever had a
8 denied, suspended, restricted or revoked business or professional license (including real estate),
9 in California or any other State?

10 19. Are there any license disciplinary actions pending against a business or professional
11 license you hold at this time?

12 21. Within the six-year period prior to filing this application, have you ever been
13 ordered to cease, desist, and/or refrain from doing an act(s), or from violating a law, rule, or
14 regulation by, or cited for breach of ethics or unprofessional conduct, by an administrative
15 agency or professional association in California or any other State?

16 Respondent checked the box denoted "No" for each of the above questions and
17 failed to disclose any of the actions described above in Paragraphs 4 through 11.

18 14.

19 Respondent's failure to reveal the State agency actions set forth herein in
20 Paragraphs 4 through 11, in his 2016 license renewal application constitutes an attempt to
21 procure a real estate license by fraud, misrepresentation, or deceit, or by making a material
22 misstatement of fact, or by knowingly omitting to state a material fact in said application,
23 which is grounds for denial of the issuance, suspension or revocation of the license under Code
24 Sections 475, and/or 10177(a).

25 15.

26 The acts resulting in the foregoing action taken with respect to Respondent's
27 consumer lending license, as described above in Paragraphs 4 through 6, constitute cause under


1 Code Section 10177(f) for the suspension or revocation of the license and license rights of
2 Respondent under the Real Estate Law.

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4 16.

5 Code Section 10106 provides, in pertinent part, that in any order issued in
6 resolution of a disciplinary proceeding before the Department, the Commissioner may request
7 the administrative law judge to direct a licensee found to have committed a violation of this
8 part to pay a sum not to exceed the reasonable costs of investigation and enforcement of the
9 case.

10 WHEREFORE, Complainant prays that a hearing be conducted on the
11 allegations of this Accusation and that upon proof thereof, a decision be rendered imposing
12 disciplinary action against all the licenses and license rights of Respondent, J. PAUL
13 REDDAM, under the Real Estate Law, for the costs of investigation and enforcement as
14 provided by law, and for such other and further relief as may be proper under other applicable
15 provisions of law.

16 Dated at Sacramento, California: 01/18/2019

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19 
20 Chika Sunquist
21 Supervising Special Investigator

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24
25 cc: J. Paul Reddam
26 Chika Sunquist
27 Sacto.