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

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12 In the Matter of the Accusation of THE
13 CALIFORNIA CORPORATIONS
COMMISSIONER,

) File No.: 413-0756
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)

14 Complainant,

) **ACCUSATION**
)
)

15 v.

16 CORESTAR FINANCIAL GROUP, LLC,

17 Respondent.
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20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent as follows:

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I.

23 Respondent Corestar Financial Group, LLC ("Corestar") is a residential mortgage lender
24 licensed by the California Corporations Commissioner ("Commissioner") pursuant to the California
25 Residential Mortgage Lending Act (California Financial Code, § 50000 et seq.) ("CRMLA").
26 Corestar has its principal place of business located at 1966 Greenspring Drive, Suite 610, Timonium,
27 Maryland 21093.

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28**II.**

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 of Loans Serviced ("Activity Report") on or before March 1st of each year for the preceding 12-month period ended December 31.

On or about January 19, 2007, an Activity Report form was sent to all CRMLA licensees with a notice that the Activity Report was due on or before March 1, 2007. Corestar has yet to submit the Activity Report to the Commissioner despite the fact that the Commissioner has sent it numerous reminders.

On or about May 7, 2007, a letter was sent to Corestar demanding that the Activity Report be filed no later than May 17, 2007, and assessing Corestar a penalty of \$1,000.00, pursuant to California Financial Code section 50326. Corestar was notified in the letter that failure to file the Activity Report and/or pay the penalty by May 17, 2007 would result in an action to either suspend or revoke its license.

On or about June 27, 2007, a further letter was sent to Corestar demanding that it submit its Activity Report and pay the penalty assessed on May 7, 2007 no later than July 7, 2007 and again notifying Corestar that failure to file the Activity Report and/or pay the penalty by July 7, 2007 would result in an action to either suspend or revoke its license pursuant to California Financial Code section 50327.

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

III.

Pursuant to California Financial Code sections 50200, subdivision (a), Corestar was required to submit its audited financial statement for its fiscal year ended December 31, 2006 ("Audit Report") to the Commissioner on or before April 15, 2007, including a reconciliation of its trust accounts. In addition, pursuant to the California Code of Regulations, title 10, section 1950.200, Corestar was required to submit an Independent Auditor's Report on Internal Controls ("Report on Internal Controls") to the Commissioner on or before April 15, 2007. Corestar has yet to file its Audit Report,

1 trust account reconciliation, or Report on Internal Controls with the Commissioner despite having
2 been sent numerous reminder letters.

3 On or about December 11, 2006, the Complainant notified Corestar in writing that its Audit
4 Report, trust account reconciliation, and Report on Internal Controls were due on or before April 15,
5 2007. Corestar failed to submit the Audit Report, trust account reconciliation, Report on Internal
6 Controls by April 15, 2007.

7 On or about June 12, 2007, a further letter was sent to Corestar demanding that it file the
8 Audit Report, trust account reconciliation, and Report on Internal Controls no later than June 22,
9 2007. Corestar failed to submit the Audit Report, trust account reconciliation, and Report on Internal
10 Controls or respond to the letter.

11 On or about August 2, 2007, a final letter was sent to Corestar demanding that the Audit
12 Report, trust account reconciliation, and Report on Internal Controls be filed no later than August 12,
13 2007, and assessing Corestar a penalty of \$1,000.00 pursuant to California Financial Code section
14 50326. Corestar was notified in the letter that its failure to file the Audit Report, trust account
15 reconciliation, Report on Internal Controls and/or pay the penalty by August 12, 2007 would result in
16 an action to either suspend or revoke its license.

17 Corestar has yet to file its Audit Report, trust account reconciliation, Report on Internal
18 Controls, and pay the penalty as required by California Financial Code sections 50200, subdivision
19 (a), 50326, and title 10, section 1950.200 of the California Code of Regulations.

20 IV.

21 Pursuant to California Financial Code section 50205, all CRMLA licensees are required to
22 maintain a surety bond in the minimum amount of \$50,000.00. Corestar's surety bond expired on
23 April 18, 2007 and no replacement was obtained.

24 On or about April 18, 2007, the Commissioner issued an Order to Discontinue Residential
25 Mortgage Lending and/or Servicing Activities to Corestar pursuant to California Financial Code
26 section 50319 for its failure to maintain the required surety bond. This Order was served on Corestar
27 on or about April 18, 2007.

28 Corestar has yet to obtain a replacement surety bond in violation of California Financial Code

1 section 50205.

2 **V.**

3 California Financial Code section 50327 provides in pertinent part:

4 (a) The commissioner may, after notice and a reasonable opportunity to be
5 heard, suspend or revoke any license if the commissioner finds that: (1) the
6 licensee has violated any provision of this division or any rule or order of the
7 commissioner thereunder; or (2) any fact or condition exists that, if it had
8 existed at the time of the original application for license, reasonably would
9 have warranted the commissioner in refusing to issue the license originally.

8 **VI.**

9 The Commissioner finds that, by reason of the foregoing, Corestar Financial Group, LLC has
10 violated California Financial Code sections 50200, subdivision (a), 50205, 50307, 50326, 50401 and
11 California Code of Regulations, title 10, section 1950.200 and based thereon, grounds exist to revoke
12 Corestar Financial Group, LLC's residential mortgage lender license.

13 WHEREFORE, IT IS PRAYED that the residential mortgage lender license of Corestar
14 Financial Group, LLC be revoked and pursuant to California Financial Code section 50311, Corestar
15 Financial Group, LLC be given a transition period of sixty (60) days within which to complete any
16 loans for which it had commitments.

17 DATED: September 7, 2007
18 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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21 By _____
Blaine A. Noblett
22 Corporations Counsel
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