

DEPARTMENT OF CONSUMER CREDIT  
STATE OF OKLAHOMA



HELPING PROTECT OKLAHOMA CONSUMERS THROUGH THE REGULATION  
OF CONSUMER CREDIT TRANSACTIONS AND RELATED ACTIVITIES.

2016  
ANNUAL REPORT

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November 2, 2016

The Honorable Mary Fallin  
Governor, State of Oklahoma  
2300 N. Lincoln Blvd., Room 212  
Oklahoma City, Oklahoma 73105

The Honorable Brian Bingman  
President Pro Tempore  
Oklahoma State Senate  
2300 N. Lincoln Blvd., Room 422  
Oklahoma City, Oklahoma 73105

The Honorable Jeffrey Hickman  
Speaker of the Oklahoma House of Representatives  
2300 N. Lincoln Blvd., Room 401  
Oklahoma City, Oklahoma 73105

Dear Governor Fallin, President Pro Tempore Bingman, and Speaker Hickman:

On behalf of the Oklahoma Commission on Consumer Credit and the staff, we are pleased to submit the 2016 Annual Report for the Oklahoma Department of Consumer Credit and the Oklahoma Commission on Consumer Credit.

This report contains information regarding the activities of the Department, the Commission, and the industries licensed and regulated by the Department.

Thanks to the leadership and foresight of our Governor and Legislature, our Department continues to take less state appropriations because our industries recognize they should pay for their enforcement themselves instead of relying on state dollars.

The Department is proud of our accomplishments and we look forward to working with you, the industries we regulate and most importantly, the Oklahoma consumers. We have achieved a great deal and will continue to improve on our efficiency and effectiveness.

Sincerely,

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Scott Leshner, Administrator  
Oklahoma Department of Consumer Credit

# ADMINISTRATOR'S REPORT

The Administrator's report includes information pursuant to Title 14A O.S. § 6-104 (5) and is expanded to include other responsibilities and accomplishments of the Department of Consumer Credit.

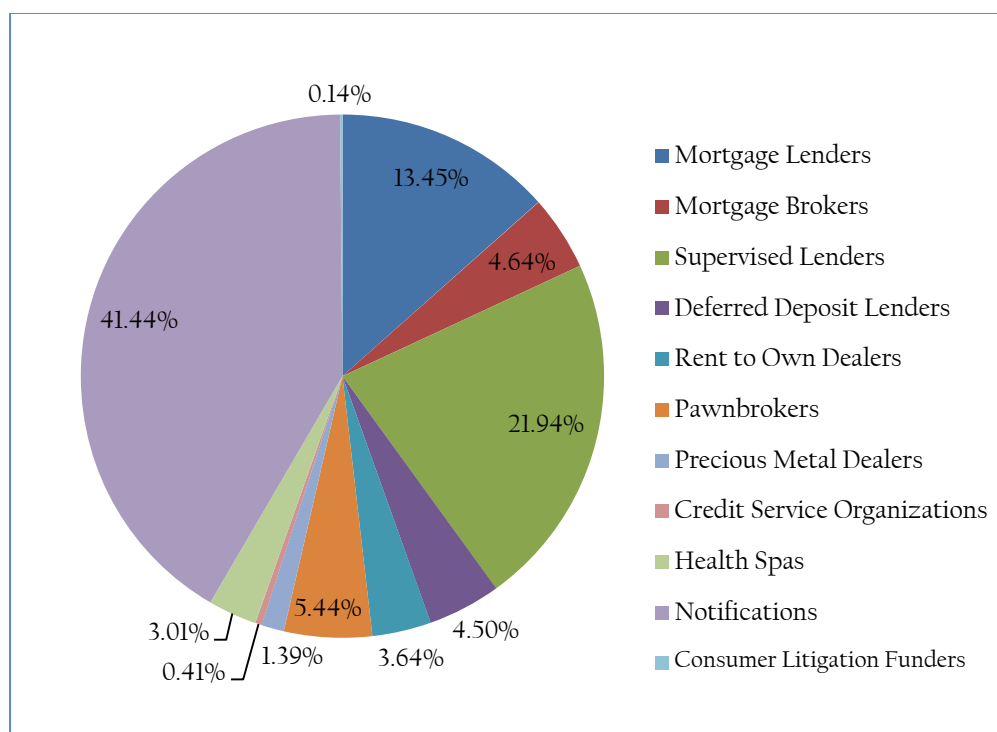
The Department of Consumer Credit annually licenses or registers over 12,051 credit-related organizations including mortgage lenders, mortgage brokers, mortgage loan originators, supervised lenders, deferred deposit lenders, rent-to-own dealers, pawnbrokers, precious metal dealers, credit service organizations, health spas, notifications, consumer litigation funders, and notifications in relation to acceptance companies and businesses that finance goods and services for Oklahoma consumers.

