ATTORNEY GENERAL OF THE STATE OF NEW YORK

In the Matter of

MYMEDICALLOAN.COM, INC.
Assurance No.: 13-508

ASSURANCE
PURSUANT TO EXECUTIVE LAW
SECTION 63, SUBDIVISION 15

Pursuant to the provisions of the New York State Executive Law § 63(12), General Business Law §§ 349 & 350, Banking Law §§ 14-a, 491(6-a) & 492, Personal Property Law § 401, Penal Law § 190.40, General Obligations Law §§ 5-501(2) & 5-511(2), Eric T. Schneiderman, Attorney General of the State of New York, caused an inquiry to be made into certain business practices of MYMEDICALLOAN.COM, Inc., d/b/a SurgeryLoans.com and d/b/a MedicalFinancing.com ("SurgeryLoan") relating to its brokering of retail installment obligations. Based upon that inquiry, the Office of the Attorney General has made the following findings, and SurgeryLoan has agreed to modify its practices and assure compliance with the following provisions of this Assurance of Discontinuance ("Assurance").

I. BACKGROUND

1. SurgeryLoan is a for-profit California business corporation.

2. SurgeryLoan's principal offices are located at 15303 Ventura Boulevard, Bldg C, #850, Sherman Oaks California 91403.

3. SurgeryLoan conducts business in New York and across the United States as a sales finance company and a broker of retail installment obligations[1] (sometimes referred to as "RIOs").

4. SurgeryLoan (i) markets its business to health care providers and consumers over the Internet at: mymedicalloan.com and via brochures that are available in providers' offices; (ii) brokers retail installment obligations between medical/surgical providers and sales finance companies that seek to acquire such RIOs; and (iii) purchases and is assigned RIOs from providers, and then sells and assigns the RIOs in turn to another sales finance company.

5. Under New York law, entities that engage in the business of a "sales finance company," such as SurgeryLoan, must be licensed as either a lender or a sales finance company. SurgeryLoan, while doing business in New York through the brokering, purchasing and assignment of RIOs, did not hold a license as either a lender or a sales finance company.

II. OAG INVESTIGATION AND FINDINGS

6. SurgeryLoan contracts with doctors who agree to: (i) enter into retail installment obligations with patients who are unable to pay in advance for their elective

[1] A retail installment obligation (contract/agreement) is slightly different from a loan. Both are ways for one to obtain goods or services by agreeing to make payments over time. However, a loan is a transaction between a consumer and a bank or other lender for money, where one uses the money to purchase the goods (such as a car) or services and agrees to repay the loan balance plus interest. A retail installment obligation, on the other hand, is a transaction between the purchaser and seller of a good (such as a car dealer) or service, where one agrees to pay the seller for the good or service over time, paying both the value of the good or service plus interest. See http://www.consumerfinance.gov/askcfpb/817/what-retail-installment-sales-contract-or-agreement-loan.html. It is not unusual for these obligations to be "purchased" through a financing entity -- such a "purchase" actually funds the transaction, much like a loan.

medical/surgical procedures; and (ii) sell such retail installment obligations at a discount in exchange for up-front payments.

7. SurgeryLoan provides a web-based application platform that patients and providers may access. The application includes information regarding the patient's employment and credit history. SurgeryLoan's web-based platform, automatically sets the annual percentage rate ("APR") and RIO terms and submits the completed application to sales finance companies who are potential financiers of its RIO applicants.

8. Within several days of filing an online SurgeryLoan application, applicants are contacted by a SurgeryLoan staff person who verifies the applicant's information, including contact information of applicant's medical/surgical provider, costs and date(s) of planned medical/surgical procedure(s) and advises applicants that funding for their medical/surgical procedures is approved in part or whole by one or two financiers.

