

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Acting Deputy Commissioner
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Corporations Counsel
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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.: 413-0803

ACCUSATION

12 Complainant,

13 vs.
14

15 EQUICITY FINANCIAL LLC,

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 Equicity Financial LLC (“Equicity Financial”) is a residential mortgage lender
22 licensed by the California Corporations Commissioner (“Commissioner”) pursuant to the California
23 Residential Mortgage Lending Act (California Financial Code, sections 50000 et seq.) (“CRMLA”).
24 Equicity Financial has its principal place of business located at 959 South Coast Drive, Suite 250,
25 Costa Mesa, CA 92626.

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. Further, pursuant to Title 10, section 1950.314.8 of the
3 California Code of Regulations, Equicity Financial was to file a Report on Non-Traditional
4 Adjustable Rate and Mortgage Loan Products and a Survey as an addendum to its annual report.

5 On or about February 1, 2008, An Activity Report form was sent to all CRMLA licensees
6 with a notice that the Activity Report was due on or before March 1, 2008. Equicity Financial has
7 yet to submit the Activity Report to the Commissioner despite the fact that the Commissioner has
8 sent it numerous reminders.

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

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

17 III

18 Pursuant to California Financial Code sections 50200, subdivision (a), Equicity Financial
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, Equicity Financial was required to submit an Independent Auditor’s Report on Internal
23 Controls (“Report on Internal Controls”) to the Commissioner on or before April 15, 2008. Equicity
24 Financial has yet to file its Audit Report, trust account reconciliation, or Report on Internal Controls
25 with the Commissioner despite having been sent numerous reminder letters.

26 On or about December 17, 2007, Complainant notified Equicity Financial in writing that its
27 Audit Report, trust account reconciliation and Report on Internal Controls were due on or before
28 April 15, 2008. Equicity Financial failed to submit the Audit Report, trust account reconciliation,

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

2 On or about June 3, 2008 a final letter was sent to Equicity Financial demanding that
3 the Audit Report, trust account reconciliation, and Report on Internal Controls be filed no later than
4 June 13, 2008 and warning that failure to comply may result in a referral for administrative action
5 and the imposition of a fine pursuant to California Financial Code section 50326.

6 Equicity Financial 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.

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10 IV.

11 California Financial Code section 50327 provides in pertinent part:

12 (a) The commissioner may, after notice and a reasonable opportunity to be
13 heard, suspend or revoke any license if the commissioner finds that: (1) the licensee
14 has violated any provision of this division or any rule or order of the commissioner
15 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.

16 V.

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18 The Commissioner finds that, by reason of the foregoing, Equicity Financial LLC has
19 violated Financial Code sections 50200(a), 50307, 50326, 50401 and California Code of
20 Regulations, Title 10, sections 1950.200 and 1950.314.8 and based thereon, grounds exist to
21 revoke the residential mortgage lender license of Equicity Financial LLC.

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

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27 Dated: August 18, 2008
28 San Francisco, CA

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PRESTON DuFAUCHARD
California Corporations Commissioner

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