

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Acting Deputy Commissioner  
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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10 In the Matter of the Amended Accusation of  
THE CALIFORNIA CORPORATIONS  
11 COMMISSIONER,  
12 Complainant,  
13 vs.  
14 AAMES CAPITAL CORPORATION,  
15 Respondent.  
16

File No.: 413-0648

**ORDER REVOKING RESIDENTIAL  
MORTGAGE LENDER LICENSE AND  
RESIDENTIAL MORTGAGE LOAN  
SERVICER LICENSE**

17  
18 The California Corporations Commissioner finds:

19 I

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

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

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

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

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

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

13 III

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

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

26 8. On or about May 30, 2008, an additional letter was sent to Aames Capital demanding  
27 that the Audit Report, trust account reconciliation, and Report on Internal Controls be filed no later  
28 than June 10, 2008.

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

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

8 IV

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

16 V

17 12. 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 f 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 13. The Commissioner finds that, by reason of the foregoing, Aames Capital  
25 Corporation has violated Financial Code sections 50200(a), 50307, 50326, 50401 and  
26 California Code of Regulations, Title 10, section 1950.200 and based thereon, grounds exist  
27 to revoke the residential mortgage lender and residential mortgage loan servicer license of  
28 Aames Capital Corporation.

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14. On August 29, 2008, the Commissioner issued an Amended Notice of Intention to Issue Order Revoking Residential Mortgage Lender License and Residential Mortgage Loan Servicer License, an Amended Accusation and accompanying documents against Aames Capital Corporation based on the above contained herein, and these documents were delivered via certified mail, return receipt requested at its licensed location on file with the California Department of Corporations. The Department has received no request for a hearing from Aames Capital Corporation, and the time to request a hearing has expired.

15. NOW GOOD CAUSE APPEARING THEREFORE the residential mortgage lender license and the residential mortgage loan servicer license of Aames Capital Corporation are hereby revoked. This order is effective as of the date hereof. Pursuant to California Financial Code sections 50310 and 50311, Aames Capital Corporation is given a transition period of (60) days within which to transfer its servicing accounts and complete any loans for which it had commitments.

Dated: September 17, 2008  
San Francisco, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By: \_\_\_\_\_  
ALAN S. WEINGER  
Acting Deputy Commissioner  
California Department of Corporations