

1 PRESTON DUFAUCHARD  
2 CALIFORNIA CORPORATIONS COMMISSIONER  
3 ALAN S. WEINGER (CA BAR NO. 86717)  
4 DEPUTY COMMISSIONER  
5 320 WEST 4<sup>th</sup> Street, Ste. 750  
6 LOS ANGELES, CALIFORNIA 90013-1105

7 Attorneys for Complainant

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BEFORE THE DEPARTMENT OF CORPORATIONS  
OF THE STATE OF CALIFORNIA

In the Matter of the Order of THE ) File No. 413 0680  
COMMISSIONER OF CORPORATIONS )  
OF THE STATE OF CALIFORNIA, )  
Complainant, )  
vs. )  
LENDXFINANCIAL LLC, )  
Respondent. )

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ORDER TO DISCONTINUE RESIDENTIAL MORTGAGE LENDING  
AND/OR SERVICING ACTIVITIES PURSUANT TO  
SECTION 50319, CALIFORNIA FINANCIAL CODE

TO: LENDXFINANCIAL LLC  
1155 PERIMETER CENTER, WEST #600  
ATLANTA, GA 30330

THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA  
FINDS THAT:

LENDXFINANCIAL LLC has failed to comply with the bonding requirements of the  
California Residential Mortgage Lending Act (California Financial Code Section 50000 et seq.) in  
that effective May 1, 2010 Bond No. 929473526 issued by WESTERN SURETY COMPANY in  
favor of LENDXFINANCIAL LLC expired and no replacement bond has been obtained.

1  
2           Based on the foregoing, Respondent is conducting residential mortgage lending  
3 and/or servicing business in violation of Section 50205 of the Financial Code and is conducting  
4 business in such an unsafe and injurious manner as to render further operations hazardous to the  
5 public or to customers.

6           NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING  
7 THEREFORE, it is hereby ORDERED, under the provisions of Section 50319 of the California  
8 Financial Code, LENDXFINANCIAL LLC immediately discontinue the disbursement, in whole or  
9 in part, of trust funds held by the licensee and establish a separate trust account for all subsequent  
10 trust funds received by the licensee.  
11

12  
13           THIS ORDER is to remain in full force and effect until further order of the Commissioner.

14           Section 50319 of the Financial Code provides as follows:

15           (a) If the commissioner, as a result of any examination or from any report  
16 made to him or her, shall find that any person subject to this division is in an  
17 insolvent condition, is conducting business in an unsafe or injurious manner that  
18 renders further operations hazardous to the public or to customers, has failed to  
19 comply with the provision of Section 50317, has permitted its tangible net worth to  
20 be lower than the minimum required by law, or has failed to comply with the  
21 bonding requirements of Section 50205, the commissioner may, by an order  
22 addressed to and served by registered or certified mail, or by personal service on that  
23 person, and on any other person having in his or her possession or control any trust  
24 funds or other property deposited in escrow with that person, direct discontinuance  
of the disbursement, in whole or in part, of trust funds held by the licensee and order  
the establishment of a separate trust account for all subsequent trust funds received  
by the licensee. No person having in his or her possession any of these funds or  
documents shall be liable for failure to comply with the order unless he or she has  
received written notice of the order. Subject to subdivision (b), the order shall  
remain in effect until set aside by the commissioner, or the person has been adjudged  
bankrupt.

25           (b) Within 15 days from the date of an order pursuant to subdivision (a), the  
26 person may request a hearing under the Administrative Procedure Act (Chapter 5  
27 commencing with Section 11500) of Part 2 of Division 3 of Title 2 of the  
28 Government Code). Upon receiving a request, the matter shall be set for hearing to  
commence within 30 days after the receipt unless the person subject to this division  
consents to a later date. If no hearing is requested within 15 days after the mailing or  
service of the notice and none is ordered by the commissioner, the failure to request  
a hearing shall constitute a waiver of the right to a hearing. Neither the request for a  
hearing nor the hearing itself shall stay the order issued by the commissioner under  
subdivision (a).

