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California Corporations Commissioner  
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Deputy Commissioner  
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7 Attorneys for Complainant  
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9 BEFORE THE DEPARTMENT OF CORPORATIONS  
10 OF THE STATE OF CALIFORNIA  
11

12 In the Matter of the Accusation of THE ) File No.: 413-0629  
CALIFORNIA CORPORATIONS )  
13 COMMISSIONER, ) ACCUSATION  
14 )  
Complainant, )  
15 )  
16 vs. )  
17 HEATHER WHITAKER, KATRINA )  
WHITAKER, and ANDREW WHITAKER, )  
18 )  
19 Respondents. )  
20 )  
\_\_\_\_\_ )

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

25 At all times relevant herein, Nationwide Discount Home Loans, Inc. (“Nationwide”) was a  
26 residential mortgage lender licensed by the California Corporations Commissioner ("Commissioner"  
27 or "Complainant") pursuant to the California Residential Mortgage Lending Act (“CRMLA”) (California  
28 Financial Code Section 50000 et seq.). Nationwide had its principal place of business

1 located at 10535 Foothill Boulevard, Suite 120, Rancho Cucamonga, California 91730. The  
2 Commissioner revoked the residential mortgage lender license of Nationwide on or about December  
3 6, 2007.

4 According to the records of the Department of Corporations (“Department”), Respondent  
5 Heather Whitaker ("H. Whitaker") was secretary of Nationwide until on or about August 27, 2007  
6 when Nationwide reported H. Whitaker as the president, secretary, treasurer and principal officer.

7 According to the records of the Department, Respondent Katrina Whitaker ("K. Whitaker")  
8 was the president, vice-president, treasurer, principal officer and a director of Nationwide until on or  
9 about August 27, 2007 when Nationwide reported H. Whitaker as president, secretary, treasurer and  
10 principal officer.

11 Andrew Whitaker (“A. Whitaker”) is the father of H. Whitaker and K. Whitaker.

12 Preferred Metropolitan Escrow, Inc. (“Preferred”) is, and at all times was, an affiliate of  
13 Nationwide. K. Whitaker is the president of Preferred.

14 Karren Grieco also known as Karren Whitaker is, and was at all times relevant herein,  
15 married to A. Whitaker and the president of Pacific Coast Realty Appraisals, Inc. (“Pacific”).

## 16 II

17 California Financial Code section 50122 provides that an application for a residential  
18 mortgage lender license shall be in the form prescribed by the Commissioner and further requires  
19 applicants to disclose to the Commissioner in the application all officers, directors, stockholders  
20 owning 10% or more, control persons, and/or any persons with significant influence and/or control  
21 of management.

22 The residential mortgage lender license application filed with the Commissioner by  
23 Nationwide on June 10, 2004, which application resulted in the issuance of the residential mortgage  
24 lender license to Nationwide (license number 413-0629, hereinafter "application"), stated that H.  
25 Whitaker was the secretary of Nationwide and that K. Whitaker was the president, vice-president,  
26 treasurer, principal officer and a director of Nationwide. No other officers, directors, or shareholders  
27 were noted in the application. K. Whitaker signed the application under penalty of perjury.  
28

1 California Financial Code section 50122 further requires that an application for a residential  
2 mortgage lender license contain a completed statement of identity and questionnaire (“SIQ”) for all  
3 officers, directors, stockholders owning 10% or more, control persons, and/or any persons with  
4 significant influence and/or control of management along with their fingerprints. The application  
5 did not contain an SIQ for A. Whitaker.

6 The issuance of the residential mortgage lender license by the Commissioner to Nationwide  
7 was based upon all the information submitted with the application.

8 Nationwide filed a post-license amendment with the Commissioner on or about August 27,  
9 2007, changing the officer status as noted in Section I above, but also representing that Robert  
10 Amatore (“Amatore”) was now a vice-president, director and person in charge of the licensed  
11 location.

