

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
3 JOHN R. DREWS (CA Bar No. 69595)
Corporations Counsel
4 71 Stevenson Street, Suite 2100
5 San Francisco, California 94105-2980
6 Telephone: (415) 972-8570
7 Facsimile: (415) 972-8550
Attorneys for the Complainant

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

10 In the Matter of the Accusation of THE
CALIFORNIA CORPORATIONS
11 COMMISSIONER,

File No.: 413-0648

ACCUSATION

12 Complainant,

13 vs.
14

15 AAMES CAPITAL CORPORATION,

16 Respondent.

17
18 The Complainant is informed and believes and based upon such information and belief, alleges and
19 charges as follows:

20 I

21 Respondent Aames Capital Corporation (Aames Capital) is a residential mortgage lender
22 licensed by the California Corporations Commissioner (“Commissioner”) pursuant to the California
23 Residential Mortgage Lending Act (California Financial Code, sections 50000 et seq.) (“CRMLA”).
24 Aames Capital has its principal place of business located at 350 South Grand Avenue, 43rd Floor,
25 Los Angeles, CA 90071.

26 II

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

1 of Loans Serviced (“Activity Report”) on or before March 1st of each year for the preceding 12-
2 month period ended December 31.

3 On or about February 1, 2008, An Activity Report form was sent to all CRMLA licensees
4 with a notice that the Activity Report was due on or before March 1, 2008. Aames Capital has yet to
5 submit the Activity Report to the Commissioner despite the fact that the Commissioner has sent it
6 numerous reminders.

7 On or about May 15, 2008 a letter was sent to Aames Capital demanding that the Activity
8 Report be filed no later than May 25, 2008 and assessing Aames Capital a penalty of \$1,000.00
9 pursuant to California Financial Code section 50326. Aames Capital was notified in the letter that
10 failure to file the Activity Report and/or pay the penalty by May 25, 2008 would result in an action
11 to either suspend or revoke its license.

12 Aames Capital has yet to submit the Activity Report or pay the penalty as required by
13 California Financial Code sections 50307, 50326, and 50401.

14 III

15 Pursuant to California Financial Code sections 50200, subdivision (a), Aames Capital was
16 required to submit its audited financial statement for its fiscal year ended December 31, 2007
17 (“Audit Report”) to the Commissioner on or before April 15, 2008, including a reconciliation of its
18 trust accounts. In addition, pursuant to the California Code of Regulations, Title 10, section
19 1950.200, Aames Capital was required to submit an Independent Auditor’s Report on Internal
20 Controls (“Report on Internal Controls”) to the Commissioner on or before April 15, 200. Aames
21 Capital has yet to file its Audit Report, trust account reconciliation, or Report on Internal Controls
22 with the Commissioner despite having been sent numerous reminder letters.

23 On or about December 17, 2007, Complainant notified Aames Capital in writing that its
24 Audit Report, trust account reconciliation and Report on Internal Controls were due on or before
25 April 15, 2008. Aames Capital failed to submit the Audit Report, trust account reconciliation, and
26 Report on Internal Controls or respond to the letter.

27 On or about May 30, 2008, an additional letter was sent to Aames Capital demanding that the
28 Audit Report, trust account reconciliation, and Report on Internal Controls be filed no later than June

1 10, 2008.

2 On or about June 3, 2008 a final letter was sent to Aames Capital demanding that the Audit
3 Report, trust account reconciliation, and Report on Internal Controls be filed no later than June 13,
4 2008 and warning that failure to comply may result in a referral for administrative action and the
5 imposition of a fine pursuant to California Financial Code section 50326.

6 Aames Capital has yet to file its Audit Report, trust account reconciliation, Report on Internal
7 Controls as required by Financial Code sections 50200, subdivision (a), 50326, and Title 10, section
8 1950.200 of the California Code of Regulations.

9 IV

10 On or about March 20, 2007 RLI Insurance Co. notified the Commissioner that the bond that
11 RLI had put in place in favor of the Principal, Aames Capital in the amount of \$50,000 would be
12 terminated effective April 17, 2007. In response to said bond termination notice, the Commissioner
13 issued an Order to Discontinue Residential Mortgage Lending for failure to comply with the bonding
14 requirements of the CRMLA. Aames Capital was validly served with the above captioned Order and
15 never requested a hearing in the matter as provided for in Financial Code section 50319.

16 V

17 California Financial Code section 50327 provides in pertinent part:

18 (a) The commissioner may, after notice and a reasonable opportunity to be
19 heard, suspend or revoke any license if the commissioner finds that: (1) the licensee
20 has violated any provision of this division or any rule or order of the commissioner
21 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.

22 VI.

23
24 The Commissioner finds that, by reason of the foregoing, Aames Capital Corporation has
25 violated Financial Code sections 50200(a), 50307, 50326, 50401 and California Code of
26 Regulations, Title 10, section 1950.200 and based thereon, grounds exist to revoke the
27 residential mortgage lender license of Aames Capital Corporation.

28 WHEREFORE, IT IS PRAYED that the residential mortgage lender license of Aames

1 Capital Corporation be revoked and pursuant to California Financial Code section 50311,
2 Aames Capital Corporation be given a transition period of (60) days within which to
3 complete any loans for which it had commitments.

4

5 Dated: August 15, 2008
6 San Francisco, CA

7

8

PRESTON DuFAUCHARD
California Corporations Commissioner

9

10

11

12

By: _____

13

John R. Drews
Corporations Counsel
California Department of Corporations

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28