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5 Attorneys for Complainant

6
7 BEFORE THE DEPARTMENT OF CORPORATIONS
8 OF THE STATE OF CALIFORNIA
9

10 In the Matter of the Accusation of THE)
11 COMMISSIONER OF CORPORATIONS OF) File No. 413 0334
12 THE STATE OF CALIFORNIA,)
13)
14 Complainant,)
15)
16 vs.)
17)
18 L & G MORTGAGEBANC, INC.,)
19)
20 Respondent.)
21)
22)
23)
24)
25)
26)
27)
28)

29 ORDER TO DISCONTINUE RESIDENTIAL MORTGAGE LENDING
30 AND/OR SERVICING ACTIVITIES PURSUANT TO
31 SECTION 50319, CALIFORNIA FINANCIAL CODE
32

33 TO: L & G MORTGAGEBANC, INC.
34 8151 E. EVANS RD., SUITE D-10
35 SCOTTSDALE, AZ 85260

36 THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA
37 FINDS THAT:
38

39 L & G MORTGAGEBANC, INC. has failed to comply with the bonding requirements of
40 the California Residential Mortgage Lending Act (California Financial Code Section 50000 et seq.)
41 in that effective February 7, 2012 Bond No. 83BSBFX3674 issued by HARTFORD FIRE
42 INSURANCE COMPANY in favor of L & G MORTGAGEBANC, INC. expired and no
43 replacement bond has been obtained.
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2 Based on the foregoing, Respondent is conducting residential mortgage lending
3 and/or servicing business in violation of Section 50205 of the Financial Code and is conducting
4 business in such an unsafe and injurious manner as to render further operations hazardous to the
5 public or to customers.

6 NOW, BASED ON THE FOREGOING, AND GOOD CAUSE APPEARING
7 THEREFORE, it is hereby ORDERED, under the provisions of Section 50319 of the California
8 Financial Code, L & G MORTGAGEBANC, INC. immediately discontinue the disbursement, in
9 whole or in part, of trust funds held by the licensee and establish a separate trust account for all
10 subsequent trust funds received by the licensee.
11

12 THIS ORDER is to remain in full force and effect until further order of the Commissioner.
13

14 Section 50319 of the Financial Code provides as follows:

15 (a) If the commissioner, as a result of any examination or from any report
16 made to him or her, shall find that any person subject to this division is in an
17 insolvent condition, is conducting business in an unsafe or injurious manner that
18 renders further operations hazardous to the public or to customers, has failed to
19 comply with the provision of Section 50317, has permitted its tangible net worth to
20 be lower than the minimum required by law, or has failed to comply with the
21 bonding requirements of Section 50205, the commissioner may, by an order
22 addressed to and served by registered or certified mail, or by personal service on that
23 person, and on any other person having in his or her possession or control any trust
funds or other property deposited in escrow with that person, direct discontinuance
of the disbursement, in whole or in part, of trust funds held by the licensee and order
the establishment of a separate trust account for all subsequent trust funds received
by the licensee. No person having in his or her possession any of these funds or
documents shall be liable for failure to comply with the order unless he or she has
received written notice of the order. Subject to subdivision (b), the order shall
remain in effect until set aside by the commissioner, or the person has been adjudged
bankrupt.

24 (b) Within 15 days from the date of an order pursuant to subdivision (a), the
25 person may request a hearing under the Administrative Procedure Act (Chapter 5
26 commencing with Section 11500) of Part 2 of Division 3 of Title 2 of the
27 Government Code). Upon receiving a request, the matter shall be set for hearing to
28 commence within 30 days after the receipt unless the person subject to this division
consents to a later date. If no hearing is requested within 15 days after the mailing or
service of the notice and none is ordered by the commissioner, the failure to request
a hearing shall constitute a waiver of the right to a hearing. Neither the request for a
hearing nor the hearing itself shall stay the order issued by the commissioner under
subdivision (a).

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DATED: February 7, 2012
Los Angeles, California

JAN LYNN OWEN
California Corporations Commissioner

By _____
DiAun M. Burns
Special Administrator
California Residential Mortgage Lending Act
(213) 576-7620
FAX (213) 576-7574

1 MARY ANN SMITH
Deputy Commissioner
2 JOANNE J. ROSS (CA BAR NO. 202338)
Corporations Counsel
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4 1515 K Street, Ste. 200
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Attorneys for Complainant
7

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

10 In the Matter of the Accusation of THE)File No.: 413-0334
11 CALIFORNIA CORPORATIONS)
COMMISSIONER,)
12)**ACCUSATION**
Complainant,)
13)
14 v.)
15 L & G Mortgagebanc, Inc.,)
16 Respondent.)
17)

18 The Complainant, California Corporations Commissioner ("Commissioner"), is
19 informed and believes, and based upon such information and belief, alleges and charges Respondent
20 as follows:

21 **I.**

22 Respondent L & G Mortgagebanc, Inc., ("L & G") is a residential mortgage lender licensed
23 by the Commissioner pursuant to the California Residential Mortgage Lending Act (California
24 Financial Code, § 50000 *et seq.*) ("CRMLA"). L & G has its principal place of business located at
25 8151 E. Evans Rd., Suite D-10, Scottsdale, Arizona 85260.

