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9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of) FILE NO. 413-1218
13)
14 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) **ACCUSATION IN SUPPORT OF**
15) **REVOCATION OF RESIDENTIAL**
Complainant,) **MORTGAGE LENDER AND MORTGAGE**
16 v.) **LOAN SERVICER LICENSE**
17)
18 GLOBAL FUNDING SERVICES)
CORPORATION,)
19 Respondent.)
20)

21
22 The Complainant, the California Commissioner of Business Oversight (“Commissioner”), is
23 informed and believes, and based upon such information and belief, alleges and charges Respondent,
24 Global Funding Services Corporation, (“Global Funding”) as follows:

25 **I.**

26 **STATEMENT OF FACTS**

27 Global Funding is a residential mortgage lender and mortgage loan servicer licensed by the
28 former Department of Corporations, which on July 1, 2013 became the California Department of

1 Business Oversight (“Department”). The license was granted on July 12, 2012, pursuant to the
2 California Residential Mortgage Lending Act (“CRMLA”) (California Financial Code sections 50000
3 *et seq.*) (All future references to sections are to the California Financial Code unless indicated
4 otherwise.)

5 Global Funding has its principal place of business located at 949 South Coast Drive, Costa
6 Mesa, CA 92626.

7 **II.**

8 **GLOBAL FUNDING FAILS TO FILE ANNUAL REPORT AS REQUIRED BY FINANCIAL**
9 **CODE SECTIONS 50307 AND 50401 AND 10 CCR 1950.314.8**

10 Financial Code section 50307 states in pertinent part:

- 11 (a) “Each residential mortgage lender or servicer licensee shall file a report with
12 the commissioner annually, on or before the first day of March, giving the
13 relevant information that the commissioner reasonably requires to make the
14 calculation required by subdivision (a) of Section 50401. The report shall be
made under oath and in the form prescribed by the commissioner.”

15 Financial Code section 50401(a) and (d) state in pertinent parts:

- 16 (a) “In addition to other fees and reimbursements required to be paid under this
17 division, each residential mortgage lender or servicer licensee shall pay to the
18 commissioner an amount equal to the lesser of: (1) Its pro rata share of all costs
19 and expenses...or (2) five thousand dollars (\$5000).
20 In order for the commissioner to calculate the assessment under this section,
each licensee shall file an annual report for the calendar year just ended containing
the information required by the commissioner on or before March 1 of the year in
which the assessment is to be calculated...
21 (d) If a licensee fails to pay the assessment on or before the 30th day following
22 the day upon which payment is due, the commissioner may by order summarily
suspend or revoke the license issued to the licensee.”

23 Global Funding never filed the Annual Report required by Financial Code sections 50307 and
24 50401(a). Failure to file this report and pay the assessment are grounds to revoke Global Funding’s
25 license under the CRMLA pursuant to Financial Code section 50401(d).

26 California Code of Regulations (“CCR”) title 10, 1950.314.8(b) requires as an addendum to
27 the Annual Report that the licensee file an Activity Report, Non-traditional Report and Survey.

28 Global Funding failed to file these reports.

1 **III.**

2 **GLOBAL FUNDING SUSTAINS PENALTY FOR FAILURE TO FILE REPORTS**

3 Financial Code section 50326 provides in relevant part:

4 If any licensee fails to do any of the following, the licensee shall forfeit to the
5 people of the state a sum of up to one hundred dollars (\$100) for every day up
6 to the 10th day: (a) to make any report required by law or by the commissioner
7 within 10 days from the day designated for the making of the report, or within
8 any extension of time granted by the commissioner, or (b) fails to include therein
9 any matter required by law or by the commissioner. Thereafter, any failure shall
10 constitute grounds for the suspension or revocation of the license held by the
11 residential mortgage lender or residential mortgage loan servicer.

12 Pursuant to the above section, Global Funding was fined \$1000.00 on July 29, 2013 for
13 failure to submit the Annual Report pursuant to Financial Code 50307 and 50401. The company
14 changed its address on the Nationwide Mortgage Licensing System (“NMLS”) on December 13,
15 2012, but the address was not updated with the Department since the licensee had failed to submit a
16 surety bond rider to allow it to change its address. Therefore, the July 29, 2013 penalty assessment
17 was mailed to both addresses. All three mailings directed to the first address were returned by the
18 Post Office. A license item was posted on Global Funding’s NMLS record on September 4, 2013.
19 As of this date, the Annual Report has not been received by the Department and the penalty has not
20 been paid.

21 **IV.**

22 **GLOBAL FUNDING FAILS TO MAINTAIN SURETY BOND**

23 Financial Code section 50205 in pertinent part reads:

24 (a) “A residential mortgage lender or servicer licensee shall maintain a surety
25 bond in accordance with this subdivision. The bond shall be used for the
26 recovery of expenses, fines and fees levied by the commissioner in accordance
27 with this division or for losses and damages incurred by borrowers or consumers
28 as the result of a licensee’s noncompliance with the requirements of this division.
(b) Failure to file a new bond within 10 days of the recovery on a bond, or within
10 days after notification by the commissioner that a new bond is required,
constitutes sufficient grounds for the suspension or revocation of the license.”

