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California Corporations Commissioner
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7 Attorneys for Complainant
8

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

11 In the Matter of the Accusation of THE) File No.: 413-0504
12 CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ORDER REVOKING RESIDENTIAL
14 Complainant,) MORTGAGE LENDER AND RESIDENTIAL
15 v.) MORTGAGE LOAN SERVICER LICENSE
16 COASTAL CAPITAL CORP.,)
17 Respondent.)
18)

19 The California Corporations Commissioner finds:

20 1. Respondent Coastal Capital Corp. (“Respondent”) is a residential mortgage lender
21 and residential mortgage loan servicer licensed by the Commissioner of Corporations of the State of
22 California (“Commissioner”) pursuant to the California Residential Mortgage Lending Act
23 (“CRMLA”), California Financial Code section 50000 *et seq.* Respondent’s main office is located
24 at One Plaza Road, Greenvale, New York 11548.
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26 2. On or about March 20, 2007, the Commissioner commenced a regulatory
27 examination of the books and records of Respondent through his examination staff (“Examination
28

1 Staff”). The regulatory examination has not been concluded because Respondent has closed its
2 business and has failed to provide all the information and documents requested, as set forth below.

3 3. On March 20, 2007, Examination Staff arrived at Respondent’s main office and met
4 with its president, John Michael (“Michael”). Michael informed Examination Staff that the
5 company had gone bankrupt and had been closed since February 16, 2007. Prior to March 2007,
6 the Commissioner had not received notice of Respondent’s closing or bankruptcy.
7

8 4. Michael initially cooperated with Examination Staff by providing a copy of
9 Respondent’s un-audited financial statements as of November 30, 2006, as well as a list of loans
10 made in California since August 1, 2006. Michael represented that the company had been winding
11 down and had not made any loans since February 16, 2007.
12

13 5. However, after discussing the matter with his counsel, Michael indicated that he
14 would not provide any additional information or documents to Examination Staff due to Michael’s
15 recent indictment in a California criminal case.
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17 6. On March 20, 2007, Examination Staff issued a written demand to Respondent for
18 the information and documents needed to complete the examination. The demand included a list of
19 documents needed and a request for an explanation of Respondent’s closure. Examination Staff
20 personally served the demand on Michael as president of Respondent. However, Michael refused
21 to execute a written acknowledgement of receipt of the demand, and further refused to provide the
22 information and documents demanded.
23

24 7. To date, Respondent has failed to provide the information and documents necessary
25 for the Commissioner to complete his regulatory examination in violation of California Financial
26 Code section 50314.
27
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1 8. Pursuant to section 50201 of the California Financial Code, all licensees under the
2 CRMLA are required to maintain a tangible net worth of \$250,000.00.

3 9. On or about March 20, 2007, the Commissioner commenced a regulatory
4 examination of the books and records of Respondent. During the regulatory examination,
5 Respondent provided an un-audited copy of Respondent’s financial statements dated November 30,
6 2006, which indicated that the company was not in compliance with the tangible net worth
7 requirements of Financial Code section 50201. The financial statements further disclosed that
8 Respondent had a tangible net worth deficiency of \$1,053,856.00.

9 10. To date, Respondent has failed to submit any financial statement that evidences
10 Respondent meets the tangible net worth requirements of Financial Code section 50201.

11 11. Pursuant to California Financial Code section 50200, Respondent was required to
12 submit its audited financial statements for fiscal year ended December 31, 2006 to the
13 Commissioner by April 15, 2007. Respondent was notified in writing of this requirement.

14 12. To date, Respondent has failed to file its audited financial statements with the
15 Commissioner in violation of Financial Code section 50200.

16 13. Failure to provide the information and documents necessary for the Commissioner to
17 complete his regulatory examination, failure to maintain the tangible net worth requirements of
18 Financial Code section 50201 and failure to file audited financial statements for fiscal year ended
19 December 31, 2006 constitute grounds under California Financial Code section 50327 for the
20 revocation of a license issued under the CRMLA.

21 14. On August 8, 2007, the Commissioner issued a Notice of Intention to Issue Order
22 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against
23 Respondent based on the foregoing. Respondent was served with those documents on August 8,
24

1 2007 via certified mail, return-receipt requested, at its licensed location on file with the California
2 Department of Corporations. The Department has received no request for a hearing from
3 Respondent.

4 The Commissioner finds that, by reason of the foregoing, Respondent has violated
5 California Financial Code sections 50314, 50200 and 50201.

6 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
7 mortgage lender and residential mortgage loan servicer license issued by the Commissioner to
8 Coastal Capital Corp. is hereby revoked. This Order is effective as of the date hereof. Pursuant to
9 California Financial Code sections 50310 and 50311, Coastal Capital Corp. has sixty (60) days
10 within which to transfer its existing service accounts and complete any loans for which it had
11 commitments.
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13

14 Dated: September 20, 2007
15 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

17 By _____
18 Alan S. Weinger
19 Lead Corporations Counsel
20 Enforcement Division