9. After SurgeryLoan purchases a RIO from a provider, another sales finance company determines whether and at what discounted amount and APR it is willing to purchase the retail installment obligation from SurgeryLoan. For example, if a doctor charges $8,000 for a procedure, the sales finance company may only want to pay $6,000 for the retail installment obligation. The doctor may accept the lower payment of $6,000 (minus the "broker" fee paid to SurgeryLoan), but the consumer will still be borrowing (and repaying) the doctor's full charge of $8,000 ("Amount Financed").[2]

[2] The definition of Amount Financed is set forth in the Retail Installment Agreement as "[t]he amount of credit provided to you or on your behalf." However, the sales finance company finances the RIO below that of the Amount Financed.

10. If the sales finance company agrees to purchase the retail installment obligation, it sends the agreed upon sum of money to SurgeryLoan. SurgeryLoan deducts its "broker" fee before sending the balance to the provider. Such broker fee ranges from 5 - 12 % of the Amount Financed (typically $350 - $750).

11. Beginning in October 2010, SurgeryLoan brokered at least 200 retail installment obligations on behalf of New York consumers that amounted to over $1,000,000 in consumer medical debt. Based in part upon information provided to the OAG by SurgeryLoan, the OAG's investigation revealed that SurgeryLoan made approximately $60,000 in connection with these 200 RIOs. Many of these RIOs were financed at APRs in excess of NY's civil and penal usury laws, some as high as 55%.

12. Despite having brokered at least 200 RIOs for New York consumers, SurgeryLoan was able to produce only 44 RIO contracts to the OAG. SurgeryLoan alleges that its computer data base was corrupted and, because it did not maintain a back-up storage system, many of its RIO contracts were lost. The OAG obtained additional consumer information from SurgeryLoan's business affiliates that financed the RIOs, including Duvera Billing Services LLC, Highlands Premier Acceptance Corporation, Oak Rock Financial, LLC and Paramount Capital Group, Inc.

13. While SurgeryLoan has been brokering RIOs for New York consumers since October 2010, SurgeryLoan neither holds the required New York State-issued license as a lender nor as a sales finance company.

14. SurgeryLoan conducted and marketed its business as a sales finance company in violation of NY laws. N.Y. Exec. Law § 63(12); N.Y. Gen. Bus. Law §§ 349 & 350; and N.Y. Bank. Law§§ 491(6-a) & 492(1).

WHEREAS, OAG is willing to accept the terms of this Assurance pursuant to Executive Law § 63(15) and to discontinue its investigation;

WHEREAS, the parties each believe that the obligations imposed by this Assurance are prudent and appropriate;

WHEREAS, the Attorney General has determined that this Assurance is in the public interest.

IT IS HEREBY UNDERSTOOD AND AGREED, by and between the parties that:

III. PROSPECTIVE RELIEF

15. Neither SurgeryLoan nor any of its principals shall engage in whole or in part, directly or indirectly, in the business of purchasing or otherwise acquiring retail installment obligations made by and between other parties, or any interest therein, with consumers in New York State without first complying with N.Y. Bank. Law § 492 (requiring licensing of sales finance companies).

IV. AFFIDAVITS

16. SurgeryLoan has represented to the OAG that it is insolvent. SurgeryLoan submits to the OAG, in connection with this AOD, an affidavit, sworn to by one of its principals, setting forth its financial condition.

17. SurgeryLoan shall submit to the OAG, within 3 months after the execution of this Assurance an affidavit, subscribed to by an officer of SurgeryLoan authorized to bind SurgeryLoan, setting forth SurgeryLoan's compliance with the provisions of this Assurance.

V. PENALTIES

18. SurgeryLoan shall pay $15,000 to the New York State Department of Law, within forty-five days of the Effective Date (as defined infra at paragraph 32) of this Assurance.

VIII. MISCELLANEOUS

19. OAG has agreed to the terms of this Assurance based on, among other things, the representations made to OAG by SurgeryLoan and its counsel and OAG's own factual investigation as set forth in Findings above. To the extent that any material representations are later found to be inaccurate or misleading, this Assurance is voidable by the OAG in its sole discretion.

