

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 JUDY L. HARTLEY (CA BAR NO. 110628)  
Senior Corporations Counsel  
4 Department of Corporations  
320 West 4<sup>th</sup> Street, Ste. 750  
5 Los Angeles, California 90013-2344  
Telephone: (213) 576-7604 Fax: (213) 576-7181

6 Attorneys for Complainant

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

10  
11 In the Matter of the Accusation/Statement of ) File No.: 413-0963  
Issues of THE CALIFORNIA )  
12 CORPORATIONS COMMISSIONER, ) ACCUSATION/STATEMENT OF ISSUES  
13 )  
Complainant, )  
14 )  
15 vs. )  
16 MEREDIAN FINANCIAL CORPORATION, )  
PAUL A. FERRIS, and JAMES T. ASSALI, )  
17 )  
18 Respondents. )

19 The Complainant is informed and believes, and based upon such information and belief,  
20 alleges and charges Respondents as follows:

21 I  
22 INTRODUCTION

23 The proposed orders seek to revoke the residential mortgage lending license of Respondent  
24 Meredian Financial Corporation (“Meredian”) pursuant to Section 50327 of the California  
25 Residential Mortgage Lending Act (California Financial Code §§ 50000 et. seq.)(“CRMLA”), bar  
26 Respondents Paul A. Ferris (“Ferris”) and James A. Assali (“Assali”) from any position of  
27 employment, management or control of any residential mortgage lender and/or residential mortgage  
28 loan servicer pursuant to Financial Code section 50318, and to deny the mortgage loan originator

1  
2 license application of Respondent Ferris pursuant to Financial Code section 50513 in that Meredian,  
3 Ferris and Assali have committed numerous violations of the CRMLA and made false statements of  
4 material fact in its lender license application filed with the Commissioner.

5 II

6 RESPONDENTS

7 Meredian is a residential mortgage lender licensed by the California Corporations  
8 Commissioner (“Commissioner”) pursuant to the CRMLA. Meredian has its principal place of  
9 business located at 3080 Bristol Street, Suite 430, Costa Mesa, California 92626. Meredian’s  
10 CRMLA license was issued on July 3, 2008.

11 Ferris, according to the documents submitted to the Department of Corporations  
12 (“Department”) is, and was at all times relevant herein, the president and sole shareholder of  
13 Meredian.

14 Assali, according to the information provided to the Department, is and was at all times  
15 relevant herein, an independent marketing campaign consultant for Meredian.

16 III

17 RESIDENTIAL MORTGAGE LENDING LICENSE

18 Financial Code section 50122 provides that an application for a CRMLA license shall be in  
19 the form and contain the information that the Commissioner may by rule require. Financial Code  
20 section 50122 and California Code of Regulations, title 10, section 1950.122 requires corporate  
21 applicants to disclose to the Commissioner in the application all officers, directors, any person  
22 owning or controlling, directly or indirectly, 10% or more of the applicant, and all person(s) who  
23 would be in charge of the business.

24 Financial Code section 50124 and California Code of Regulations, title 10, 1950.122,  
25 requires CRMLA licensees to amend their application(s) if there is any change in any of the persons  
26 required to be identified in the application(s).

27 On or about March 17, 2008, Meredian filed its application for a lender license with the  
28 Commissioner pursuant to Financial Code section 50122 (File 413-0963) (hereinafter the

1 “application”). The application identified Ferris as the sole officer, director, shareholder and person  
2 in charge of Meredian. As required by California Code of Regulations, title 10, section 1950.122,  
3 the application included a Statement of Identity and Questionnaire (“SIQ”) for Ferris. Section  
4 1950.122 requires CRMLA applications to include an SIQ for all officers, directors, and any person  
5 owning or controlling, directly or indirectly, the power to direct, or cause the direction of, the  
6 management and policies of the applicant. Ferris executed the application under penalty of perjury  
7 as president of Meredian.

8 During the licensing process, the Department received documents indicating that Michelle  
9 Cromer (“Cromer”), Meredian’s registered agent for service of process, had been reported by  
10 Meredian as its secretary to the California Secretary of State. Thereafter, on or about May 28, 2008,  
11 Meredian submitted the required documents to the Department on Cromer. On or about on July 3,  
12 2008, based upon all the information submitted with the application, the Commissioner issued a  
13 CRMLA license to Meredian. Meredian has not filed any application amendment with the  
14 Commissioner.

