



# California Corporate & Securities Law

## “License? We Don’t Need No Stinking License”

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The Department of Corporations’ jurisdiction is not limited to the Corporate Securities Law of 1968. In fact, it has an entire division dedicated to financial services regulation. The Department’s Financial Services Division, or FSD, has responsibility for administering the following six laws:

- California Deferred Deposit Transaction Law
- California Finance Lenders Law
- California Foreclosure Prevention Act
- California Residential Mortgage Lending Act
- Check Sellers, Bill Payers and Proraters Law
- Escrow Law

In my day, the FSD also regulated state chartered credit unions. This responsibility now resides in the [Department of Financial Institutions](#).

The California Finance Lenders Law, Cal. Corp. Code § 22000 *et seq.*, has the largest number of licensees (over 2,200) and yet the law is often overlooked. Generally, the CFL requires any one who is engaged in the business of making either consumer or commercial loans to be licensed as finance lender, unless they are exempt.

One benefit of obtaining a CFL license is that licensees constitute a class of exempt lenders for purposes of California’s Constitutional limitations on interest rates. Cal. Const. Art. XV, § 1. In an upcoming post, I plan to discuss a recent Court of Appeal decision that examines the scope of that usury exemption.

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