20. No representation, inducement, promise, understanding, condition, or warranty not set forth in this Assurance has been made to or relied upon by SurgeryLoan in agreeing to this Assurance.

21. Notwithstanding any provision of this Assurance to the contrary, the OAG may, in its sole discretion, grant written extensions of time for SurgeryLoan to comply with any provision of this Assurance.

22. SurgeryLoan represents and warrants, through the signatures below, that the terms and conditions of this Assurance are duly approved, and execution of this Assurance is duly authorized. SurgeryLoan shall not take any action or make any statement denying, directly or indirectly, the propriety of this Assurance or expressing the view that this Assurance is without factual basis. Nothing in this paragraph affects SurgeryLoan's (i) testimonial obligations or (ii) right to take legal or factual positions in

defense of litigation or other legal proceedings to which OAG is not a party. This Assurance is not intended for use by any third party in any other proceeding and is not intended, and should not be construed, as an admission of liability by SurgeryLoan.

23. This Assurance may not be amended except by an instrument in writing signed on behalf of all the parties to this Assurance.

24. This Assurance shall be binding on and inure to the benefit of the parties to this Assurance and their respective successors and assigns, provided that no party, other than OAG, may assign, delegate, or otherwise transfer any of its rights or obligations under this Assurance without the prior written consent of OAG.

25. In the event that any one or more of the provisions contained in this Assurance shall for any reason be held to be invalid, illegal, or unenforceable in any respect, in the sole discretion of the OAG such invalidity, illegality, or unenforceability shall not affect any other provision of this Assurance.

26. To the extent not already provided under this Assurance, SurgeryLoan shall, upon request by OAG, provide all documentation and information necessary for OAG to verify compliance with this Assurance. All notices, reports, requests, and other communications to any party pursuant to this Assurance must reference "**AOD # 13-508**", shall be in writing and shall be directed as follows:

If to SurgeryLoan to: Peter A. Pastore, Esq.
McNamee, Lochner, Titus & Williams, P.C.
677 Broadway
Albany, New York 12207

If to the OAG to: Dorothea Caldwell-Brown, Assistant Attorney General
Office of the Attorney General
Health Care Bureau
120 Broadway
New York, New York 10271

27. Acceptance of this Assurance by OAG shall not be deemed approval by OAG of any of the practices or procedures referenced herein, and SurgeryLoan shall make no representation to the contrary.

28. Pursuant to EL § 63(15), evidence of a violation of this Assurance of Discontinuance shall constitute prima facie proof of violation of the applicable law in any action or proceeding thereafter commenced by OAG.

29. If a court of competent jurisdiction determines that SurgeryLoan has breached this Assurance, SurgeryLoan shall pay to OAG the cost, if any, of such determination and of enforcing this Assurance, including without limitation legal fees, expenses, and court costs.

30. The OAG finds the relief and agreements contained in this Assurance of Discontinuance appropriate and in the public interest. The OAG is willing to accept this Assurance pursuant to N.Y. Exec. Law § 63(15), in lieu of commencing a statutory proceeding. This Assurance shall be governed by the laws of the State of New York without regard to any conflict of laws principles.

31. Nothing contained herein shall be construed as to deprive any person of any private right under the law.

32. This Assurance shall be effective on the date that it is signed by an authorized representative of the OAG ("Effective Date").

33. Any failure by the OAG to enforce this entire Assurance or any provision thereof with respect to any deadline or any other provision herein shall not be construed as a waiver of the OAG's right to enforce other deadlines and provisions of this Assurance.

IN WITNESS THEREOF, the undersigned subscribe their names:

Dated: New York, New York
April 25 , 2014

MYMEDICALLOAN.COM, INC.

By: _____
Name: J. A. Haze
Title: Director

Dated: New York, New York
April 28 , 2014

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York

LISA LANDAU
Health Care Bureau Chief

By: Dorothea Caldwell-Brown
DOROTHEA CALDWELL-BROWN
Assistant Attorney General
Health Care Bureau