BLANKROME

Financial Institutions Litigation and Regulatory Compliance (“FILARC”)

AUGUST 31, 2026

DFPI Consent Order Highlights Risks of Engaging in Unlicensed Commercial Lending in California

The California Department of Financial Protection and Innovation (“DFPI”) recently announced a consent order with a Houston-based company, resolving allegations that the company engaged in unlicensed commercial lending, failed to provide required financing disclosures to California borrowers, and received amounts exceeding California’s usury limits.

According to the DFPI, from at least 2022 through 2025, the company originated or acquired 18 commercial loan and security agreements with California entities without holding a license under the California Financing Law (“CFL”), in violation of Financial Code section 22100. The DFPI alleged that the company also entered into one term loan and three ledgered asset-based loans with California entities in violation of the same provision. In addition, the loans lacked required commercial financing disclosures, including the total cost of financing expressed as an annualized rate. The DFPI further found that the 18 equipment finance loans included charges exceeding the amounts permitted under the CFL.

Under the consent order, the company agreed to: (i) desist and refrain from engaging in unlicensed activity; (ii) pay a $44,000 penalty; and (iii) credit approximately $88,958.75 to the 18 California entities that were overcharged on their equipment finance loans.

The DFPI agreed to complete its review of the company’s pending CFL license application in a timely manner and confirmed that entering into the consent order will not be the sole basis for denying that application.

This consent order underscores the DFPI’s continued focus on unlicensed lending activity in California’s commercial finance market. Companies originating or brokering commercial loans to California borrowers should ensure they hold appropriate CFL licenses and comply with the state’s disclosure and rate-cap requirements.

For more information or assistance, please contact Paula Vigo Marqués, or another member of the Financial Institutions Litigation and Regulatory Compliance group.

Paula Vigo Marqués
202.420.2702 | paula.vigomarques@blankrome.com