26 **II.**

27 Pursuant to California Financial Code sections 50307 and 50401 and California Code of
28 Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file the

1 following annual reports with the Commissioner: (1) Report of Principal Amount of Loans
2 Originated and Aggregate Amount of Loans Serviced ("Activity Report"); (2) Report on Non-
3 traditional, Adjustable Rate and Mortgage Loan Products ("Non-traditional Report"); and (3) Non-
4 traditional, Adjustable Rate and Mortgage Loan Survey ("Survey"). The Activity Report, Non-
5 traditional Report, and Survey must be filed with the Commissioner on or before March 1st of each
6 year for the preceding twelve (12) month period ending December 31.

7 On or about February 6, 2012, an Activity Report form, Non-traditional Report form and
8 Survey were sent to all CRMLA licensees, including L & G, with a notice stating that these reports
9 were due on or before March 1, 2012. The Commissioner assessed a penalty of one thousand dollars
10 (\$1,000.00), pursuant to California Financial Code section 50326, for the failure to submit these
11 reports on or about June 5, 2012. To date, L & G has not submitted the Activity Report, the Non-
12 traditional Report or the Survey to the Commissioner, or paid the assessed penalty.

13 III.

14 Pursuant to California Financial Code section 50200, all licensees under the CRMLA are
15 required to file audited financial statements annually with the Commissioner. L & G was required to
16 submit this statement for its fiscal year ending December 31, 2011. To date, L & G has not filed its
17 audited financial statements.

18 IV.

19 On or about January 3, 2012, the Commissioner received a Notice of Bond Cancellation from
20 The Hartford Fire Insurance Company that L & G's bond would be cancelled on February 7, 2012.
21 Section 50205 of the California Financial Code requires all CRMLA licensees to maintain a surety
22 bond. On February 7, 2012, an Order to Discontinue Residential Mortgage Lending and/or Servicing
23 Activities Pursuant to Section 50319, California Financial Code (the "Order") was issued. To date, L
24 & G has not reinstated or replaced the bond, and the Order remains in effect.

25 V.

26 On or about January 23, 2012, L & G notified the Commissioner that it intended to surrender
27 its lending license. Section 50123 of the California Financial Code requires a plan of surrender to be
28 filed with the Commissioner, with specific information provided to the Commissioner. On or about

1 February 7, 2012, the Department sent a letter to L & G that provided instructions for the information
2 necessary to complete surrender of L & G's license. To date, L & G has not submitted the required
3 information. Pursuant to section 50123 of the CRMLA, a license remains in effect until it has been
4 surrendered, suspended or revoked.

5 **VI.**

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 any rule or
10 order of the commissioner thereunder; or (2) any fact or condition
11 exists that, if it had existed at the time of the original application for the
12 license, reasonably would have warranted the commissioner in refusing
13 to issue the license originally.

12 **VII.**

13 The Commissioner finds that, by reason of the foregoing, L & G has violated California
14 Financial Code sections 50200, 50205, 50307, 50326, 50401 and California Code of Regulations,
15 title 10, section 1950.314.8, and based thereon, grounds exist to revoke L & G's license as a
16 residential mortgage lender.

17 WHEREFORE, IT IS PRAYED that the residential mortgage lender license of L & G
18 Mortgagebanc, Inc. be revoked pursuant to Financial Code section 50327, and, pursuant to Financial
19 Code section 50311, L & G Mortgagebanc, Inc. be given a transition period of sixty (60) days within
20 which to complete any loans for which it had prior commitments.