1 On May 21, 2013, the Department was notified by the Hartford Insurance Company that the
2 surety bond posted by Global Funding would be cancelled effective June 25, 2013. Global Funding
3 was notified by letter from the Department on May 24, 2013 that a new bond must be received prior
4 to the cancellation date. A license item was also placed on the company's NMLS record on May 28,
5 2013. Global Funding did not provide a replacement bond by the deadline of June 25, 2013, in
6 violation of Financial Code section 50205 which requires licensees to maintain a surety bond at all
7 times during the tenure of their license. On June 25, 2013, the Commissioner found that Global
8 Funding had failed to comply with the bonding requirements of the CRMLA in that effective June 25,
9 2013, Bond. No. 83BSBGG1583 issued by Hartford Insurance Company in favor of Global Funding
10 had expired and no replacement bond had been obtained.

11 Based on this finding, the Commissioner, pursuant to Financial Code section 50319(a), issued
12 an Order on June 25, 2013 that Global Funding immediately discontinue the disbursement, in whole
13 or in part, of trust funds held by the licensee and establish a separate trust account for all subsequent
14 trust funds received by the licensee. Financial Code section 50319(b) provided Global Funding the
15 opportunity to request a hearing on the June 25th Order of the Commissioner. No such request was
16 ever received by the Department. To date, the bond has not been replaced or reinstated and the Order
17 remains in effect.

18 V.

19 GLOBAL FUNDING FILES LATE MORTGAGE CALL REPORTS

20 Financial Code section 50307.2 states in pertinent part:

21 "The commissioner may require a licensee that employees one or more mortgage
22 loan originators to submit to the Nationwide Mortgage Licensing System and Registry
23 reports of condition, which shall be in such form and shall contain such information as the
24 Nationwide Mortgage Licensing System may require."

25 10 CCR 1950.307 provides in pertinent part:

26 (a) "In addition to the annual report required under Section 50307 of the Code, a
27 residential mortgage lender, mortgage servicer, or residential mortgage lender
28 and servicer, shall file the NMLS Mortgage Call Report required to be filed
pursuant to Section 50307.2 of the Code with NMLS for transmission to the
Commissioner."

1 Global Funding failed to file Mortgage Call Reports for the first three (3) quarters of 2013
2 until November 15, 2013. The reports were due 45 days after the end of each quarter.

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4 **VI.**

5 **GLOBAL FUNDING FAILS TO FILE AUDIT REPORT**

6 Financial Code section 50200(a), (d) and (e) state in pertinent part:

- 7 (a) "At the end of the licensee's fiscal year, but in no case more than 12 months
8 after the last audit conducted pursuant to this section, each licensed residential
9 mortgage lender or servicer shall cause its books and accounts to be audited by
10 an independent certified public accountant.
11 (d) The audit report shall be filed with the commissioner within 105 days of the end
12 of the licensee's fiscal year. The report filed with the commissioner shall be certified
13 by the certified public accountant conducting the audit.
14 (e) ...The commissioner may summarily revoke the license of a licensee who fails
15 to file a certified financial statement prepared by an independent certified public
16 accountant as required by this division or at the request of the commissioner."

17 Global Funding was licensed on July 12, 2012, after the end of the fiscal year so no financial
18 statements would have been required for the year 2012. For the year 2013, the fiscal year for Global
19 Funding ended June 30, 2013 and the audited financial statement would have been due October 15,
20 2013. To date, no audited financial statements have been received from Global Funding.

21 **VII.**

22 **GROUND EXIST TO REVOKE LICENSE OF GLOBAL FUNDING**

23 The Commissioner finds that, by reason of the foregoing, Global Funding Service
24 Corporation has violated California Financial Code sections 50200, 50307, 50307.2, 50326,
25 50401 and California Code of Regulations, title 10, sections 1950.307 and 1950.314.8 and based
26 thereon, grounds exist to revoke the residential mortgage lender and mortgage loan servicer license of
27 Global Funding Service Corporation.

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1 **VIII.**

2 **ORDER REVOKING LICENSE PURSUANT TO FINANCIAL CODE SECTIONS 50325**
3 **AND 50327**

4 Financial Code section 50325 provides in pertinent part:

5 “The commissioner may immediately revoke the residential mortgage lender’s,
6 residential mortgage loan servicer’s, or mortgage loan originator’s license if the
7 licensee fails to comply with any order issued under Section 50318, 50319, 50321,
8 50322 and 50503. The commissioner shall not revoke the license if, within 10 days
9 from the effective date of the revocation order, the licensee secures a court order
10 restraining the enforcement of the commissioner’s revocation order.”

11 On June 25, 2013, the Commissioner issued an Order pursuant to Financial Code section
12 50319(a) that Global Funding cease the disbursement of trust funds, and that Order continues in
13 effect to this date. Global Funding failed to comply with the June 25, 2013 Order, and failed to
14 request a hearing to contest the Order.

15 Financial Code section 50327 provides in pertinent part:

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

22 **PRAYER FOR RELIEF**

23 WHEREFORE, IT IS PRAYED that the residential mortgage lender and mortgage loan
24 servicer’s license of Global Funding Service Corporation be revoked pursuant to California Financial
25 Code sections 50325 and 50327.

26 Dated: January 8, 2014
27 San Francisco, California

28 JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
JOHN R. DREWS

Corporations Counsel
Enforcement Division

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