#### 15 IV

#### 16 FALSE STATEMENTS IN APPLICATION

17 In or about July 2010, the Department received information that Assali, who has never been  
18 reported to the Department, was the owner, president and manager of Meredian and that Ferris had  
19 only been acting as a front for Assali.

20 On or about November 8, 2010, the Commissioner commenced a special examination of the  
21 books and records of Meredian. The examination disclosed that Assali, not Ferris, was running  
22 Meredian, and documents filed in Florida revealed that Assali is, and was during the time of  
23 licensure, the president of Meredian.

24 Accordingly, Meredian’s application for licensure under the CRMLA was false in violation  
25 of Financial Code section 50502 in that (i) Ferris was not the president, owner nor person  
26 responsible for the management and policies of Meredian, and (ii) Assali had not been listed as an  
27 officer, director, shareholder or a person responsible for the management and policies of Meredian.  
28

## RESIDENTIAL MORTGAGE LENDING ACT VIOLATIONS

The special examination further disclosed that Respondents were routinely violating the CRMLA as follows:

1. Respondents failed to timely provide a Good Faith Estimate (“GFE”) and/or failed to provide a new GFE after changed circumstances (interest rate locks) in 66.67% of the files reviewed (14 of 21 files) in violation of Financial Code section 50505 and Section 3500.7 of the Real Estate Settlement Protection Act (“RESPA”)(24 Code of Federal Regulations (“CFR”) § 3500.7). In the alternative, if GFE’s were timely provided, then Meredian failed to maintain such records in violation of Financial Code section 50314.

2. Respondents provided false GFE’s in 52.38% of the files reviewed (11 of 21 files) in violation of Financial Code sections 50204(k) and 50505 and 24 CFR section 3500.7 in that the prospective borrowers had paid for interest rate locks and no such interest rate locks were disclosed and/or the GFE’s failed to disclose the proper information regarding rate lock information dates.

3. Respondents failed to provide the settlement agent with the information necessary to accurately complete the settlement statement in 37.5% of the files reviewed in which the loans funded (3 of 8 files) in violation of Financial Code sections 505204(j) and 50505 and 24 CFR section 3500.8 in that figures given in the settlement statement for comparison to the figures given in the GFE did not match.

4. Respondents failed to provide the prospective borrower(s) with an Affiliated Business Arrangement Disclosure Statement disclosing the affiliation between Meredian and Fortis Title Solutions Corporation, the mandated settlement agent, in 100% of the files reviewed (21 of 21 files) in violation of Financial Code sections 50204, subsections (j) and (k) and 50505 and 24 CFR section 3500.15.

5. Respondents provided false Adverse Action Disclosures and/or failed to provide an Adverse Action Disclosure as required by Section 202.9 the Equal Credit Protection Act (12 C.F.R. § 202.9) in 84.6% of the files reviewed that did not fund (11 of 13 files) in violation of Financial Code sections 50204(k). The Adverse Action Disclosures were false in that the disclosures stated

1 that the rate locks had been forfeited and that Meredian had lost various amounts of income, which  
2 were written off as bad debt, when the rate lock fees had been retained in full by Meredian, or if the  
3 rate lock fee had been refunded to the prospective borrower, the loss shown on the Adverse Action  
4 Disclosure was greater than the rate lock fee charged.

5 6. Respondents failed to credit the upfront rate lock fee paid by the borrower(s) against  
6 closing costs in 87.5% of the files reviewed in which the loan funded (7 of 8 files) in violation of  
7 Financial Code section 50204, subsections (j) and (k).

8 7. Respondents failed to maintain proper books and records in violation of Financial  
9 Code section 50314 and California Code of Regulations, title 10, section 1950.314.4 in that (i) none  
10 of the files reviewed contained credit reports; (ii) seven of the twenty-one files reviewed contained  
11 undated applications; (iii) two of the twenty-one files reviewed contained no application; and (iv)  
12 three of the twenty-one files reviewed contained no rate lock agreement despite the prospective  
13 borrower being charged a rate lock fee.

14 8. Respondents violated Financial Code section 50002 by allowing unlicensed persons,  
15 to wit; non-employee, independent contractors, to engage in lending activities on behalf of  
16 Meredian.