There are a total of 5,606 offices which are periodically investigated or examined. The table and chart below includes the number and percentages of those offices.

Table-Industry office numbers & percentages

Industry	Offices	% of total
Mortgage Lenders	754	13.45%
Mortgage Brokers	260	4.64%
Supervised Lenders	1230	21.94%
Deferred Deposit Lenders	252	4.50%
Rent to Own Dealers	204	3.64%
Pawnbrokers	305	5.44%
Precious Metal Dealers	78	1.39%
Credit Service Organizations	23	0.41%
Health Spas	169	3.01%
Notifications	2323	41.44%
Consumer Litigation Funders	8	0.14%
<b>Total</b>	<b>5606</b>	

Chart-Industry office percentages



During the year, the Department has made significant improvements that will benefit Oklahoma consumers and licensees.

A partial listing of accomplishments this year includes:

- The Department has processed over 166 formal consumer complaints;
- The Department continues to upgrade our website to effectively serve and educate consumers and licensees.
- The Department continues to improve in developing model examinations in all areas of enforcement to operate more efficiently.
- The Department continues to monitor and make improvements to our database and data entry programs compatible with the Nationwide Mortgage Licensing System (NMLS); which is a system of records for our 7,224 mortgage licensees.
- We have distributed almost \$40,000 to consumer credit counseling services.
- The Department continues to adhere to the practices outlined in the Energy Efficiency and Conservation Plan created in FY10 in response to Senate Bill 833.
- The Department has developed procedures to systematize the examination process making it more efficient for examiners.

- The Department has revised written licensing procedures to streamline the licensing process for businesses and professionals.
- The Department maintains our mortgage supervision accreditation from the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR).
- The Department was actively involved in several Multi-State Mortgage examinations through (CSBS) and AARMR.
- The Department was the Examiner-in-Charge State (EIC State) on a Multi-State Mortgage examination through CSBS and AARMR.
- The Department and the Used Motor Vehicle & Parts Commission established a cooperative effort to educate small business owners.
- The Department had three (3) new examiners to receive certifications as Certified Mortgage Examiners (CME) through CSBS.

### Description of examination and investigation procedures

#### *Examinations*

The Department's Chief Consumer Credit Examiner is responsible for scheduling examinations. Once an examination is completed, an examiner prepares an examination report that is reviewed by the Chief Consumer Credit Examiner. After the exam report is reviewed, it is sent to the address of record of the licensee. The licensee has twenty (20) days to either correct the examination errors or demonstrate the alleged errors did not occur. If a licensee does not correct the examination errors or demonstrate the errors did not occur within the required period of time, the examination report is referred to the Department's General Counsel for consideration of enforcement proceeding.

#### *Complaints*

Persons submitting complaints are required to submit a written explanation of their complaint along with any appropriate supporting documentation. Complaints are assigned by the Director of Licensing to Consumer Credit Examiners for resolution. Consumer credit Examiners review the complaint and supporting documentation to determine if the Department has jurisdiction concerning the complaint or to determine if there is a basis for the complaint.

If there is a basis for the complaint, a copy of the complaint is sent to the licensee for a response within twenty (20) days. If the matter is not resolved within the required period of time or if the licensee does not respond to the complaint, the complaint may be referred to the Department's General Counsel for consideration of an enforcement action.

## The use of consumer credit in the State of Oklahoma

There were no significant changes in the use of consumer credit in the State of Oklahoma during the previous fiscal year. Consumer loans and consumer credit sales continue to be readily available to Oklahoma consumers.

