

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Acting Deputy Commissioner  
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Corporations Counsel  
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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,  
12 Complainant,  
13  
14 vs.  
15 AAMES CAPITAL CORPORATION,  
16 Respondent.

File No.: 413-0648

**AMENDED ACCUSATION**

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

20 I

21 Respondent Aames Capital Corporation (Aames Capital) is a residential mortgage lender,  
22 (Financial Code section 50120) and is also a residential mortgage loan servicer, (Financial Code  
23 section 50130) licensed by the California Corporations Commissioner (“Commissioner”) pursuant to  
24 the California Residential Mortgage Lending Act (California Financial Code, sections 50000 et seq.)  
25 (“CRMLA”). Aames Capital has its principal place of business located at 350 South Grand Avenue,  
26 43<sup>rd</sup> Floor, Los Angeles, CA 90071.

27 II

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

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

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

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

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

15 III

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

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

28 On or about May 30, 2008, an additional letter was sent to Aames Capital demanding that the

1 Audit Report, trust account reconciliation, and Report on Internal Controls be filed no later than June  
2 10, 2008.

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

7 Aames Capital has yet to file its Audit Report, trust account reconciliation, Report on Internal  
8 Controls as required by Financial Code sections 50200, subdivision (a), 50326, and Title 10, section  
9 1950.200 of the California Code of Regulations.

10 IV

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

18 V

19 California Financial Code section 50327 provides in pertinent part:

20 (a) The commissioner may, after notice and a reasonable opportunity to be  
21 heard, suspend or revoke any license if the commissioner finds that: (1) the licensee  
22 has violated any provision of this division or any rule or order of the commissioner  
23 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.

24 VI.

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

1 residential mortgage lender and residential mortgage loan servicer license of Aames Capital  
2 Corporation.

3 WHEREFORE, IT IS PRAYED that the residential mortgage lender and residential  
4 mortgage loan servicer license of Aames Capital Corporation be revoked and pursuant to  
5 California Financial Code sections 50310 and 50311, Aames Capital Corporation be given a  
6 transition period of (60) days within which to transfer its servicing accounts and complete  
7 any loans for which it had commitments.

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9 Dated: August 29, 2008  
10 San Francisco, CA

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PRESTON DuFAUCHARD  
California Corporations Commissioner

By: \_\_\_\_\_  
John R. Drews  
Corporations Counsel  
California Department of Corporations