17 9. Respondents violated Financial Code section 50002.5(a) in that Respondents failed to  
18 require that Ferris, Meredian's mortgage loan originator, obtain a mortgage loan originator license in  
19 the State of California.

20 10. Respondents, on at least seven occasions, violated Financial Code section 50204(p)  
21 by making a loan that was offered and/or negotiated by an unlicensed mortgage loan originator.

22 11. Respondents repeatedly failed to obtain privacy agreements from the independent  
23 contractors Meredian hired in violation of Civil Code section 1798.81.5, subsections (a) and (c).

24 VI

25 UNLAWFUL REMOVAL OF BUSINESS

26 On or about February 7, 2011, in attempting to obtain further information and documentation  
27 in order to complete the special examination, the Department learned that Meredian had removed its  
28 business from the licensed premises without notification in violation of Financial Code section

1 50124(a)(10) and California Code of Regulations, title 10, section 1950.314.3.

2 Since on or about February 7, 2011, Meredian has failed to provide the Department with  
3 access to its books and records so that the Department could obtain the remaining information and  
4 documentation necessary to complete the special examination in violation of Financial Code section  
5 50314.

6 VII

7 MORTGAGE LOAN ORIGINATION LICENSE APPLICATION

8 In 2008, Congress enacted the Secure and Fair Enforcement Mortgage Licensing Act of 2008  
9 (the “SAFE Act”), which required all states to enact laws requiring the licensing of all mortgage loan  
10 originators. The mortgage loan originator licensing provisions under the RMLA (Financial Code §§  
11 50140 et seq.) became effective October 11, 2009, which required all mortgage loan originators to be  
12 licensed on or before July 31, 2010 in order to continue to engage in mortgage loan origination  
13 activities in the State of California. The new mortgage loan originator provisions of the CRMLA  
14 also provided that no CRMLA licensee could make or broker a loan that was not negotiated by or  
15 applied for through a licensed mortgage loan originator. See Financial Code section 50002.5(c).

16 On or about January 11, 2011, Ferris filed a mortgage loan originator license application with  
17 the Commissioner under the CRMLA, in particular, Financial Code section 50140, showing  
18 Meredian as the employing CRMLA licensee. The application was submitted to the Commissioner  
19 by filing Form MU4 through the Nationwide Mortgage Licensing System (“NMLS”).

20 VIII

21 CONCLUSION

22 Complainant finds, by reason of the foregoing, that:

23 (1) Meredian, Ferris and Assali have committed numerous violations of the CRMLA,  
24 including repeated violations of Financial Code sections 50002, 50122, 50124, 50204, subsections  
25 (j), (k) and (p), 50314, 50502 and 50505, Civil Code section 1798.81.5, and California Code of  
26 Regulations, title 10, sections 1950.122, 1950.314.3, and 1950.314.4.

27 (2) Meredian, Ferris and Assali have made false statements of material fact in Meredian’s  
28 licensing application.

1 (3) Meredian, Ferris and Assali are incapable of operating a business in compliance with  
2 the CRMLA as demonstrated by their flagrant and continuous pattern of violations.

3 (4) It is in the best interests of the public to revoke the residential mortgage lender license  
4 of Meredian, bar Ferris and Assali from any position of employment, management or control of any  
5 residential mortgage lender and/or residential mortgage loan servicer, and to deny the mortgage loan  
6 originator license application of Ferris.

7 California Financial Code section 50318 provides in pertinent part:

8 (a) The commissioner may, after appropriate notice and opportunity  
9 for hearing, by order, . . . bar from any position of employment, management,  
10 or control any residential mortgage lender or residential mortgage loan servicer,  
11 mortgage loan originator, or any other person, if the commissioner finds either  
12 of the following:

13 (1) That the . . . bar is in the public interest and that the person has committed  
14 or caused a violation of this division or rule or order of the commissioner, and  
15 (A) the violation was either known or should have been known by the person  
16 committing or causing it, or (b) the violation has caused material damage to the  
17 residential mortgage lender, residential mortgage loan servicer, mortgage loan  
18 originator or to the public.

19 California Financial Code section 50327 provides in pertinent part:

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

26 California Financial Code section 50513 provides in pertinent part:

27 (a) The commissioner may do one or more of the following:

28 (1) Deny, . . . a mortgage loan originator license for a violation of this division, or any  
rules or regulations adopted thereunder.