## Consumer credit problems of creditors and debtors

Most creditors licensed by the Department follow the requirements of the Uniform Consumer Credit Code or the other statutes the Department enforces. If a compliance issue arises, most creditors licensed by the Department take appropriate steps to correct the issue after notification by the Department.

An area of concern is the borrowing of money from unlicensed Internet creditors. Many unlicensed creditors typically do not follow Oklahoma law regarding payday loans which happen to be one of the most stringent of all the states. For example, in Oklahoma you may not have more than two payday loans open at one time. All licensees must also report to a database that is approved by the administrator. Finally, a consumer that has entered into five consecutive payday loans must wait 48 hours before entering into a new payday loan transaction. Numerous unlicensed creditors operating via the Internet also claim affiliation with various American Indian tribes and invoke the legal doctrine of sovereign immunity to evade state licensing and regulatory requirements.

## Compliance with the Truth in Lending Act and Regulation Z

Oklahoma is one of five (5) states that are exempt from federal enforcement of the disclosure provisions of the Federal Truth in Lending Act. In order to maintain the enforcement exemption, the Oklahoma Legislature passed House Bill 3346 during the 2014 legislative session, which became effective July 1, 2014. House Bill 3346 amends the Uniform Consumer Credit Code to authorize the Administrator to enforce the disclosure provisions of the Federal Consumer Credit Protection Act. The amendments made by House Bill 3346 to the Uniform Consumer Credit Code require creditors to provide the consumer credit disclosures required by the Federal Consumer Credit Protection Act.

## Enforcement Report of the Department of Consumer Credit July 1, 2015-June 30, 2016

The Department filed eight (8) Cease and Desist Orders during fiscal year 2016. The Department filed twenty-seven (27) administrative orders imposing civil penalties totaling \$29,300 during fiscal year 2016. The Department filed three (3) administrative orders imposing a license suspension during fiscal year 2016 and one (1) license application was denied.

### Legislative Recommendations

The Department plans to introduce legislation during the 2017 legislative session to address the allocation of Department fees and fines between the Department and the General Revenue Fund of the State of Oklahoma. The Department also plans to introduce legislation that would place Consumer Credit Examiners and Supervisors of the Department into the unclassified service of state employment.



# DEPARTMENT PERSONNEL



## COMMISSION ON CONSUMER CREDIT

### Chairman

Bob Moses

### Vice-Chairman

Joe Wilbanks

### Ex-Officio Commissioner

Mick Thompson

### Commissioners

Shawn Karnes  
Armando Rosell  
Suzy Barnes  
Jerry Douglas  
Rick Harper  
Craig Stanley  
Kent Carter

**MISSION STATEMENT** we protect and educate consumer buyers, lessees and borrowers against unfair practices, and are fair and impartial in the regulation of consumer credit transactions in Oklahoma.

### FOR MORE INFORMATION CONTACT:

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Statewide Consumer Line: (800) 448-4904

Website: <http://www.ok.gov/okdocc>

## AGENCY STAFF

Scott Leshar  
Administrator

Ruben Tornini  
Deputy Administrator

Roy John Martin  
General Counsel

Drew S'Renco  
Chief Examiner

Meredith Fazendin  
Director of Licensing

Roberta Hale  
Legal Research Assistant

Vanessa Todd  
Operations Development Coordinator

Rob Peters  
Executive Assistant

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### Regional Managers

Brad Custard  
Fred Britt

### Senior Examiners

Karen Banks  
Mary Keel  
Viola Peters  
Rich Kellogg

### Travel Coordinator

Steve Glasgow

### Examiners

Deshia Parks	Alicia Gregg
Angela Gober	Michael Thompson
Sarah Reynolds	Geromy Briscoe
Megan Patterson	Mark Swan
Christine Waters	Stephanie Younie
Anthony Breshers	Jimmie Ray
Scott White	Skyler Fleetwood
Chris Williams	April Ledgerwood
Elizabeth Foster	Sherri Schroder

# DEPARTMENT ORGANIZATIONAL CHART