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DATED: May 3, 2010  
Los Angeles, California

Preston DuFauchard  
California Corporations Commissioner

By \_\_\_\_\_  
DiAun M. Burns  
Special Administrator  
California Residential Mortgage Lending Act

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 JUDY L. HARTLEY (CA BAR NO. 110628)  
Senior Corporations Counsel  
4 Department of Corporations  
320 West 4<sup>th</sup> Street, Ste. 750  
5 Los Angeles, California 90013-2344  
Telephone: (213) 576-7604 Fax: (213) 576-7181

6 Attorneys for Complainant  
7

8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10  
11 In the Matter of the Accusation of THE ) File No.: 413-1023  
CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ACCUSATION  
13 )  
Complainant, )  
14 )  
15 vs. )  
16 LENDXFINANCIAL LLC, )  
17 Respondent. )  
18 )

19 The Complainant is informed and believes, and based upon such information and belief,  
20 alleges and charges Respondent as follows:

21 I

22 Respondent LendXFinancial LLC ("LendX") is a residential mortgage lender licensed by the  
23 California Corporations Commissioner ("Commissioner") pursuant to the California Residential  
24 Mortgage Lending Act (California Financial Code § 50000 et seq.) ("CRMLA"). LendX has its  
25 main office located at 1155 Perimeter Center, West # 600, Atlanta, Georgia 30330.

26 II

27 Pursuant to Financial Code sections 50307 and 50401, all licensees under the CRMLA are  
28 required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans

1 Serviced (“Report”) on or before March 1 of each year for the preceding 12 month period ended  
2 December 31. All CRMLA licensees are also required to include the Report on Non-traditional  
3 Adjustable rate and Mortgage Loan Products (“Non-traditional Report”) and Non-traditional,  
4 Adjustable Rate and Mortgage Loan Survey (“Survey”) with the Report.

5 On or about January 29, 2010, Report, Non-traditional Report, and Survey forms were sent to  
6 all CRMLA licensees with a notice that the Report, Non-traditional Report, and Survey were due on  
7 March 1, 2010. LendX failed to submit the Report, Non-traditional Report, and Survey by the  
8 March 1, 2010 deadline.

9 On or about August 12, 2010, a follow up letter was sent to LendX demanding that the  
10 Report, Non-traditional Report, and Survey be filed no later than August 22, 2010, and assessing  
11 LendX a penalty of \$1,000.00 pursuant to Financial Code section 50326. LendX was notified in the  
12 letter that failure to file to the Report, Non-traditional Report, Survey and/or pay the penalty by  
13 August 22, 2010 would result in an action to either suspend or revoke its license. The August 12,  
14 2010 letter was sent to LendX at its licensed location of 1155 Perimeter Center, West # 600, Atlanta,  
15 Georgia 30330. The August 12, 2010 letter was returned to the Department of Corporations  
16 (“Department”) by the United States Post Office marked “Return to Sender, LendxFinancial LLC,  
17 Moved Left No Address, Unable to Forward, Return to Sender”. LendX had not notified the  
18 Department of a change of address for its licensed location. LendX had changed its licensed  
19 location to 1155 Perimeter Center, West # 600, Atlanta, Georgia 30330 on or about December 31,  
20 2009. The prior licensed location for LendX had been 1718 Peachtree Street NW, Suite 676A,  
21 Atlanta, Georgia 30330. LendX has yet to submit the Report, Non-traditional Report, and Survey or  
22 pay the \$1,000 penalty as required by Financial Code sections 50307, 50326 and 50401.

### 23 III

24 Pursuant to Financial Code section 50200, LendX was required to submit its audited financial  
25 statement for its fiscal year ended December 31, 2009 to include an Independent Auditor’s Report on  
26 Internal Control and an Independent Auditor’s Report that the audit was conducted in accordance  
27 with the Consolidated Audit Guide for Audits of HUD Programs, if applicable (“2009 audit report”)  
28

1 to the Commissioner by April 15, 2003. LendX has yet to file its 2009 audit report with the  
2 Commissioner despite numerous reminders.

3 On or about December 21, 2009, LendX was notified in writing at its then licensed location  
4 that its 2009 audit report was due April 15, 2010. LendX failed to submit the 2009 audit report by  
5 April 15, 2010.

6 On or about June 21, 2010, a further letter was sent to LendX demanding the 2009 audit  
7 report be filed no later than July 1, 2010. LendX was notified in the letter that failure to file to the  
8 2009 audit report by July 1, 2010 would result in an administrative action.

