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BEFORE THE DEPARTMENT OF CORPORATIONS

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OF THE STATE OF CALIFORNIA

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In the Matter of the Accusation of THE
12 CALIFORNIA CORPORATIONS
COMMISSIONER,

) File No.: 413-0342
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) **ACCUSATION**
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Complainant,

15

v.

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PLATINUM CAPITAL GROUP,

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Respondent.

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

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I.

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Respondent Platinum Capital Group ("Platinum Capital") is a residential mortgage lender
24 licensed by the California Corporations Commissioner ("Commissioner") pursuant to the California
25 Residential Mortgage Lending Act (California Financial Code, § 50000 et seq.) ("CRMLA").

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Platinum Capital has its principal place of business located at 17101 Armstrong Avenue, Suite 200,
27 Irvine, California 92614.

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28**II.**

Pursuant to California Financial Code sections 50307 and 50401, all licensees under the CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report") on or before March 1st of each year for the preceding 12-month period ended December 31.

On or about January 19, 2007, an Activity Report form was sent to all CRMLA licensees with a notice that the Activity Report was due on or before March 1, 2007. Platinum Capital has yet to submit the Activity Report to the Commissioner despite the fact that the Commissioner has sent it numerous reminders.

On or about May 7, 2007, a letter was sent to Platinum Capital demanding that the Activity Report be filed no later than May 17, 2007, and assessing Platinum Capital a penalty of \$1,000.00, pursuant to California Financial Code section 50326. Platinum Capital was notified in the letter that failure to file the Activity Report and/or pay the penalty by May 17, 2007 would result in an action to either suspend or revoke its license.

On or about June 27, 2007, a further letter was sent to Platinum Capital demanding that it submit its Activity Report and pay the penalty assessed on May 7, 2007 no later than July 7, 2007 and again notifying Platinum Capital that failure to file the Activity Report and/or pay the penalty by July 7, 2007 would result in an action to either suspend or revoke its license pursuant to California Financial Code section 50327.

Platinum Capital has yet to submit the Activity Report or pay the penalty as required by California Financial Code sections 50307, 50326, and 50401.

III.

Pursuant to California Financial Code sections 50200, subdivision (a), Platinum Capital was required to submit its audited financial statement for its fiscal year ended December 31, 2006 ("Audit Report") to the Commissioner on or before April 15, 2007, including a reconciliation of its trust accounts. In addition, pursuant to the California Code of Regulations, title 10, section 1950.200, Platinum Capital was required to submit an Independent Auditor's Report on Internal Controls ("Report on Internal Controls") to the Commissioner on or before April 15, 2007. Platinum Capital

1 has yet to file its Audit Report, trust account reconciliation, or Report on Internal Controls with the
2 Commissioner despite having been sent numerous reminder letters.

3 On or about December 11, 2006, the Complainant notified Platinum Capital in writing that its
4 Audit Report, trust account reconciliation, and Report on Internal Controls were due on or before
5 April 15, 2007. Platinum Capital failed to submit the Audit Report, trust account reconciliation,
6 Report on Internal Controls by April 15, 2007.

7 On or about June 13, 2007, a further letter was sent to Platinum Capital demanding that it file
8 the Audit Report, trust account reconciliation, and Report on Internal Controls no later than June 23,
9 2007. Platinum Capital failed to submit the Audit Report, trust account reconciliation, and Report on
10 Internal Controls or respond to the letter.

11 On or about August 2, 2007, a final letter was sent to Platinum Capital demanding that the
12 Audit Report, trust account reconciliation, and Report on Internal Controls be filed no later than
13 August 12, 2007, and assessing Platinum Capital a penalty of \$1,000.00 pursuant to California
14 Financial Code section 50326. Platinum Capital was notified in the letter that its failure to file the
15 Audit Report, trust account reconciliation, Report on Internal Controls and/or pay the penalty by
16 August 12, 2007 would result in an action to either suspend or revoke its license.

17 Platinum Capital has yet to file its Audit Report, trust account reconciliation, Report on
18 Internal Controls, and pay the penalty as required by Financial Code sections 50200, subdivision (a),
19 50326, and title 10, section 1950.200 of the California Code of Regulations.

20 IV.

21 California Financial Code section 50123 requires that prior to surrendering a license, a
22 licensee must file a plan for approval by the Commissioner. The plan must contain the licensee's
23 detailed proposal for orderly closing out of the residential mortgage lending business. In addition, the
24 Commissioner must make a determination that there has been no violation of the CRMLA.

25 On or about June 7, 2007, Platinum Capital notified the Commissioner by e-mail that it
26 intended to surrender its residential mortgage lender license. On or about June 7, 2007, the
27 Commissioner sent Platinum Capital instructions concerning the manner in which it is required to
28 surrender its license under the CRMLA.

1 Platinum Capital has yet to file its plan for approval by the Commissioner pursuant to
2 California Financial Code section 50123 and it is not considered to have surrendered its residential
3 mortgage lender license for purposes of the CRMLA.

4 **V.**

5 California Financial Code section 50327 provides in pertinent part:

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

12 **VI.**

13 The Commissioner finds that, by reason of the foregoing, Platinum Capital Group has violated
14 California Financial Code sections 50200, subdivision (a), 50307, 50326, 50401 and California Code
15 of Regulations, title 10, section 1950.200 and based thereon, grounds exist to revoke Platinum
16 Capital Group's residential mortgage lender license.

17 WHEREFORE, IT IS PRAYED that the residential mortgage lender license of Platinum
18 Capital Group be revoked and pursuant to California Financial Code section 50311, Platinum Capital
19 Group be given a transition period of sixty (60) days within which to complete any loans for which it
20 had commitments.

21 DATED: September 7, 2007
22 Los Angeles, CA

23 PRESTON DuFAUCHARD
24 California Corporations Commissioner

25 By _____
26 Blaine A. Noblett
27 Corporations Counsel
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