

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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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 Accusation of THE
CALIFORNIA CORPORATIONS
11 COMMISSIONER,

File No.: 413-0844

ACCUSATION

12 Complainant,

13 vs.
14

15 CMC MORTGAGE CORPORATION,

16 Respondent.

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

20 I

21 Respondent CMC Mortgage Corporation (“CMC Mortgage Corp.”) is a residential mortgage
22 lender licensed by the California Corporations Commissioner (“Commissioner”) pursuant to the
23 California Residential Mortgage Lending Act (California Financial Code, sections 50000 et seq.)
24 (“CRMLA”). CMC Mortgage Corp. has its principal place of business located at 25 Melville Park
25 Road, Suite 110, Melville, New York, 11747.

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. Also, pursuant to Title
5 10, section 1950.314.8 of the California Code of Regulations Respondent was to submit a Non-
6 traditional Report and Survey as an addendum to the Activity Report. CMC Mortgage Corp. has yet
7 to submit the Activity Report or the Non-traditional Report and Survey, to the Commissioner despite
8 the fact that the Commissioner has sent it numerous reminders.

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

14 CMC Mortgage Corp. has yet to submit the Activity Report, the Non-traditional Report, or
15 Survey or pay the penalty as required by California Financial Code sections 50307, 50326, and
16 50401, and Title 10, section 1950.314.8 of the California Code of Regulations.

17 III

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

26 On or about June 2, 2008 Complainant notified CMC Mortgage Corp. in writing that its
27 Audit Report, trust account reconciliation and Report on Internal Controls were due on or before
28 April 15, 2008. CMC Mortgage Corp. failed to submit the Audit Report, trust account

1 reconciliation, and Report on Internal Controls or respond to the letter.

2 On or about August 1, 2008 a final letter was sent to CMC Mortgage Corp. demanding that
3 the Audit Report, trust account reconciliation, and Report on Internal Controls be filed no later than
4 August 11, 2008 and imposing a \$1000 fine pursuant to California Financial Code section 50326 and
5 warning that failure to comply may result in a referral for administrative action.

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

9 IV

10 On or about May 8, 2008, Hartford Fire Insurance Co. (“Hartford”) notified the
11 Commissioner that the bond that Hartford had put in place in favor of the Principal, CMC Mortgage
12 Corp. in the amount of \$50,000 would be terminated effective June 14, 2008. In response to said
13 bond termination notice, the Commissioner, pursuant to California Financial Code section 50319,
14 issued an Order to Discontinue Residential Mortgage Lending for failure to comply with the bonding
15 requirements of the CRMLA. CMC Mortgage Corp. was validly served with the above captioned
16 Order and never requested a hearing in the matter as provided for in Financial Code section 50319.

17 V

18 California Financial Code section 50327 provides in pertinent part:

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

23 VI.

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25 The Commissioner finds that, by reason of the foregoing, CMC Mortgage Corporation has
26 violated Financial Code sections 50200(a), 50307, 50319, 50326, 50401 and California Code
27 of Regulations, Title 10, sections 1950.200 and 1950.314.8 and based thereon, grounds exist
28 to revoke the residential mortgage lender license of CMC Mortgage Corporation.

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

Dated: August 18, 2008
San Francisco, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
John R. Drews
Corporations Counsel
California Department of Corporations