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7 Attorneys for Complainant

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

12 In the Matter of the Accusation of THE) File No.: 413-0331
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION
14)
Complainant,)
15)
16 vs.)
17 HOME123 CORPORATION,)
18 Respondent.)
19)
20)

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

23 I

24 1. Respondent Home123 ("Home123") is a residential mortgage lender licensed by the
25 California Corporations Commissioner ("Commissioner") pursuant to the California Residential
26 Mortgage Lending Act (California Financial Code § 50000 et seq.) ("CRMLA"). Home123 has its
27 main office located at 3351 Michelson Drive, Suite 400, California 92612.

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II

Pursuant to California Financial Code section 50200, Home 123 was required to submit its audited financial statement for its fiscal year ended December 31, 2006 (“audit report”) to the Commissioner by April 15, 2007. Home123 has yet to file its audit report with the Commissioner despite numerous reminders.

On or about December 11, 2006, the Commissioner notified Home123 in writing that its audit report was due April 15, 2007. Home123 failed to submit the audit report by April 15, 2007.

On or about June 13, 2007, a further letter was sent to Home123 demanding that the audit report be filed no later than June 23, 2007. Home123 was notified in the letter that failure to file the audit report by June 23, 2007 would result in an action to either suspend or revoke its license. The June 13, 2007 letter further instructed Home123 regarding the requirements of filing its Report on Internal Controls and an Independent Auditor’s report conducted in accordance with the Consolidated Audit Guide for Audits of HUD Programs, if applicable, for the year ending December 31, 2006 with the annual audit report.

On or about June 18, 2007, Home 123, notified the Commissioner that it would not be able to submit the audit report, Report on Internal Controls and an Independent Auditor’s report conducted in accordance with the Consolidated Audit Guide for Audits of HUD Programs due to its bankruptcy. Home123 requested an alternative such as un-audited financial statements. However, Financial Code section 17200 requires that the audit report contain audited financial statements.

Home123 has yet to file the audit report, Report on Internal Controls or Independent Auditor’s report conducted in accordance with the Consolidated Audit Guide for Audits of HUD Programs or Report on Internal Controls as required by Financial Code section 50200.

III

Pursuant to Financial Code section 50205, all CRMLA licensees are required to maintain a surety bond in the minimum amount of \$50,000.00. The surety bond of Home123 expired on May 1, 2007, and no replacement was obtained by Home123.

On or about May 1, 2007, the Commissioner issued an Order to Discontinue Residential Mortgage Lending and/or Servicing Activities to Respondent pursuant to Financial Code section

1 50319 for failure to maintain the required surety bond. This Order was served on Home123 on or
2 about May 1, 2007.

3 Home123 has yet to obtain a replacement surety bond in violation of Financial Code section
4 50205.

5 IV

6 California Financial Code section 50327 provides in pertinent part:

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

11 V

12 The Commissioner finds that, by reason of the foregoing, Home123 has violated Financial
13 Code sections 50200 and 50205, and based thereon, grounds exist to revoke the residential mortgage
14 lender license of Home123.

15 WHEREFORE, IT IS PRAYED that the residential mortgage lender license of Home123 be
16 revoked and that pursuant to Financial Code section 50311, Home123 be given a transition period of
17 sixty (60) days within which to complete any loans for which it had commitments.

18 Dated: September 12, 2007
19 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

20 By _____
21 Judy L. Hartley
22 Senior Corporations Counsel