

OCCC CASE NO. L21-00108

IN THE MATTER OF:	§	BEFORE THE
	§	
MASTER FILE NO.:1900064814	§	OFFICE OF CONSUMER
K2 FINANCIAL GROUP LLC	§	
11625 W. HARDY TOLL	§	CREDIT COMMISSIONER
HOUSTON, TEXAS 77076	§	
	§	STATE OF TEXAS

ORDER IMPOSING ADMINISTRATIVE PENALTY

The Office of Consumer Credit Commissioner (“OCCC”) issues this Order Assessing Administrative Penalty for Violation of Injunctive Order against K2 Financial Group LLC (“K2 Financial”).¹

Statement of Facts and Law

K2 Financial is a credit services organization licensed to act as a credit access business under Chapter 393 of the Texas Finance Code. K2 Financial operates under master file number 1900064814 at one licensed location, under license number 163538. K2 Financial’s compliance officer is Keith Hebert, and its designated contact address is 11625 W. Hardy Toll, Houston, Texas 77076.

A credit access business must file quarterly and annual reports with the Consumer Credit Commissioner (“Commissioner”).² A credit access business must submit its quarterly and annual reports on or before the following dates:

- 1st quarter report – April 30;
- 2nd quarter report – July 31;
- 3rd quarter report – October 31; and
- 4th quarter and annual report – January 31.³

If a credit access business violates the quarterly or annual reporting requirements for a second time within four quarters of a first reporting violation,

¹ Tex. Fin. Code § 14.208(c).

² Tex. Fin. Code §§ 393.622, 393.627; 7 Tex. Admin. Code § 83.5001(a).

³ 7 Tex. Admin. Code § 83.5001(b).

the OCCC may impose an administrative penalty against the credit access business of \$500.00 for each of its licensed locations.⁴ If a credit access business fails to file a quarterly or annual report again within four quarters of a second reporting violation, the OCCC may impose an administrative penalty of \$1,000.00 against the credit access business for each of its licensed locations.⁵ The OCCC may seek revocation for any subsequent violation of the reporting requirements within four quarters of a third reporting violation.⁶

On September 11, 2020 the OCCC issued an Order to File Timely and Accurate Quarterly and Annual Reports against K2 Financial for failing to file its Q2 2020 report. K2 Financial has not yet filed its 2020 2nd quarter report, in violation of the Order to File Timely and Accurate Quarterly and Annual Reports.

K2 Financial did not file its 2020 3rd quarter reports with the Commissioner on or before October 31, 2020. Additionally, K2 Financial did not timely file one or more of its reports within the four quarters preceding the 2020 3rd quarter reports.

Order

IT IS ORDERED that K2 Financial Group LLC:

1. pay an administrative penalty in the amount of **\$500.00**, calculated as \$500.00 each for K2 Financial's one licensed location, within 30 days of service of this Order; and
2. file all delinquent reports, including its 2020 2nd quarter report, and 2020 3rd quarter report, within 30 days of service of this Order, if it has not already done so.

Credit access business quarterly and annual reports must be submitted through the OCCC's Application Licensing Examination and Compliance System (ALECS): alecs.occ.texas.gov. Instructions are available by clicking the "File Annual Report" button on the OCCC's home page, occ.texas.gov. A check

⁴ 7 Tex. Admin. Code § 83.5001(e)(3)(B).

⁵ 7 Tex. Admin. Code § 83.5001(e)(3)(C).

⁶ 7 Tex. Admin. Code § 83.5001(e)(4).

made payable to 'Office of Consumer Credit Commissioner' may be mailed to 2601 N. Lamar Blvd., Austin, Texas 78705, for payment of the \$500.00.

Right to Request Hearing

You have the right to request a hearing regarding this Order.⁷ Your request must be made in writing and sent to the OCCC not later than 30 days after you receive this Order. You must send your request to:

Audrey Spalding
Office of Consumer Credit Commissioner
2601 N. Lamar Blvd.
Austin, Texas 78705

If you request a hearing, a hearing on this matter will be set and conducted in accordance with Chapter 2001 of the Texas Government Code.⁸ If you fail to request a hearing by this deadline, this Order is considered final and enforceable.⁹

All communications with the OCCC concerning this matter must be through Audrey Spalding, Assistant General Counsel, who may be contacted by mail at 2601 N. Lamar Blvd., Austin, Texas 78705, by telephone at (512) 936-7659, or by email to audrey.spalding@occc.texas.gov.

Signed this 24 day of November, 2020.

/s/ Leslie L. Pettijohn
Leslie L. Pettijohn
Consumer Credit Commissioner
State of Texas

⁷ Tex. Fin. Code § 14.208(b).

⁸ Tex. Fin. Code § 14.208(b).

⁹ Tex. Fin. Code § 14.208(c).

CERTIFICATE OF SERVICE

I certify that on November 24, 2020, a true and correct copy of this Order Imposing Administrative Penalty has been sent to K2 Financial Group LLC by regular mail and certified mail, return receipt requested, at:

CMRRR # 9214 8901 9403 8300 0025 5158 30
K2 Financial Group LLC
Attn: Keith Hebert, Compliance Officer
11625 W. Hardy Toll
Houston, TX 77076

CMRRR # 9214 8901 9403 8300 0025 5158 47
K2 Financial Group LLC
Attn: Keith Hebert, Registered Agent
815 Brazos St., Ste. 500
Austin, TX 78701

/s/ Audrey Spalding _____
Audrey Spalding
Assistant General Counsel
Office of Consumer Credit Commissioner
State Bar No. 24111055
2601 North Lamar Blvd.
Austin, Texas 78705
(512) 936-7659
(512) 936-7610 (fax)
audrey.spalding@occc.texas.gov