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California Corporations Commissioner
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10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA

12 In the Matter of the Accusation of THE) File No.: 413-0487
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,)
14 Complainant,) **ORDER REVOKING RESIDENTIAL**
MORTGAGE LENDER LICENSE
15)
16 v.)
17 Pinnacle Direct Funding Corporation,)
18 Respondent.)
19 _____)

20 The California Corporations Commissioner finds:

21 1. Respondent Pinnacle Direct Funding Corporation, ("Pinnacle ") is a residential
22 mortgage lender licensed by the Commissioner pursuant to the California Residential Mortgage
23 Lending Act (California Financial Code, § 50000 *et seq.*) ("CRMLA"). Pinnacle has its principal
24 place of business located at 1500 Lee Road, Suite 200, Orlando, Florida 32810.

25 2. Pursuant to California Financial Code sections 50307 and 50401 and California Code
26 of Regulations, title 10, section 1950.314.8, Pinnacle is required to file the Report of Principal
27 Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report"), the Report on Non-
28

1 traditional, Adjustable Rate and Mortgage Loan Products (“Non-traditional Report”), and the Non-
2 traditional, Adjustable Rate and Mortgage Loan Survey (“Survey”) with the Commissioner on or
3 before March 1st of each year for the preceding twelve (12) month period ending December 31.

4 3. On or about February 1, 2008, an Activity Report form, Non-traditional Report form
5 and Survey were sent to all CRMLA licensees, including Pinnacle, with a notice stating that these
6 reports were due on or before March 1, 2008.

7 4. The Commissioner assessed a penalty of one thousand dollars (\$1,000.00), pursuant to
8 California Financial Code section 50326, for the failure to submit these reports on or about May 15,
9 2008.

10 5. Pinnacle has not submitted the Activity Report, the Non-traditional Report or the
11 Survey to the Commissioner or paid the assessed penalty as required by California Financial Code
12 sections 50307, 50326, and 50401.

13 6. Pursuant to California Financial Code section 50200, all licensees under the CRMLA
14 are required to file audited financial statements and related information (“Audit”) annually with the
15 Commissioner.

16 7. Pinnacle was required to submit these reports for its fiscal year ending December 31,
17 2007 to the Commissioner on or before April 15, 2008. Pinnacle did not file these reports.

18 8. On or about August 1, 2008, the Department assessed a penalty of one thousand
19 dollars (\$1,000.00) pursuant to California Financial Code section 50326 for failure to file these
20 reports.

21 9. Pinnacle was notified that failure to pay the fine might result revocation of Pinnacle’s
22 license pursuant to Financial Code section 50326 and 50327.

23 10. Pinnacle has yet to file these reports or pay any of the assessed penalties as required
24 by California Financial Code sections 50200, 50326, and California Code of Regulations, title 10,
25 section 1950.200.

26 11. On or about August 20, 2007, the Department received a Notice of Bond Cancellation
27 from Safeco Insurance Company of America that Pinnacle’s bond would be cancelled within thirty
28 (30) days after receipt of the notice.

1 12. Section 50205 of the California Financial Code requires all CRMLA licensees to
2 maintain a surety bond. On September 19, 2007, an Order to Discontinue Residential Mortgage
3 Lending and/or Servicing Activities Pursuant to Section 50319, California Financial Code was
4 issued.

5 13. Pinnacle has not reinstated or replaced the bond, and the order remains in effect.

6 14. On or about September 4, 2007, Pinnacle notified the Department that it intended to
7 surrender its lending license. Section 50123 of the California Financial Code requires a plan of
8 surrender to be filed the Department, with specific information provided to the Department.

9 15. On or about September 7, 2007, the Department sent a letter to Pinnacle that provided
10 instructions for the information necessary to complete surrender of Pinnacle’s license.

11 16. Pinnacle has not submitted the required information. Pursuant to section 50123 of the
12 CRMLA, a license remains in effect until it has been surrendered, suspended or revoked.

13 17. On October 17, 2008, the Commissioner issued a Notice of Intention to Issue Order
14 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against
15 Pinnacle based upon the above, and Pinnacle was served with those documents on November 17,
16 2008 via certified mail, return receipt requested, at its licensed location on file with the California
17 Department of Corporations. The Department has received no request for a hearing from Pinnacle
18 and the time to request a hearing has expired.

19 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
20 mortgage lender license issued by the Commissioner to Pinnacle Direct Funding Corporation is
21 hereby revoked. This order is effective as of the date hereof. Pursuant to California Financial Code
22 section 50311, Pinnacle Direct Funding Corporation has sixty (60) days within which to complete
23 any loans for which it had commitments.

24 DATED: December 18, 2008
25 Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

27 By _____
28 Alan S. Weinger
Lead Corporations Counsel