

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Lead Corporations Counsel
4 JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
5 Department of Corporations
320 West 4th Street, Ste. 750
6 Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

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.: 413-0346
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ORDER REVOKING RESIDENTIAL
14) MORTGAGE LENDER AND RESIDENTIAL
Complainant,) MORTGAGE LOAN SERVICER LICENSE
15)
16 vs.)
17 PEOPLE’S CHOICE HOME LOAN, INC.,)
18 Respondent.)
19)
20)

21 The California Corporations Commissioner finds that:

22 1. Respondent People’s Choice Home Loan, Inc. (“People’s”) is a residential mortgage
23 lender and residential mortgage loan servicer licensed by the California Corporations Commissioner
24 (“Commissioner”) pursuant to the California Residential Mortgage Lending Act (California
25 Financial Code § 50000 et seq.) (“CRMLA”). People’s has its main office located at 7515 Irvine
26 Center Drive, Irvine, California 92618.

27 2. Pursuant to Financial Code section 50200, People’s was required to submit its audited
28 financial statement for its fiscal year ended December 31, 2006 (“audit report”) to the Commissioner

1 by April 15, 2007. People's has yet to file its audit report with the Commissioner despite numerous
2 reminders.

3 3. On December 11, 2006, the Commissioner notified People's in writing that its audit
4 report was due April 15, 2007. People's failed to submit the audit report by April 15, 2007.

5 4. On June 13, 2007, a further letter was sent to People's demanding that the audit report
6 be filed no later than June 23, 2007. People's was notified in the letter that failure to file the audit
7 report by June 23, 2007 would result in an action to either suspend or revoke its license. The June
8 13, 2007 letter further instructed People's regarding the requirements of filing its Report on Internal
9 Controls and its Uniform Single Attestation Program for Mortgage Bankers ("USAP") for the year
10 ending December 31, 2006 with the annual audit report.

11 5. On August 23, 2007, People's notified the Commissioner that it had filed for
12 bankruptcy on March 20, 2007 and wished to surrender its CRMLA license effective immediately.
13 On August 28, 2007, a letter was sent to People's outlining the license surrender procedures to
14 include filing of the audit report. To date there has been no response to this letter, and the residential
15 mortgage lender and loan servicer license of People's remains in effect.

16 6. People's has yet to file the audit report, or Report on Internal Controls as required by
17 Financial Code section 50200.

18 7. Pursuant to Financial Code section 50201, People's was required under the CRMLA
19 to maintain a tangible net worth of \$250,000.00.

20 8. On September 21, 2006, the Commissioner commenced a regulatory examination of
21 the books and records of People's. During the regulatory examination, People's was requested to
22 provide the Commissioner with a balance sheet for the period ended July 31, 2006. The balance
23 sheet provided by People's disclosed that People's had a tangible net worth deficiency of
24 \$121,845,850.02.

25 9. On December 8, 2006, People's was requested to submit un-audited financial
26 statements for the period ended October 31, 2006 to ascertain whether People's had corrected its net
27 worth deficiency. On December 21, 2007, People's submitted its un-audited financial statement for
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1 the period ended October 31, 2007, which disclosed a tangible net worth deficiency of
2 \$83,414,393.71.

3 10. People’s has yet to submit financial statements to the Commissioner that evidence
4 that People’s meets the tangible net worth requirements of Financial Code section 50201.

5 11. Failure to file an audit report and/or the Report on Internal Controls and/or maintain
6 the required tangible net worth is grounds under Financial Code section 50327 for the revocation of
7 a license issued under the CRMLA.

8 12. On October 29, 2007, the Commissioner issued a Notice of Intention to Issue Order
9 Revoking Residential Mortgage Lender and Loan Servicer License, Accusation and accompanying
10 documents against People’s based upon the above, and People’s was served with those documents
11 on October 29, 2007 via certified, return-receipt mail at its licensed location on file with the
12 California Department of Corporations. The Department has received no request for a hearing or
13 any other response from People’s.

14 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
15 mortgage lender and residential mortgage loan servicer license issued by the Commissioner to
16 People’s is hereby revoked. This order is effective as of the date hereof. Pursuant to California
17 Financial Code sections 50310 and 50311, People’s has sixty days within which to transfer its
18 existing service accounts and complete any loans for which it had commitments.

19 Dated: November 20, 2007
20 Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

21 By _____
22 Alan S. Weinger
23 Lead Corporations Counsel
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