9 LendX has yet to submit the 2009 audit report as required by Financial Code section 50200.

10 IV

11 Pursuant to Financial Code section 50205, all CRMLA licensees are required to maintain a  
12 surety bond in the minimum amount of \$50,000.00. The surety bond of LendX was canceled  
13 effective May 1, 2010, and no replacement surety bond has been obtained by LendX.

14 On or about May 3, 2010, the Commissioner issued an Order to Discontinue Residential  
15 Mortgage Lending Activities to LendX pursuant to Financial Code section 50319 for failure to  
16 maintain the required surety bond.

17 LendX has yet to obtain a replacement surety bond in violation of Financial Code section  
18 50205.

19 V

20 Pursuant to Financial Code section 50002.5, all CRMLA licensees were required to transition  
21 their CRMLA license(s) to the National Mortgage Licensing System (“NMLS”) on or before July  
22 31, 2010. LendX has yet to file a transition request through NMLS for its CRMLA license in  
23 violation of Financial Code section 50002.5.

24 VI

25 Financial Code section 50326 provides in pertinent part as follows:

26 If any licensee fails to do any of the following, the licensee shall forfeit  
27 to the people of the state a sum of up to one hundred dollars (\$100) for  
28 every day up to the tenth day: (a) to make any report required by law or  
by the commissioner within 10 days from the day designated for the  
making of the report, or within any extension of time granted by the

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commissioner . . . . Thereafter, any failure shall constitute grounds for the suspension or revocation of the license held by the residential mortgage lender or residential mortgage loan servicer.

Financial Code section 50327 provides in pertinent part:

(a) The commissioner may, after notice and a reasonable opportunity to be heard, suspend or revoke any license if the commissioner finds that: (1) the licensee has violated any provision of this division or rule or order of the commissioner thereunder; or (2) any fact or condition exists that, if it had existed at the time of the original application for license, reasonably would have warranted the commissioner in refusing to issue the license originally.

VII

The Commissioner finds that, by reason of the foregoing, LendX has violated Financial Code sections 50002.5, 50200, 50205, 50307, 50326 and 50401, and based thereon, grounds exist to revoke the residential mortgage lender license of LendX.

WHEREFORE, IT IS PRAYED that the residential mortgage lender license of LendX be revoked and that pursuant to Financial Code section 50311, LendX be given a transition period of sixty (60) days within which to complete any loans for which it had commitments.

Dated: October 26, 2010  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Judy L. Hartley  
Senior Corporations Counsel

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 JUDY L. HARTLEY (CA BAR NO. 110628)  
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6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10  
11 In the Matter of the Accusation of THE ) File No.: 413-1023  
CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ORDER REVOKING CALIFORNIA  
13 ) RESIDENTIAL MORTGAGE LENDER  
Complainant, ) LICENSE  
14 )  
15 vs. )  
16 LENDXFINANCIAL LLC, )  
17 Respondent. )  
18 \_\_\_\_\_ )

19 The California Corporations Commissioner (“Commissioner”) finds:

- 20 1. Respondent LendXFinancial LLC (“LendX”) is a residential mortgage lender licensed  
21 by the Commissioner pursuant to the California Residential Mortgage Lending Act (California  
22 Financial Code § 50000 et seq.) (“CRMLA”). LendX has its main office located at 1155 Perimeter  
23 Center, West # 600, Atlanta, Georgia 30330.
- 24 2. Pursuant to Financial Code sections 50307 and 50401, all licensees under the  
25 CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate Amount  
26 of Loans Serviced (“Activity Report”) on or before March 1 of each year for the preceding 12 month  
27 period ended December 31. All CRMLA licensees are also required to include the Report on Non-  
28 traditional Adjustable rate and Mortgage Loan Products (“Non-traditional Report”) and Non-



1 traditional, Adjustable Rate and Mortgage Loan Survey (“Survey”) with the Report.

2 3. On January 29, 2010, Activity Report, Non-traditional Report, and Survey forms  
3 were sent to all CRMLA licensees with a notice that the Activity Report, Non-traditional Report, and  
4 Survey were due on March 1, 2010. LendX failed to submit the Activity Report, Non-traditional  
5 Report, and Survey by the March 1, 2010 deadline.