12 A regulatory examination of Nationwide commenced by the Commissioner on or about  
13 August 3, 2007 (“regulatory examination”) revealed that A. Whitaker controlled 100% of the  
14 operations of Nationwide. A. Whitaker had been convicted of grand theft involving real property  
15 and sale subject to blanket encumbrance on or about December 5, 1990. Pursuant to California  
16 Financial Code section 50318, subsection (a)(2), A. Whitaker is, and was, subject to an immediate  
17 action to prohibit him from serving in any capacity with a residential mortgage lender and/or  
18 residential mortgage loan servicer.

19 Pursuant to California Financial Code sections 50124, subsection (a)(6) and 50206,  
20 residential mortgage lenders are required to amend their application(s) if there is any change in any  
21 of the persons required to be identified in the application(s) and/or change of control. Nationwide  
22 has not filed any application amendment with the Commissioner regarding A. Whitaker.

23 Respondents H. Whitaker and K. Whitaker, by allowing A. Whitaker to hold a position with  
24 Nationwide and by further failing to inform the Commissioner of this information, violated  
25 California Financial Code sections 50122, 50124, and 50206.

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III

The regulatory examination of Nationwide revealed the following additional violations:

1. Loan Numbers 163322163 & 163324675:

(a) On or about August 3, 2007, Nationwide failed to provide the files for the above referenced loans in violations of California Financial Code section 50314.

(b) On or about July 11, 2007 and September 26, 2007, Respondents violated Financial Code section 50204, subsections (j) and (k) by falsifying escrow records, or causing escrow records to be falsified at Preferred, to reflect a deposit of \$59,500.00 into escrow by the buyer, including the preparation of trust receipt no. 123125. An investigation into the deposit disclosed that no such funds were deposited into escrow and that the copy of the cashier’s check, alleged to be the source of the deposit, had been altered to change the amount from \$59.50 to \$59,500.00. The investigation further disclosed that the alleged deposit was necessary to meet the consideration requirements of the transaction when the title company learned about the \$59,500.00 seller carry back loan and refused to issue title policy(s) without an executed third trust deed for recordation on the seller carry back or the buyer’s deposit into escrow of the remaining required funds.

(c) Respondents violated Financial Code section 50505 by failing to provide the affiliated business disclosures required by Section 3500.15 of the Real Estate Settlement Procedures Act (“RESPA”)(24 C.F.R. §§ 3500.1 et seq.) in that Preferred was the original escrow agent in the transaction and Pacific was the appraiser.

2. Loan Numbers 161852736 & 161852872:

(a) On or about June 4, 2007, Respondents violated Financial Code section 50204, subsections (j) and (k) by falsifying escrow records, or causing escrow records to be falsified at Preferred, to reflect a deposit of \$39,215.06 into escrow by the buyer, including the preparation of trust receipt no. 123096. An investigation into the deposit disclosed that the funds were deposited into escrow by Nationwide through a disbursement executed by H. Whitaker and that the copy of the cashier’s check purchased by Nationwide, which was the source of the deposit, falsely named the buyer as the remitter.

1 (b) Respondents violated Financial Code section 50505 by failing to provide the  
2 affiliated business disclosures required by Section 3500.15 of RESPA in that Preferred was the  
3 escrow agent in the transaction and Pacific was the appraiser.

4 3. Loan Numbers 159475859 & 159476091:

5 (a) On or about March 22, 2007, Respondents violated Financial Code section 50204,  
6 subsections (j) and (k) by falsifying escrow records, or causing escrow records to be falsified at  
7 Preferred, to reflect a deposit of \$6,981.35 into escrow by the buyer, including the preparation of  
8 trust receipt no. 123012. An investigation into the deposit disclosed that the funds were deposited  
9 into escrow by Nationwide through a disbursement executed by H. Whitaker and that the copy of the  
10 cashier's check purchased by Nationwide, which was the source of the deposit, had the name of the  
11 remitter altered to show the buyer instead of Nationwide.