21 DATED: August 31, 2012
22 Sacramento, CA

23 JAN LYNN OWEN
24 California Corporations Commissioner

25
26 By _____
27 Joanne Ross
28 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) File No.: 413-0334
11 CALIFORNIA CORPORATIONS)
COMMISSIONER,)
12) ORDER REVOKING RESIDENTIAL
Complainant,) MORTGAGE LENDER AND RESIDENTIAL
13) MORTGAGE LOAN SERVICER LICENSE
14 v.)
L & G Mortgagebanc, Inc.,)
15)
Respondent.)
16)
17)

18 The California Corporations Commissioner finds that:

- 19 1. Respondent L & G Mortgagebanc, Inc., (“L & G”) is a residential mortgage lender licensed
20 by the Commissioner pursuant to the California Residential Mortgage Lending Act (California
21 Financial Code, § 50000 *et seq.*) (“CRMLA”). L & G has its principal place of business located at
22 8151 E. Evans Rd., Suite D-10, Scottsdale, Arizona 85260.
- 23 2. Pursuant to California Financial Code sections 50307 and 50401 and California Code of
24 Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file the
25 following annual reports with the Commissioner: (1) Report of Principal Amount of Loans
26 Originated and Aggregate Amount of Loans Serviced (“Activity Report”); (2) Report on Non-
27 traditional, Adjustable Rate and Mortgage Loan Products (“Non-traditional Report”); and (3) Non-
28 traditional, Adjustable Rate and Mortgage Loan Survey (“Survey”). The Activity Report, Non-

1 traditional Report, and Survey must be filed with the Commissioner on or before March 1st of each
2 year for the preceding twelve (12) month period ending December 31.

3 3. On or about February 6, 2012, an Activity Report form, Non-traditional Report form and
4 Survey were sent to all CRMLA licensees, including L & G, with a notice stating that these reports
5 were due on or before March 1, 2012.

6 4. On or about June 5, 2012, the Commissioner assessed a penalty against L & G of one
7 thousand dollars (\$1,000.00), pursuant to California Financial Code section 50326, for the failure to
8 submit these reports.

9 5. To date, L & G has not submitted the Activity Report, the Non-traditional Report or the
10 Survey to the Commissioner, or paid the assessed penalty.

11 6. Pursuant to California Financial Code section 50200, all licensees under the CRMLA are
12 required to file audited financial statements annually with the Commissioner.

13 7. L & G was required to submit this statement for its fiscal year ending December 31, 2011.

14 8. To date, L & G has not filed its audited financial statements.

15 9. On or about January 3, 2012, the Commissioner received a Notice of Bond Cancellation from
16 The Hartford Fire Insurance Company that L & G's bond would be cancelled on February 7, 2012.

17 10. Section 50205 of the California Financial Code requires all CRMLA licensees to maintain a
18 surety bond.

19 11. On February 7, 2012, an Order to Discontinue Residential Mortgage Lending and/or
20 Servicing Activities Pursuant to Section 50319, California Financial Code (the "Order") was issued
21 to L & G.

22 12. To date, L & G has not reinstated or replaced the bond, and the Order remains in effect.

23 13. On or about January 23, 2012, L & G notified the Commissioner that it intended to surrender
24 its lending license.

25 14. Section 50123 of the California Financial Code requires a plan of surrender to be filed with
26 the Commissioner, with specific information provided to the Commissioner.

27 15. On or about February 7, 2012, the Department sent a letter to L & G that provided
28 instructions for the information necessary to complete surrender of L & G's license.

1 16. To date, L & G has not submitted the required information. Pursuant to section 50123 of the
2 CRMLA, a license remains in effect until it has been surrendered, suspended or revoked.

3 17. California Financial Code section 50327 provides in pertinent part:
4 (a) The commissioner may, after notice and a reasonable opportunity to
5 be heard, suspend or revoke any license if the commissioner finds that:
6 (1) the licensee has violated any provision of this division or rule or order
7 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.

8 18. The Commissioner finds that, by reason of the foregoing, L & G has violated California
9 Financial Code sections 50200, 50205, 50307, 50326, 50401 and California Code of Regulations,
10 title 10, section 1950.314.8, and based thereon, grounds exist to revoke L & G's license as a
11 residential mortgage lender.

12 19. On August 31, 2012, the Commissioner issued a Notice of Intention to Issue Order Revoking
13 Residential Mortgage Lender and Loan Servicer License, Accusation and accompanying documents
14 against L & G based upon the above, and L & G was served with those documents on September 27,
15 2012 via certified mail. The Department has received no request for a hearing or any other response
16 from L & G.

17 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
18 mortgage lender and residential mortgage loan servicer license issued by the Commissioner to L &
19 G Mortgagebanc, Inc. is hereby revoked. This order is effective as of the date hereof. Pursuant to
20 California Financial Code sections 50310 and 50311, L & G Mortgagebanc, Inc. has sixty days
21 within which to transfer its existing service accounts and complete any loans for which it had
22 commitments.

23 Dated: October 30, 2012
24 Sacramento, California

JAN LYNN OWEN
California Corporations Commissioner

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27 By _____
Mary Ann Smith
28 Deputy Commissioner