THEREFORE, Complainant asserts that he is justified under Financial Code sections 50318,  
50327 and 50513 in revoking the CRMLA license of Meredian Financial Corporation, barring Paul  
A. Ferris and James T. Assali from any position of employment, management or control of any  
residential mortgage lender and/or residential mortgage loan servicer, and denying the mortgage loan

1 originator license application of Paul A. Ferris.

2           WHEREFORE, the Commissioner prays that the CRMLA license of Meredian Financial  
3 Corporation is revoked, Paul A. Ferris and James T. Assali are barred from any position of  
4 employment, management or control of any residential mortgage lender and/or residential mortgage  
5 loan servicer, and the mortgage loan originator license application of Paul A. Ferris is denied.

6 Dated: March 14, 2011  
7           Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

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By \_\_\_\_\_  
Judy L. Hartley  
Senior Corporations Counsel



1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 JUDY L. HARTLEY (CA BAR NO. 110628)  
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6 Attorneys for Complainant

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

10  
11 In the Matter of the Accusation/Statement of ) File No.: 413-0963  
Issues of THE CALIFORNIA )  
12 CORPORATIONS COMMISSIONER, ) ORDER BARRING PAUL A. FERRIS FROM  
13 Complainant, ) ANY EMPLOYMENT, MANAGEMENT OR  
14 vs. ) CONTROL OF ANY RESIDENTIAL  
15 MEREDIAN FINANCIAL CORPORATION, ) MORTGAGE LENDER AND/OR  
PAUL A. FERRIS, and JAMES T. ASSALI, ) RESIDENTIAL MORTGAGE LOAN  
16 Respondents. ) SERVICER  
17 )  
18 )  
19 )

20 Pursuant to the Settlement Agreement entered into between Paul A. Ferris and the California  
21 Corporations Commissioner on April 7, 2011, attached and incorporated herein as Exhibit 1, Paul A.  
22 Ferris is hereby barred from any position of employment, management or control of any residential  
23 mortgage lender and/or residential mortgage loan servicer effective this date.

24 Dated: April 7, 2011 PRESTON DuFAUCHARD  
Los Angeles, CA California Corporations Commissioner

25  
26 By \_\_\_\_\_  
27 Alan S. Weinger  
28 Deputy Commissioner

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
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7

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

11	In the Matter of the Accusation/Statement of	)	NMLS No.: 23042
12	Issues of THE CALIFORNIA	)	
13	CORPORATIONS COMMISSIONER,	)	Sponsor File No.: 413-0963
14	Complainant,	)	ORDER DENYING THE APPLICATION OF
15	vs.	)	PAUL A. FERRIS FOR A MORTGAGE LOAN
16	MEREDIAN FINANCIAL CORPORATION,	)	ORIGINATOR LICENSE
17	PAUL A. FERRIS, and JAMES T. ASSALI,	)	
18	Respondents.	)	

19  
20 Pursuant to the Settlement Agreement entered into between Paul A. Ferris and the California  
21 Corporations Commissioner on April 7, 2011, attached and incorporated herein as Exhibit 1, the  
22 application for a mortgage loan originator license filed by Paul A. Ferris with the California  
23 Corporations Commissioner on or about January 11, 2011 is hereby denied.

24 Dated: April 7, 2011  
25 Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

26 By \_\_\_\_\_  
27 Alan S. Weinger  
28 Deputy Commissioner

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

11	In the Matter of the Accusation/Statement of	)	File No.: 413-0963
12	Issues of THE CALIFORNIA	)	
13	CORPORATIONS COMMISSIONER,	)	ORDER REVOKING THE RESIDENTIAL
14		)	MORTGAGE LENDER LICENSE OF
15	Complainant,	)	MEREDIAN FINANCIAL CORPORATION
16		)	
17	vs.	)	
18		)	
19	MEREDIAN FINANCIAL CORPORATION,	)	
20	PAUL A. FERRIS, and JAMES T. ASSALI,	)	
21		)	
22	Respondents.	)	
23		)	

20 Pursuant to the Settlement Agreement entered into between Meredian Financial Corporation  
21 and the California Corporations Commissioner on April 7, 2011, attached and incorporated herein as  
22 Exhibit 1, the residential mortgage lending license of Meredian Financial Corporation is hereby  
23 revoked effective this date.

