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11 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
12 OF THE STATE OF CALIFORNIA  
13

14 In the Matter of:	)	CFL LICENSE NO.: 603L617
	)	
15 THE COMMISSIONER OF BUSINESS	)	CITATION PURSUANT TO FINANCIAL
16 OVERSIGHT,	)	CODE SECTION 22707.5
	)	
17 Complainant,	)	
18 v.	)	
	)	
19 REALTY FINANCE OPERATING	)	
20 PARTNERSHIP, L.P.,	)	
	)	
21 Respondent.	)	
	)	

22  
23 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), finds the  
24 following:

25 **I.**  
26 **FACTUAL BACKGROUND**

27 1. Realty Finance Operating Partnership, L.P., is a Delaware limited partnership,  
28 with a principal place of business at 405 Park Avenue, 15th Floor, New York, New York 10022.

1           2.       Realty Finance is licensed as a finance lender under the California Finance  
2 Lenders Law (CFLL) with license number 603K850 (Realty Finance).

3           3.       In accordance with Financial Code section 22159, CFLL licensees must file an  
4 annual report with the Commissioner by March 15th of each year (Annual Report).

5           4.       On January 24, 2017, the Commissioner notified CFLL licensees of the March  
6 15th deadline to file their annual reports by sending notice to the email address each CFLL  
7 licensee established pursuant to the Commissioner's Order on Electronic Communications, dated  
8 November 22, 2013.

9           5.       As of March 22, 2017, Realty Finance had not filed its Annual Report with the  
10 Commissioner. As a result, the Commissioner issued a notice letter to Realty Finance on March  
11 22, 2017, advising Realty Finance that it should file its annual report by before April 11, 2017 or  
12 else its license would be summarily revoked pursuant to Financial Code section 22715 (Notice  
13 Letter).

14          6.       As of April 11, 2017, Realty Finance had still not filed its Annual Report with the  
15 Commissioner. As a result, on April 19, 2017, the Commissioner issued an order pursuant to  
16 Financial Code section 22715 immediately revoking the CFLL license of Realty Finance  
17 (Revocation Order).

18          7.       On April 24, 2017, Realty Finance notified the Commissioner that it did not  
19 receive the Commissioner's Notice Letter until April 21, 2017, due to a recent change of address.

20          8.       Realty Finance had failed to notify the Commissioner of its change of address in  
21 accordance with Financial Code section 22153.

22          9.       In addition, Realty Finance had failed to check, on a daily basis, the email address  
23 it established pursuant to the Commissioner's Order on Electronic Communications, dated  
24 November 22, 2013, as prescribed by the order.

25          10.       In connection with this proceeding, Realty Finance represented to the  
26 Commissioner that it has not taken any actions requiring CFLL licensure from April 19, 2017 to  
27 the date of this order.

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1 11. On May 1, 2017, Realty Finance updated its address of record under its CFLL  
2 license.

3 12. On May 1, 2017, Realty Finance submitted its Annual Report, which was due on  
4 March 15, 2017.

5 13. In reliance upon these facts, on May 3, 2017, the Commissioner issued an order  
6 rescinding the earlier Revocation Order, which had been issued on April 19, 2017.

7 Consequently, as of May 3, 2017, Realty Finance's licensure under the CFLL was restored.

8 **II.**

9 **CITATION**

10 5. Financial Code section 22707.5, subdivision (a), provides in relevant part:

11 (a) If, upon inspection, examination, or investigation, the  
12 commissioner has cause to believe that a licensee or other person is  
13 violating any provision of this division or any rule or order  
14 thereunder, the commissioner or his or her designee, may issue a  
15 citation to the licensee or person in writing, describing with  
16 particularity the basis of the citation . . . In addition, each citation  
17 may assess an administrative fine not to exceed two thousand five  
18 hundred dollars (\$2,500) . . . .

17 Based on the foregoing, Realty Finance failed to file an annual report with the Commissioner  
18 by March 15, 2017 in violation of Financial Code section 22159. The Commissioner hereby assesses  
19 Realty Finance an administrative fine of \$2,500.00 pursuant to Financial Code section 22707.5,  
20 subdivision (a). Realty Finance is hereby ordered to pay the Commissioner an administrative fine of  
21 \$2,500.00 for the above citation within 30 days from the date of this citation.

22 Based on the foregoing, Realty Finance failed to provide the Commissioner at least 10 days  
23 notice of a change of address in violation of Financial Code section 22153. The Commissioner  
24 hereby assesses Realty Finance an administrative fine of \$500.00 pursuant to Financial Code section  
25 22707.5, subdivision (a). Realty Finance is hereby ordered to pay the Commissioner an  
26 administrative fine of \$500.00 for the above citation within 30 days from the date of this citation.

27 Based on the foregoing, Realty Finance failed to maintain its books, accounts and records in  
28 accordance with good business practice in violation of section 1426 of Title 10 of the California Code

1 of Regulations. The Commissioner hereby assesses Realty Finance an administrative fine of  
2 \$2,500.00 pursuant to Financial Code section 22707.5, subdivision (a). Realty Finance is hereby  
3 ordered to pay the Commissioner an administrative fine of \$2,500.00 for the above citation within 30  
4 days from the date of this citation.

5 Realty Finance shall pay these fines with a cashier’s check made payable to the Department of  
6 Business Oversight for the amount of \$5,500.00 and shall submit that check to the following address  
7 within thirty (30) days from the date of this citation: ATTN: Accounting – Litigation, Department of  
8 Business Oversight, 1515 K Street, Suite 200, Sacramento, California 95814. Notice of the payment  
9 shall be sent to: Adam Wright, Senior Counsel, Department of Business Oversight, 320 W. 4th  
10 Street, Suite 750, Los Angeles, California 90013.

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Dated: May 3, 2017  
Sacramento, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By: \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division