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

12 In the Matter of:) CRMLA License No: 413-1315
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) ACCUSATION TO REVOKE LICENSE
14) PURSUANT TO FINANCIAL CODE
Complainant,) SECTION 50327
15)
16 v.)
17 MORTGAGE ENTERPRISE, LTD.,)
18 Respondent.)
19)
20)

21 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), alleges and charges
22 as follows:

23 I.
24 INTRODUCTION

25 1. Mortgage Enterprise, Ltd. (Mortgage Enterprise) is a residential mortgage lender licensed by
26 the Commissioner (License No. 413-1315), pursuant to the California Residential Mortgage Lending
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1 Act (CRMLA), as set forth in Financial Code section 50000 et seq.¹

2 2. Mortgage Enterprise has its principal place of business at 393 Old Country Road, Suite 301,
3 Carle Place, New York 11514.

4 3. The Commissioner is authorized to administer and enforce the provisions of the CRMLA.

5 4. The Commissioner now brings this action to order Mortgage Enterprise to revoke its license
6 pursuant to section 50327.

7 **II.**

8 **VIOLATIONS OF CRMLA**

9 5. As of June 1, 2018, the Department of Business Oversight (Department) detected five
10 violations of law by Mortgage Enterprise, as specified below.

11 **A. Failing to pay the annual assessment for the fiscal year 2017/2018 in violation of Financial**
12 **Code section 50401**

13 6. Section 50401 requires each residential mortgage lender or servicer licensee to pay to the
14 Commissioner an assessment. On or before September 30th of each year, the Commissioner notifies
15 each licensee of the amount assessed; that amount must be paid within 20 days.

16 7. On or about September 29, 2017, the Commissioner notified Mortgage Enterprise by mail of
17 the assessment due. On September 29, 2017, a Nationwide Multistate Licensing System (NMLS)
18 invoice for \$5,000 was posted to Mortgage Enterprise's NMLS account for the assessment for fiscal
19 year 2017/2018. To date, Mortgage Enterprise has not paid the assessment.

20 8. Section 50401, subdivision (d), allows the Commissioner to summarily suspend or revoke the
21 license if a licensee fails to pay the assessment within 30 days of the due date.

22 **B. Failing to file the 2017 Standard Financial Condition and two quarterly Mortgage Call**
23 **Reports in violation of California Code of Regulations, title 10, section 1950.307, subdivision (a)**
24 **and Financial Code section 50307.2**

25 9. California Code of Regulations, title 10, section 1950.37, subdivision (a) and Financial Code
26 section 50307.2 require a licensee to file reports of condition, including the Mortgage Call Report

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28 ¹ All further section references are to the California Financial Code, unless otherwise
noted.

1 (MCR), pursuant to Financial Code section 50307.2. NMLS requires that companies submit annual
2 reports within 90 days of the company's fiscal year end, and quarterly reports within 45 days of the
3 end of every calendar quarter.

4 10. Mortgage Enterprise's fiscal year end is August 31. Its 2017 Standard Financial Condition
5 report was due on or about November 29, 2017. On November 30, 2017, a license item was posted on
6 Mortgage Enterprise's NMLS account for its failure to submit its 2017 Standard Financial Condition
7 report.

8 11. The 2017 fourth quarter standard MCR was due on February 14, 2018. On February 15, 2018,
9 a license item was posted on Mortgage Enterprise's NMLS account for its failure to submit its 2017
10 fourth quarter standard MCR.

11 12. The 2018 first quarter standard MCR was due on May 15, 2018. On May 16, 2018, a license
12 item was posted on Mortgage Enterprise's NMLS account for its failure to submit its 2018 first quarter
13 standard MCR.

14 13. To date, Mortgage Enterprise has not filed its 2017 Standard Financial Condition report, its
15 2017 fourth quarter and 2018 first quarter standard MCRs.

16 **C. Failing to file audited financial statements for year ending December 31, 2017 in violation**
17 **of Financial Code section 50200, subdivision (d)**

18 14. Section 50200, subdivision (d) requires that the audited report shall be filed with the
19 Commissioner within 105 days of the end of the licensee's fiscal year. Licensees are required to
20 upload audited financial statements in NMLS.

21 15. Mortgage Enterprise's fiscal year end is August 31. Its audit report for fiscal year ending
22 August 31, 2017 was due on December 14, 2017.

23 16. On November 30, 2017, a license item was posted on Mortgage Enterprise's NMLS account
24 with regards to its 2017 financial statements. On May 4, 2018, a license item was posted, which stated
25 the requirement to submit the 2017 financial statements. To date, Mortgage Enterprise has not
26 uploaded its 2017 audited financial statements in NMLS.

27 17. Section 50200, subdivision (e) allows the Commissioner to summarily revoke the license of a
28 licensee who fails to submit its audit report.

1 **D. Failing to file the 2017 CRMLA Annual Report in violation of Financial Code section**
2 **50307**

3 18. Section 50307, subdivision (a) requires each residential mortgage lender or servicer licensee to
4 file a report with the Commissioner annually, on or before the first day of March, giving the relevant
5 information that the Commissioner reasonably requires to make the calculation required by
6 subdivision (a) of section 50401.

7 19. On January 11, 2018, the Commissioner posted a notice on the Department's website regarding
8 the 2017 Annual Report. The notice dated January 10, 2018 informed all licensees that 2017 CRMLA
9 Annual Report forms were available on the Department's website portal and must be filed no later
10 than March 1, 2018. The notice further explained that no extension of the due date would be granted,
11 missing the filing deadline might result in penalty assessments, and failure to file the annual report
12 constituted grounds for license revocation.

13 20. On May 29 2018, an NMLS license item was posted to Mortgage Enterprise's NMLS account
14 stating that the 2017 CRMLA Annual Report had not been received, and that failure to submit a report
15 within 10 days of due date would constitute grounds for suspension or revocation of Mortgage
16 Enterprise's license. To date, Mortgage Enterprise's has not submitted its 2017 CRMLA Annual
17 Report.

18 21. Section 50326 states that failure to make any report required by law or by the Commissioner
19 within ten days of the due date shall constitute grounds for the suspension or revocation of the license.

20 **E. Failing to pay the \$1,00 forfeiture fee in violation of Financial Code section 50326**

21 22. Section 50326 requires a CRMLA licensee to forfeit up to \$1,000 to the Department if the
22 licensee fails to make any report required by law or by the Commissioner within ten days from the day
23 designated for the making of the report, or within any extension of time granted by the Commissioner.

24 23. On May 29, 2018, an NMLS invoice for \$1,000 was posted to Mortgage Enterprise's NMLS
25 account for its failure to submit its 2017 CRMLA Annual Report within ten days from the report's due
26 date of March 1, 2018. To date Mortgage Enterprise has not paid the \$1,000 forfeiture fee.

27 24. Section 50326 states that failure to pay forfeiture fee shall constitute grounds for the suspension
28 or revocation of the license.

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III.

ORDER TO REVOKE LICENSE

Financial Code section 50327 provides that the Commissioner may, after notice and a reasonable opportunity to be heard, revoke any license if the Commissioner finds that the licensee has violated any provision of the CRMLA or any order of the Commissioner under the CRMLA.

WHEREFORE, good cause showing, and pursuant to section 50327, the Commissioner prays for an order revoking the residential mortgage lending license of Mortgage Enterprise, Ltd.

Dated: September 25, 2018
Sacramento, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
JOANNE ROSS
Senior Counsel
Enforcement Division