24 Dated: April 7, 2011  
25 Los Angeles, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

26 By \_\_\_\_\_  
27 Alan S. Weinger  
28 Deputy Commissioner

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 JUDY L. HARTLEY (CA BAR NO. 110628)  
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6 Attorneys for Complainant

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

10  
11 In the Matter of the Accusation/Statement of ) OAH Case No. L-2011040083  
Issues of THE CALIFORNIA )  
12 CORPORATIONS COMMISSIONER, ) File No.: 413-0963  
13 )  
Complainant, ) SETTLEMENT AGREEMENT  
14 )  
15 vs. )  
16 MEREDIAN FINANCIAL CORPORATION, )  
PAUL A. FERRIS, and JAMES T. ASSALI, )  
17 )  
18 Respondents. )  
19 )

20 This Settlement Agreement is entered into between Meredian Financial Corporation  
21 (“Meredian”) and the California Corporations Commissioner ("Commissioner"), and is made with  
22 respect to the following facts:

23 **RECITALS**

24 A. Meredian is a residential mortgage lender licensed by the Commissioner pursuant to  
25 the California Residential Mortgage Lending Act (California Financial Code §50000 et seq.)  
26 (“CRMLA”). Meredian had its principal place of business located at 3080 Bristol Street, Suite 430,  
27 Costa Mesa, California 92626.  
28

1 B. Paul A. Ferris is the president and owner of Meredian and is authorized to enter into  
2 this Settlement Agreement on behalf of Meredian.

3 C. On March 20, 2011, the Commissioner had Meredian served with a Notice of  
4 Intention to (1) Issue Order Revoking Residential Mortgage Lender License; (2) Issue Orders  
5 Pursuant to California Financial Code Section 50318 (Bar From Employment, Management, or  
6 Control of Any Residential Mortgage Lender and/or Loan Servicer); and (3) Issue order Denying  
7 Mortgage Loan Originator License Application, Accusation/Statement of Issues and accompanying  
8 documents dated March 14, 2011. Meredian has filed a Notice of Defense with the Commissioner in  
9 the above-referenced matter.

10 D. It is the intention and desire of the parties to resolve this matter without the necessity  
11 of a hearing and/or other litigation.

12 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
13 forth herein, the parties agree as follows:

14 **TERMS AND CONDITIONS**

15 1. This Settlement Agreement is entered into for the purpose of judicial economy and  
16 expediency, and to avoid the expense of a hearing, and possible further court proceedings.

17 2. Meredian, without admitting or denying any of the allegations contained in the  
18 Accusation/Statement of Issues described in paragraph C above, hereby agrees to the issuance by the  
19 Commissioner of an order revoking Meredian’s residential mortgage lender’s license. The  
20 revocation order shall become effective upon execution of this Settlement Agreement. A copy of the  
21 revocation order is attached and incorporated as Exhibit A.

22 3. Meredian acknowledges its right to an administrative hearing under Financial Code  
23 section 50327 in connection with the revocation and hereby waives its right to a hearing, and to any  
24 reconsideration, appeal, or other rights which may be afforded pursuant to the CRMLA, the  
25 California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
26 provision of law in connection with this matter herein.

27 4. The parties hereby acknowledge and agree that this Settlement Agreement is intended  
28 to constitute a full, final and complete resolution of this matter. The parties further acknowledge and

1 agree that nothing contained in this Settlement Agreement shall operate to limit the Commissioner's  
2 ability to assist any other agency, (county, state or federal) with any prosecution, administrative,  
3 civil or criminal, brought by any such agency against Assali based upon any of the activities alleged  
4 in this matter or otherwise.

5         5. Each of the parties represents, warrants, and agrees that it has received independent  
6 advice from its attorney(s) and/or representatives with respect to the advisability of executing this  
7 Settlement Agreement.

8         6. Each of the parties represents, warrants, and agrees that in executing this Settlement  
9 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel  
10 and/or representative. Each of the parties further represents, warrants, and agrees that in executing  
11 this Settlement Agreement it has placed no reliance on any statement, representation, or promise of  
12 any other party, or any other person or entity not expressly set forth herein, or upon the failure of any  
13 party or any other person or entity to make any statement, representation or disclosure of anything  
14 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in  
15 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the  
16 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this  
17 Settlement Agreement.

