

- Pioneer's primary business is venture debt equipment leasing in all 50 states.
- To my knowledge and discussions with lenders and licensing attorneys, California is the only state that requires entities in our space to have a license or to show that our deals are exempt (deals in California only).
- The D&R you make reference to is for term loan proposals with entities Pioneer worked on for California entities in 2014 & 2015. The DBO is saying that this type of lending (and/or brokering) requires Pioneer to have a CFL lender's and or broker's license.
- In regards to the actual order itself:
 - o The D&R is not final, there is an appeals process and Pioneer has retained a specialized CA state DBO licensing attorney who has appealed the D&R at a recent hearing.
 - o It is Pioneer's opinion that since mostly all of our deals will be funded through banks, subsidiary's of banks, venture debt lenders, and non CFL lenders that Pioneer is then exempt.
- To date – the summary of the hearing is as follows(Again this is only a proposed decision and will not be finalized until later in September 2016).
 1. At the conclusion of the administrative hearing, complainant (DBO) withdrew the Desist and Refrain Order's allegations that respondent made or published statements that were "false, misleading, or deceptive, and omitted material information necessary to make the statements not false, misleading, or deceptive in violation of Financial Code section 22161, subdivisions (a) and (b). (Ex. D.) Accordingly, this case does not present the issue whether respondent engaged in that alleged conduct, or whether respondent may be ordered to desist and refrain from it.
 2. The decision stated that you did NOT act as a Broker within the meaning of CFLL because no proof was presented that you brokered to **CFL licensed lenders**.
 3. The decision holds that you did act as a FINANCE LENDER

- If the current hearing proposal becomes binding, then the current D&R applies. Pioneer cannot lend to California entities until Pioneer has the required license. However this is not final and so has not gone into effect as of this date.

I am uncertain why you would question Pioneer's operations when the majority of its business is equipment leasing (which happens out of the state of CA). If licensing is not obtained, then Pioneer will not transact certain financings with CA entities that fall under the final D&R issued by the DBO.