

1 PRESTON DUFAUCHARD  
California Corporations Commissioner  
2 WAYNE STRUMPFER  
Deputy Commissioner  
3 ALAN S. WEINGER (BAR NO. 86717)  
Lead Corporations Counsel  
4 BLAINE A. NOBLETT (BAR NO. 235612)  
Corporations Counsel  
5 320 West 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013-2344  
6 Telephone: (213) 576-1396 Fax: (213) 576-7181

7 Attorneys for Complainant

8

9

BEFORE THE DEPARTMENT OF CORPORATIONS

10

OF THE STATE OF CALIFORNIA

11

) File No.: 413-0756

12

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

)

**ORDER REVOKING RESIDENTIAL  
MORTGAGE LENDER LICENSE**

14

Complainant,

15

16

v.

17

CORESTAR FINANCIAL GROUP, LLC,

18

Respondent.

19

The California Corporations Commissioner finds:

21

1. Respondent Corestar Financial Group, LLC ("Corestar") 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, § 50000 et seq.)

24

("CRMLA"). Corestar has its principal place of business located at 1966 Greenspring Drive, Suite  
25 610, Timonium, Maryland 21093.

26

2. Pursuant to California Financial Code sections 50307 and 50401, Corestar is required  
27 to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced  
28 ("Activity Report") on or before March 1st of each year for the preceding 12-month period ended

1 December 31st.

2 3. On January 19, 2007, an Activity Report form was sent to Corestar with a notice that  
3 the Report was due on or before March 1, 2007. Corestar failed to submit the Activity Report by  
4 March 1, 2007.

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

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

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

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

22 8. On December 11, 2006, the Complainant notified Corestar in writing that its Audit  
23 Report, trust account reconciliation, and Report on Internal Controls were due on or before April 15,  
24 2007. Corestar failed to submit the Audit Report, trust account reconciliation, and Report on  
25 Internal Controls by April 15, 2007.

26 9. On June 12, 2007, a further letter was sent to Corestar demanding that it file the Audit  
27 Report, trust account reconciliation, and Report on Internal Controls no later than June 22, 2007.  
28 Corestar failed to submit the Audit Report, trust account reconciliation, and Report on Internal

1 Controls.

2 10. On August 2, 2007, a final letter was sent to Corestar demanding that it file the Audit  
3 Report, trust account reconciliation, and Report on Internal Controls no later than August 12, 2007,  
4 and assessing Corestar a penalty of \$1,000.00 pursuant to California Financial Code section 50326.  
5 Corestar was notified in the letter that failure to file the Audit Report, trust account reconciliation,  
6 Report on Internal Controls and/or pay the penalty by August 12, 2006 would result in an action to  
7 either suspend or revoke its license.

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

11 12. Pursuant to California Financial Code section 50205, Corestar was required to  
12 maintain a surety bond in the minimum amount of \$50,000.00. Corestar's surety bond expired on  
13 April 18, 2007, and no replacement was obtained.

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

18 14. Corestar has yet to obtain a replacement surety bond in violation of California  
19 Financial Code section 50205.

20 15. Failure to file an activity report, audit report, trust account reconciliation, report on  
21 internal controls, maintain a surety bond, and/or pay assessed penalties are grounds under California  
22 Financial Code section 50327 for the revocation of a license issued under the CRMLA.

23 16. On September 7, 2007, the Commissioner issued a Notice of Intention to Issue Order  
24 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against  
25 Corestar based upon the above, and Corestar was served with those documents on September 10,  
26 2007 via certified mail, return receipt requested, at its licensed location on file with the California  
27 Department of Corporations. The Department has received no request for a hearing from Corestar  
28 and the time to request a hearing has expired.

1           NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential  
2 mortgage lender license issued by the Commissioner to Corestar Financial Group, LLC is hereby  
3 revoked. This order is effective as of the date hereof. Pursuant to California Financial Code section  
4 50311, Corestar Financial Group, LLC has sixty (60) days within which to complete any loans for  
5 which it had commitments.

6 DATED: September 27, 2007  
7 Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

8  
9 By \_\_\_\_\_  
10 Alan S. Weinger  
11 Lead Corporations Counsel  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28