18         7. This Settlement Agreement is the final written expression and the complete and  
19 exclusive statement of all the agreements, conditions, promises, representations, and covenants  
20 between the parties with respect to the subject matter hereof, and supercedes all prior or  
21 contemporaneous agreements, negotiations, representations, understandings, and discussions  
22 between and among the parties, their respective representatives, and any other person or entity, with  
23 respect to the subject matter covered hereby.

24         8. In that the parties have had the opportunity to draft, review and edit the language of  
25 this Settlement Agreement, no presumption for or against any party arising out of drafting all or any  
26 part of this Settlement Agreement will be applied in any action relating to, connected, to, or  
27 involving this Settlement Agreement. Accordingly, the parties waive the benefit of California Civil  
28 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,

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language of a contract should be interpreted most strongly against the party who caused the uncertainty to exist.

9. This Settlement Agreement shall not become effective until signed by all parties and delivered by all parties.

10. This Settlement Agreement may be executed in one or more counterparts, each of which shall be an original but all of which, together, shall be deemed to constitute a single document. This Settlement Agreement may be executed by facsimile signature, and any such facsimile signature by any party hereto shall be deemed to be an original signature and shall be binding on such party to the same extent as if such facsimile signature were an original signature.

11. Each signator hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement.

Dated: 04/07/11 PRESTON DuFAUCHARD  
California Corporations Commissioner  
By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner

Dated: 04/07/11 MEREDIAN FINANCIAL CORPORATION  
By \_\_\_\_\_  
PAUL A. FERRIS, President

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PAUL A. FERRIS, and JAMES T. ASSALI, )  
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18 Respondents. )  
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20 This Settlement Agreement is entered into between Paul A. Ferris (“Ferris”) and the  
21 California Corporations Commissioner (“Commissioner”), and is made with respect to the following  
22 facts:

23 **RECITALS**

24 A. Ferris is, and was at all times relevant herein, the president and sole shareholder of  
25 Meredian Financial Corporation, a residential mortgage lender licensed by the Commissioner  
26 pursuant to the California Residential Mortgage Lending Act (California Financial Code §50000 et  
27 seq.) (“CRMLA”).  
28





1 subpoena to appear and testify at the administrative hearing of James T. Assali through his attorneys,  
2 the law firm of Prenovost, Normandin, Bergh & Hawe, by personal or facsimile service.

3           5.       The parties hereby acknowledge and agree that this Settlement Agreement is intended  
4 to constitute a full, final and complete resolution of this matter. The parties further acknowledge and  
5 agree that nothing contained in this Settlement Agreement shall operate to limit the Commissioner's  
6 ability to assist any other agency, (county, state or federal) with any prosecution, administrative,  
7 civil or criminal, brought by any such agency against Assali based upon any of the activities alleged  
8 in this matter or otherwise.

9           6.       Each of the parties represents, warrants, and agrees that it has received independent  
10 advice from its attorney(s) and/or representatives with respect to the advisability of executing this  
11 Settlement Agreement.

12           7.       Each of the parties represents, warrants, and agrees that in executing this Settlement  
13 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel  
14 and/or representative. Each of the parties further represents, warrants, and agrees that in executing  
15 this Settlement Agreement it has placed no reliance on any statement, representation, or promise of  
16 any other party, or any other person or entity not expressly set forth herein, or upon the failure of any  
17 party or any other person or entity to make any statement, representation or disclosure of anything  
18 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in  
19 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the  
20 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this  
21 Settlement Agreement.

22           8.       This Settlement Agreement is the final written expression and the complete and  
23 exclusive statement of all the agreements, conditions, promises, representations, and covenants  
24 between the parties with respect to the subject matter hereof, and supercedes all prior or  
25 contemporaneous agreements, negotiations, representations, understandings, and discussions  
26 between and among the parties, their respective representatives, and any other person or entity, with  
27 respect to the subject matter covered hereby.

28

1           9.       In that the parties have had the opportunity to draft, review and edit the language of  
2 this Settlement Agreement, no presumption for or against any party arising out of drafting all or any  
3 part of this Settlement Agreement will be applied in any action relating to, connected, to, or  
4 involving this Settlement Agreement. Accordingly, the parties waive the benefit of California Civil  
5 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,  
6 language of a contract should be interpreted most strongly against the party who caused the  
7 uncertainty to exist.

8           10.       This Settlement Agreement shall not become effective until signed by all parties and  
9 delivered by all parties.

