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

12 THE CALIFORNIA CORPORATIONS)
13 COMMISSIONER,)

File No.: 4150062

14 Complainant,)

**ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER AND MORTGAGE
SERVICER LICENSE**

15 v.)
16)

17 PIGGYBANK HOME LOANS, d.b.a. SFG)
BANCORP.)

18 Respondent.)
19)
20)

21 The California Corporations Commissioner finds:

22 1. Respondent PIGGYBANK HOME LOANS, d.b.a. SFG BANCORP ("SFG") is a
23 residential mortgage lender and mortgage loan servicer licensed by the Commissioner pursuant to the
24 California Residential Mortgage Lending Act (California Financial Code, § 50000 *et seq.*)
25 ("CRMLA"). SFG has its principal place of business located at 4309 Hacienda Drive, Suite #350,
26 Pleasanton, CA, 94588.
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1 2. Pursuant to California Financial Code sections 50307 and 50401 and California Code
2 of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file the
3 following annual reports with the Commissioner: (1) Report of Principal Amount of Loans and
4 Aggregate Amount of Loans Serviced ("Activity Report"); (2) Report on Non-traditional, Adjustable
5 Rate and Mortgage Loan Products ("Non-traditional Report"); and (3) Non-traditional, Adjustable
6 Rate and Mortgage Loan Survey ("Survey"). The Activity Report, Non-traditional Report, and
7 Survey must be filed with the Commissioner on or before March 1st of each year for the preceding
8 twelve (12) month period ending December 31.

9 3. On or about February 1, 2008, an Activity Report form, Non-traditional Report form,
10 and Survey were sent to all CRMLA licensees, including SFG, with a notice stating that these reports
11 were due on or before March 1, 2008. The Commissioner assessed a penalty of \$1000.00 for the
12 failure to submit these reports on or about May 15, 2008.

13 4. To date, SFG has not submitted the Activity Report, the Non-traditional Report, the
14 Survey to the Commissioner, and paid the assessed penalty.

15 5. Pursuant to California Financial Code section 50200, all licensees under the CRMLA
16 are required to file audited financial statements ("Audited Report") and an Independent Auditor's
17 Report on Internal Controls ("Report on Internal Controls") with the Commissioner. SFG was
18 required to submit its Audited Report and Report of Internal Controls for its fiscal year ending
19 December 31, 2007 to the Commissioner on or before April 15, 2008.

20 6. On or about December 17, 2007, a reminder notice was issued to SFG reminding SFG
21 that these reports were due to be filed with the Commissioner on or before April 15, 2008. SFG did
22 not submit the Audited Report or Report of Internal Controls to the Commissioner, despite this
23 reminder notice.

24 7. On or about June 4, 2008, a letter was sent to SFG demanding that it file the Audit
25 Report and Report on Internal Controls "within ten (10) days of the date of this letter." SFG was
26 notified that failure to file the above reports would result in the referral of this matter to the Special
27 Administrator for administrative action that may result in a fine pursuant to Financial Code section
28 50326 and a revocation of SFG's license pursuant to Financial Code section 50326. The

1 Commissioner assessed another penalty of \$1000.00 for the failure to submit these reports on or
2 about August 1, 2008. SFG failed to submit the Audit Report and Report on Internal Controls.

3 9. To date, SFG has yet to file these reports or pay any of the assessed penalties.

4 10. Failure to file the Activity Report, Non-traditional Report, Survey, Audit Report and
5 Report on Internal Controls, and/or pay assessed penalties are grounds under California Financial
6 Code section 50327 for the revocation of a license issued under the CRMLA.

7 11. On September 24, 2008, the Commissioner issued a Notice of Intention to Issue Order
8 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against
9 SFG based upon the above, and SFG was served with those documents on October 1, 2008 via
10 certified mail, return receipt requested, at its licensed location on file with the California Department
11 of Corporations. The Department has not received a request for hearing from SFG and the time to
12 request a hearing has expired.

13 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
14 mortgage lender and mortgage servicer license issued by the Commissioner to PIGGYBANK HOME
15 LOANS d.b.a. SFG BANCORP, is hereby revoked. This order is effective as of the date hereof.
16 Pursuant to California Financial Code section 50311, PIGGYBANK HOME LOANS d.b.a. SFG
17 BANCORP, has sixty (60) days within which to complete any loans for which it had commitments.

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19 DATED: November 5, 2008
20 Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

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22
23 By _____
24 Alan S. Weinger
25 Lead Corporations Counsel
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