12 (b) Respondents violated Financial Code section 50505 by failing to provide the  
13 affiliated business disclosures required by Section 3500.15 of RESPA in that Preferred was the  
14 escrow agent in the transaction.

15 IV

16 On or about March 24, 2008, the Commissioner issued an accusation against Preferred, H.  
17 Whitaker, K. Whitaker and A. Whitaker in connection with a Notice of Intention to Issue Order  
18 Revoking Escrow Agent's License and To Issue Order Pursuant to California Financial Code  
19 Section 17423 (Bar From Employment, Management, or Control of Any Escrow Agent). The  
20 accusation alleged that Preferred, H. Whitaker, K. Whitaker and A. Whitaker had violated Financial  
21 Code sections 17209, 17210, 17212.1, 17404, 17405, 17406, 17414 subsections (a)(1) and (a)(2),  
22 17414.1 and 17419 and California Code of Regulations, title 10, sections 1732.2, 1732.3, 1737.3,  
23 1740.1 and 1740.3. These violations are reasonably related to the qualifications, functions, or duties  
24 of a person engaged in the business of a residential mortgage lender.

25 The accusation was personally served on Preferred, H. Whitaker, K. Whitaker and A.  
26 Whitaker on April 4, 2008. There has been no request for a hearing received by the Commissioner  
27 or any other response from Preferred, H. Whitaker, K. Whitaker and A. Whitaker and the time to  
28 request a hearing has expired. Thus, the allegations have been deemed admitted, and based thereon,

1 the escrow agent’s license of Preferred was revoked and H. Whitaker, K. Whitaker and A. Whitaker  
2 were barred from any position of employment, management or control of any escrow agent as of  
3 April 22, 2008.

4 V

5 California Financial Code section 50318 provides in pertinent part:

- 6 (a) The commissioner may, after appropriate notice and opportunity  
7 for hearing, by order, . . . bar from any position of employment, management,  
8 or control any residential mortgage lender or residential mortgage loan servicer,  
9 or any other person, if the commissioner finds either of the following:  
10 (1) That the . . . bar is in the public interest and that the person has committed  
11 or caused a violation of this division or rule or order of the commissioner, and  
12 (A) the violation was either known or should have been known by the person  
13 committing or causing it, or (b) the violation has caused material damage to the  
14 residential mortgage lender, residential mortgage loan servicer, or to the public.  
15 (2) That the person (A) has been convicted of or pleaded nolo contendere to any  
16 crime, or (B) has been held liable in any civil action by final judgment, or any  
17 administrative judgment by any public agency, if that crime or civil or  
18 administrative judgment involved any offense specified in subdivision (b) of  
19 Section 50317, or any other offense reasonably related to the qualifications,  
20 functions, or duties of a person engaged in the business in accordance with the  
21 provisions of this division.

22 California Financial Code section 50327 provides in pertinent part:

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

VI

23 Complainant finds that, by reason of the foregoing, Respondents Heather Whitaker, Katrina  
24 Whitaker and Andrew Whitaker have violated California Financial Code sections 50122, 50124,  
25 50204, subsections (j) and (k), 50206, 50314 and 50505; have been held liable in an administrative  
26 judgment by a public agency involving offenses reasonably related to the qualifications, functions,  
27 or duties of a person engaged in the business in accordance with the provisions of this division; and  
28 it is in the best interests of the public to bar Respondents Heather Whitaker, Katrina Whitaker and

1 Andrew Whitaker from any position of employment, management or control of any residential  
2 mortgage lender and/or residential mortgage loan servicer.

3 WHEREFORE, IT IS PRAYED that Respondents Heather Whitaker, Katrina Whitaker and  
4 Andrew Whitaker be barred from any position of employment, management or control of any  
5 residential mortgage lender and/or residential mortgage loan servicer.

6 Dated: May 7, 2008  
7 Los Angeles, California

PRESTON DuFAUCHARD  
California Corporations Commissioner

8 By \_\_\_\_\_  
9 Judy L. Hartley  
10 Senior Corporations Counsel  
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