



1           2.       Pursuant to California Financial Code sections 50307 and 50401 and California Code  
2 of Regulations, title 10, section 1950.314.8, Pinnacle Financial is required to file an annual (1) Report  
3 of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report"), (2)  
4 Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-traditional Report"),  
5 and (3) Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey") on or before March  
6 1st of each year for the preceding 12-month period ended December 31.

7           3.       On February 1, 2008, an Activity Report form, Non-traditional Report form and  
8 Survey were sent to all CRMLA licensees with a notice that they were due on or before March 1,  
9 2008. Pinnacle Financial has not yet submitted the Activity Report, the Non-traditional Report or the  
10 Survey to the Commissioner.

11           4.       On May 15, 2008, a letter was sent to Pinnacle Financial demanding that the Activity  
12 Report and the Non-traditional Report be filed "no later than 10 days from the date of this letter," and  
13 assessing Pinnacle Financial a penalty of \$1,000.00, pursuant to California Financial Code section  
14 50326. Pinnacle Financial was notified in the letter that failure to file the Activity Report, the Non-  
15 traditional Report or pay the penalty would result in an action to either suspend or revoke its license.

16           5.       Pinnacle Financial has yet to submit the Activity Report, Non-traditional Report or  
17 pay the penalty as required by California Financial Code sections 50307, 50326, 50401 and  
18 California Code of Regulations, title 10, section 1950.314.8.

19           6.       Pursuant to California Financial Code section 50200, Pinnacle Financial was required  
20 to submit its audited financial statement for its fiscal year ended December 31, 2007 ("Audit Report")  
21 to the Commissioner on or before April 15, 2008, including a reconciliation of its trust accounts and  
22 an Independent Auditor's Report on Internal Controls ("Report on Internal Controls") pursuant to the  
23 California Code of Regulations, title 10, section 1950.200. Pinnacle Financial has not yet filed its  
24 Audit Report, trust account reconciliation, or Report on Internal Controls with the Commissioner.

25           7.       On December 17, 2007, the Department notified Pinnacle Financial in writing that its  
26 Audit Report, trust account reconciliation, and Report on Internal Controls were due on or before  
27 April 15, 2008. Pinnacle Financial was advised in the letter that failure to file these reports might  
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1 “result in fines in accordance with Financial Code section 50326, an immediate examination by the  
2 Commissioner in accordance with Financial Code section 50307, and/or revocation of the license.”

3 8. On June 4, 2008, a further letter was sent to Pinnacle Financial demanding that it file  
4 the Audit Report, trust account reconciliation, and Report on Internal Controls “within ten (10) days  
5 of the date of this letter.” Pinnacle Financial failed to submit the Audit Report, trust account  
6 reconciliation, and Report on Internal Controls or respond to the letter.

7 9. On August 1, 2008, a final letter was sent to Pinnacle Financial demanding that the  
8 Audit Report, trust account reconciliation, and Report on Internal Controls be filed “no later than 10  
9 days from the date of this letter,” and assessing Pinnacle Financial a penalty of \$1,000.00 pursuant to  
10 California Financial Code section 50326. Pinnacle Financial was notified in the letter that its failure  
11 to file the Audit Report, trust account reconciliation, Report on Internal Controls and/or pay the  
12 penalty would result in an action to either suspend or revoke its license pursuant to California  
13 Financial Code section 50327.

14 10. Pinnacle Financial has yet to file its Audit Report, trust account reconciliation, Report  
15 on Internal Controls, or pay the penalty as required by Financial Code sections 50200, 50326, and  
16 title 10, section 1950.200 of the California Code of Regulations.

17 11. California Financial Code section 50205(a) states that “[a] licensee shall maintain a  
18 surety bond in accordance with this subdivision.” Pinnacle Financial has failed to maintain its surety  
19 bond as required by that section. On January 30, 2008, the Department received a Notice of  
20 Cancellation of Pinnacle Financial’s surety bond from Westchester Fire Insurance Company. The  
21 date of cancellation stated on the Notice of Cancellation was February 26, 2008.

22 12. California Financial Code section 50319 provides in pertinent part:

23 (a) If the commissioner, as a result of any examination or from any report made to him or  
24 her, shall find that any person subject to this division.... has failed to comply with the  
25 bonding requirements of Section 50205, the commissioner may, by an order addressed to  
26 and served by registered or certified mail, or by personal service on that person...., direct  
27 discontinuance of the disbursement, in whole or in part, of trust funds held by the  
28 licensee and order the establishment of a separate trust account for all subsequent trust  
funds received by the licensee.

1 On March 3, 2008, an Order was issued pursuant to section 50319. To date, the surety bond  
2 has not been reinstated or replaced, and the order remains in effect.

3 13. Failure to file an activity report, non-traditional report, survey, audit report, trust  
4 account reconciliation, report on internal controls, maintain a surety bond, and pay assessed penalties  
5 are grounds under California Financial Code section 50327 for the revocation of a license issued  
6 under the CRMLA.

7 14. On October 9, 2008, the Commissioner issued a Notice of Intention to Issue Order  
8 Revoking Residential Mortgage Lender and Loan Servicer License, Accusation and accompanying  
9 documents against Pinnacle Financial based upon the above, and Pinnacle Financial was served with  
10 those documents on October 14, 2008 via certified mail, return receipt requested, at its licensed  
11 location on file with the California Department of Corporations. The Department has received no  
12 request for a hearing from Pinnacle Financial and the time to request a hearing has expired.

13 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential  
14 mortgage lender and loan servicer license issued by the Commissioner to Pinnacle Financial  
15 Corporation, dba Tristar Lending Group, dba Pinnacle Manufactured Funding, dba Netstar Funding,  
16 is hereby revoked. This order is effective as of the date hereof. Pursuant to California Financial  
17 Code section 50311, Pinnacle Financial Corporation, dba Tristar Lending Group, dba Pinnacle  
18 Manufactured Funding, dba Netstar Funding, has sixty (60) days within which to complete any loans  
19 for which it had commitments.

20  
21 DATED: December 22, 2008  
22 Sacramento, CA

23 PRESTON DuFAUCHARD  
24 California Corporations Commissioner

25 By \_\_\_\_\_  
26 Alan S. Weinger  
27 Lead Corporations Counsel  
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