

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 4<sup>th</sup> 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, ) ACCUSATION  
14 )  
Complainant, )  
15 )  
16 vs. )  
17 PEOPLE’S CHOICE HOME LOAN, INC., )  
18 Respondent. )  
19 )  
20 )

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

23 I

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

## II

Pursuant to Financial Code section 50200, People's was required to submit its audited financial statement for its fiscal year ended December 31, 2006 ("audit report") to the Commissioner by April 15, 2007.

People's has yet to file its audit report with the Commissioner despite numerous reminders.

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

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

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

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

## III

Pursuant to Financial Code section 50201, all licensees under the CRMLA are required to maintain a tangible net worth of \$250,000.00.

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

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On or about December 8, 2006, People’s was requested to submit un-audited financial statements for the period ended October 31, 2006 to ascertain whether People’s had corrected its net worth deficiency. On or about December 21, 2007, People’s submitted its un-audited financial statement for the period ended October 31, 2007, which disclosed a tangible net worth deficiency of \$83,414,393.71. People’s has yet to submit financial statements to the Commissioner that evidence that People’s meets the tangible net worth requirements of Financial Code section 50201.

IV

California Financial Code section 50327 provides in pertinent part:

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

V

The Commissioner finds that, by reason of the foregoing, People’s has violated Financial Code sections 50200 and 50201, and based thereon, grounds exist to revoke the residential mortgage lender and residential mortgage loan servicer license of People’s.

WHEREFORE, IT IS PRAYED that the residential mortgage lender and residential mortgage loan servicer license of People’s be revoked and that pursuant to Financial Code sections 50310 and 50311, People’s be given a transition period of sixty (60) days within which to transfer its servicing accounts and to complete any loans for which it had commitments.

Dated: October 29, 2007	PRESTON DuFAUCHARD
Los Angeles, California	California Corporations Commissioner
	By _____
	Judy L. Hartley
	Senior Corporations Counsel