10           11.       This Settlement Agreement may be executed in one or more counterparts, each of  
11 which shall be an original but all of which, together, shall be deemed to constitute a single  
12 document. This Settlement Agreement may be executed by facsimile signature, and any such  
13 facsimile signature by any party hereto shall be deemed to be an original signature and shall be  
14 binding on such party to the same extent as if such facsimile signature were an original signature.

15           12.       Each signator hereto covenants that he/she possesses all necessary capacity and  
16 authority to sign and enter into this Settlement Agreement.

17 Dated: 04/07/11

PRESTON DuFAUCHARD  
California Corporations Commissioner

18

19

By \_\_\_\_\_  
ALAN S. WEINGER  
Deputy Commissioner

20

21

22 Dated: 04/07/11

By \_\_\_\_\_  
PAUL A. FERRIS, an individual

23

24

APPROVED AS TO FORM:

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PRENOVOST, NORMANDIN, BERGH &DAWE

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By \_\_\_\_\_  
MARC Y. LAZO, Attorneys for  
PAUL A. FERRIS

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PRESTON DuFAUCHARD  
California Corporations Commissioner  
  
By \_\_\_\_\_  
JUDY L. HARTLEY  
Senior Corporations Counsel

1 PRESTON DUFAUCHARD  
2 CALIFORNIA CORPORATIONS COMMISSIONER  
3 MICHAEL L. PINKERTON  
4 DEPUTY COMMISSIONER  
5 ALAN S. WEINGER (CA BAR NO. 86717)  
6 SUPERVISING ATTORNEY  
7 320 WEST 4<sup>th</sup> STREET, SUITE 750  
8 LOS ANGELES, CALIFORNIA 90013-1105

9 Attorneys for Complainant

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

12 In the Matter of the Accusation of ) File No. 4130963  
13 )  
14 THE CALIFORNIA CORPORATIONS )  
15 COMMISSIONER, )  
16 )  
17 Complainant, )  
18 )  
19 vs. )  
20 )  
21 )  
22 )  
23 MEREDIAN FINANCIAL CORPORATION , )  
24 Respondent )

25 ORDER SUMMARILY REVOKING  
26 RESIDENTIAL MORTGAGE LENDER AND/OR SERVICER LICENSE

27 THE CALIFORNIA CORPORATIONS COMMISSIONER FINDS THAT:

28 GOOD CAUSE APPEARING, the license issued MEREDIAN FINANCIAL CORPORATION is hereby revoked for failure to comply with Section 50401 of the California Residential Mortgage Lending Act which requires the payment of an assessment to the Commissioner.

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Dated: November 5, 2008  
Effective: December 8, 2008  
Los Angeles, California

PRESTON DUFAUCHARD  
CALIFORNIA CORPORATIONS COMMISSIONER

By \_\_\_\_\_  
DIAUN M. BURNS  
Special Administrator  
California Residential Mortgage Lending Act

1 PRESTON DUFAUCHARD  
CALIFORNIA CORPORATIONS COMMISSIONER  
2 MICHAEL L. PINKERTON  
DEPUTY COMMISSIONER  
3 ALAN S. WEINGER (CA BAR NO. 86717)  
SUPERVISING ATTORNEY  
4 320 WEST 4<sup>th</sup> STREET, SUITE 750  
LOS ANGELES, CALIFORNIA 90013-1105

5 Attorneys for Complainant

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

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10  
11 ORDER SETTING ASIDE  
12 ORDER SUMMARILY REVOKING  
13 RESIDENTIAL MORTGAGE LENDER AND/OR SERVICER LICENSE

14 TO: MEREDIAN FINANCIAL CORPORATION  
15 3080 BRISTOL STREET, SUITE 430  
16 COSTA MESA, CA 92626

17 NOW, THEREFORE, the Commissioner having found that MEREDIAN FINANCIAL  
CORPORATION has paid its assessment as required by Section 50401 of the Financial Code the  
18 Order Summarily Revoking Residential Mortgage Lender and/or Servicer License is hereby set aside  
as of December 9, 2008.  
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Dated: Los Angeles, California  
December 11, 2008  
Effective: December 9, 2008

PRESTON DUFAUCHARD  
CALIFORNIA CORPORATIONS COMMISSIONER

By \_\_\_\_\_  
DiAun M. Burns  
Special Administrator  
California Residential Mortgage Lending Act