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**STATE OF CALIFORNIA**  
**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
**DEPARTMENT OF CORPORATIONS**

TO: APEX FINANCIAL GROUP, INC. A/K/A  
AAPEX DISCOUNT MORTGAGE  
213 W. Bloomingdale Avenue  
Brandon, Florida 33511

**DESIST AND REFRAIN ORDER**  
**(For violations of the California Finance Lenders Law)**

The California Corporations Commissioner finds that:

1. The Department of Corporations, through the California Corporations Commissioner (“Commissioner”), is vested with the authority to license and regulate finance lenders and brokers in the State of California pursuant to the California Finance Lenders Law (California Financial Code §§ 22000 et. seq., hereinafter “CFL”).

2. Apex Financial Group, Inc. which does business in California as Apex Discount Mortgage (“Apex”) is, and at all relevant times, has been a Florida corporation duly qualified to do business in California with its principal place of business located at 213 W. Bloomingdale Avenue, Brandon, Florida 33511.

3. Apex under the name Apex Discount Mortgage has been licensed by the Commissioner since on or about October 10, 1997 to engage in the business of a finance lender and broker from its main office located at 213 W. Bloomingdale Avenue, Brandon, Florida 33511 (license number 603-5584).

4. Pursuant to Financial Code section 22152, each office location must be separately licensed.

5. Commencing on or about February 27, 2006 and continuing through on or about April 17, 2007, the Commissioner has issued 13 additional licenses to engage in the business of a finance lender and/or broker under the CFL to Apex as follows: license number 603-C671 located at 5315 Avenida Encinas, Suite 234, Carlsbad, California 92008; license number 603-C872 located at 1 Orchard Road, Suite 210, Lake Forest, California 92630; license number 603-C873 located

1 at 7390 Lincoln Way, Suite 200, Garden Grove, California 92841; license number 603-D825 located  
2 at 2400 Niles Street, Bakersfield, California 93306; license number 603-D828 located at 850 2<sup>nd</sup>  
3 Street, Suite 207, Santa Monica, California 90403; license number 603-E284 located at 50225  
4 Harrison Street, Suite 103, Coachella, California 92236; license number 603-E489 located at 2315  
5 N. Frederic Street, Suite N, Burbank, California 91501; license number 603-E802 located at 9205  
6 Archibald Avenue, Rancho Cucamonga 91730; license number 603-E967 located at 17401 Irvine  
7 Boulevard, Orange, California 92780; license number 605-3418 located at 2480 Middlefield, #172R,  
8 Redwood City, California 94063; license number 605-3716 located at 101 Sand Creek Road, Suite  
9 308, Brentwood, California 94513; license number 607-2564 located at 8150 Sierra College  
10 Boulevard, #250, Roseville, California 95661; and license number 607-2630 located at 1900 Point  
11 West Way, Suite 204, Sacramento, California 95815.

12 6. On or about April 19, 2007, the Commissioner, through his staff, commenced a  
13 special examination of Aapex based upon information received that Aapex was engaged in net  
14 branching; i.e. renting its licenses to third parties. Net branching is prohibited under the CFLL  
15 pursuant to Financial Code sections 22010 and 22151. Under the provisions of Financial Code  
16 section 22151, licenses issued under the CFLL are not transferable or assignable. Moreover,  
17 Financial Code section 22010 requires persons employed at CFLL licensed locations to be actual  
18 employees of the licensee or separately licensed.

19 7. The special examination disclosed that the Coachella, Orange and Redwood City  
20 offices were net branches as the “branch manager” is not an employee of Aapex, the licensing costs  
21 were borne by the “branch manager”, the office lease is in the name of the “branch manager”, and/or  
22 the “branch manager” is responsible for all aspects of operating the office including all expenses  
23 associated therewith. The “branch managers” at the Coachella, Orange and Redwood City locations  
24 were not separately licensed under the CFLL. As the “branch managers” were not separately  
25 licensed under the CFLL, the Coachella, Orange and Redwood City locations also constituted  
26 unlicensed locations in violation of Financial Code section 22100.

1           8.       The Commissioner believes that the remaining branch locations in California are also  
2 net branches in violation of the CFLL in that a website of Aapex located at  
3 [www.aapexmortgagenetbranch.com](http://www.aapexmortgagenetbranch.com) advertised net branching.

4           9.       The special examination further revealed the following violations:

5           (a)       Aapex, through the Orange branch, brokered to a non-CFLL lender in violation of  
6 Financial Code section 22059 on at least one occasion.

7           (b)       Aapex routinely split fees with its “branch managers” in violation of California Code  
8 of Regulations, title 10, section 1451(c). Rule 1451 (c) prohibits the payment of any compensation  
9 to an unlicensed person or company except employees, a licensed real estate broker or financial  
10 institution exempt from licensing under the CFLL.

11           (c)       Aapex, through the Orange branch, failed on at least one occasion to give a borrower  
12 the broker statement required under Financial Code section 22338, which would disclose the name,  
13 address, license number and amounts to be paid to both the broker and lender in connection with the  
14 loan.

15           NOW, BASED UPON THE FOREGOING, IT IS HEREBY ORDERED, under the  
16 provisions of California Financial Code section 22712 that Aapex Financial Group, Inc. a/k/a Aapex  
17 Discount Mortgage and any and all officers, directors, employees, independent contractors, or agents  
18 operating on behalf of Aapex Financial Group, Inc. a/k/a Aapex Discount Mortgage and their  
19 successors or assigns immediately desist and refrain from (i) net branching in the State of California;  
20 (ii) engaging in the business of a finance lender or broker in the State of California through net  
21 branches or other unlicensed means or otherwise aiding and abetting in any such activities; (iii)  
22 brokering loans to lenders not licensed under the California Finance Lenders Law; (iv) splitting fees  
23 with unlicensed, non-exempt persons; and/or (v) failing to give the disclosures required under  
24 Financial Code section 22338. This Order is necessary, in the public interest, for the protection of  
25 consumers and is consistent with the purposes, policies and provisions of the California Finance  
26 Lenders Law.

27           THIS ORDER shall remain in full force and effect until further order of the Commissioner.  
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California Financial Code section 22712 provides in pertinent part:

Whenever, in the opinion of the commissioner, . . . any licensee is violating any provision of this division, the commissioner may order that . . . licensee to desist and refrain from . . . further violating this division. If, after the order is made, a written request for a hearing is filed and no hearing is held within 30 days thereafter, the order is rescinded.

Dated: July 26, 2007  
Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Alan S. Weinger  
Lead Corporations Counsel