6 4. On August 12, 2010, a follow up letter was sent to LendX demanding that the  
7 Activity Report, Non-traditional Report, and Survey be filed no later than August 22, 2010, and  
8 assessing LendX a penalty of \$1,000.00 pursuant to Financial Code section 50326. LendX was  
9 notified in the letter that failure to file to the Activity Report, Non-traditional Report, Survey and/or  
10 pay the penalty by August 22, 2010 would result in an action to either suspend or revoke its license.  
11 The August 12, 2010 letter was sent to LendX at its licensed location of 1155 Perimeter Center,  
12 West # 600, Atlanta, Georgia 30330. The August 12, 2010 letter was returned to the Department of  
13 Corporations (“Department”) by the United States Post Office marked “Return to Sender,  
14 LendxFinancial LLC, Moved Left No Address, Unable to Forward, Return to Sender”. LendX had  
15 not notified the Department of a change of address for its licensed location. LendX had changed its  
16 licensed location to 1155 Perimeter Center, West # 600, Atlanta, Georgia 30330 on or about  
17 December 31, 2009. The prior licensed location for LendX had been 1718 Peachtree Street NW,  
18 Suite 676A, Atlanta, Georgia 30330. LendX has yet to submit the Activity Report, Non-traditional  
19 Report, and Survey or pay the \$1,000 penalty as required by Financial Code sections 50307, 50326  
20 and 50401.

21 5. Pursuant to Financial Code section 50200, LendX was required to submit its audited  
22 financial statement for its fiscal year ended December 31, 2009 to include an Independent Auditor’s  
23 Report on Internal Control and an Independent Auditor’s Report that the audit was conducted in  
24 accordance with the Consolidated Audit Guide for Audits of HUD Programs, if applicable (“2009  
25 audit report”), to the Commissioner by April 15, 2003. LendX has yet to file its 2009 audit report  
26 with the Commissioner despite numerous reminders.

27 6. On December 21, 2009, LendX was notified in writing at its then licensed location  
28 that its 2009 audit report was due April 15, 2010. LendX failed to submit the 2009 audit report by

1 April 15, 2010.

2 7. On June 21, 2010, a further letter was sent to LendX demanding the 2009 audit report  
3 be filed no later than July 1, 2010. LendX was notified in the letter that failure to file to the 2009  
4 audit report by July 1, 2010 would result in an administrative action.

5 8. LendX has yet to submit the 2009 audit report as required by Financial Code section  
6 50200.

7 9. Pursuant to Financial Code section 50205, all CRMLA licensees are required to  
8 maintain a surety bond in the minimum amount of \$50,000.00. The surety bond of LendX was  
9 canceled effective May 1, 2010, and no replacement surety bond has been obtained by LendX.

10 10. On May 3, 2010, the Commissioner issued an Order to Discontinue Residential  
11 Mortgage Lending Activities to LendX pursuant to Financial Code section 50319 for failure to  
12 maintain the required surety bond.

13 11. LendX has yet to obtain a replacement surety bond in violation of Financial Code  
14 section 50205.

15 12. Pursuant to Financial Code section 50002.5, all CRMLA licensees were required to  
16 transition their CRMLA license(s) to the National Mortgage Licensing System (“NMLS”) on or  
17 before July 31, 2010. LendX has yet to file a transition request through NMLS for its CRMLA  
18 license in violation of Financial Code section 50002.5.

19 13. Failure to file an Activity Report, Non-traditional Report, Survey, Audit Report,  
20 maintain a surety bond, transition to the NMLS system, and/or pay assessed penalties are grounds  
21 under Financial Code section 50327 for the revocation of a license issued under the CRMLA.

22 14. On October 26, 2010, the Commissioner issued a Notice of Intention to Issue Order  
23 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against  
24 LendX based upon the above, and LendX was served with those documents on October 26, 2010 via  
25 certified, return-receipt mail at its licensed location on file with the California Department of  
26 Corporations. The Department has received no request for a hearing from LendX or any other  
27 response and the time to request a hearing has expired.

28 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential

1 mortgage lender license issued by the Commissioner to LendX is hereby revoked. This order is  
2 effective as of the date hereof. Pursuant to Financial Code section 50311, LendX has sixty days  
3 within which to complete any loans for which it had commitments.

4 Dated: November 23, 2010  
5 Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

6  
7 By \_\_\_\_\_  
8 Alan S. Weinger  
9 Deputy Commissioner  
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