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7
8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10	In the Matter of the Accusation of THE)	OAH NO: 2008110401
	CALIFORNIA CORPORATIONS)	
11	COMMISSIONER,)	File No.: 413-0175
)	
12	Complainant,)	
)	SECOND AMENDED ACCUSATION IN
13)	SUPPORT OF REVOCATION OF
	v.)	CALIFORNIA RESIDENTIAL MORTGAGE
14)	LENDER AND RESIDENTIAL MORTGAGE
)	LOAN SERVICER LICENSES
15	UNITED CALIFORNIA SYSTEMS)	
	INTERNATIONAL, INC. doing business as)	
16	UNITED INTERNATIONAL MORTGAGE &)	
	INVESTMENT CO.,)	
17)	
	Respondent.)	
18)	

19
20 The Complainant, California Corporations Commissioner ("Commissioner"), is informed and
21 believes, and based upon such information and belief, alleges and charges Respondent as follows:

22 I.

23 Respondent United California Systems International, Inc. doing business as United
24 International Mortgage & Investment Co. ("United International") is a residential mortgage lender
25 and residential mortgage loan servicer licensed by the California Department of Corporations
26 ("Department") pursuant to the California Residential Mortgage Lending Act ("CRMLA")
27 (California Financial Code sections 50000 *et seq.*). United International has its principal place of
28 business located at 2049 Century Park East, Suite 2550, Los Angeles, CA 90067.

1 Respondent was issued a license under the CRMLA on February 18, 1998. Under the
2 CRMLA, all licensees must comply with Financial Code section 50307 and section 1950.314.8 of
3 Title 10 of the California Code of Regulations, which require licensees to annually file a Report of
4 Principal Amount of Loans and Aggregate Amount of Loans Serviced for the preceding 12-month
5 period ended December 31 ("Activity Report") on or before March 1st of each year.

6 On or about January 25, 1999, an Activity Report form was sent to all CRMLA licensees with
7 a notice that the Activity Report was due on or before March 1, 1999. Respondent failed to submit its
8 first Activity Report to the Commissioner by the March 1st due date. On April 1, 1999, the
9 Commissioner sent a follow-up letter to Respondent demanding that the report be filed no later than
10 April 12, 1999 and assessing a penalty pursuant to Financial Code section 50326.

11 On June 8, 1999, little more than a year after Respondent first received its CRMLA license,
12 the Department was compelled to file a Notice of Intention to Issue Order Revoking Residential
13 Mortgage Lender and Servicer License Pursuant to California Financial Code Section 50326 and
14 50327.

15 The application that Respondent filed with the Department for a CRMLA license stipulated at
16 "Exhibit M" that by signing the attached Execution Page, Respondent attested under penalty of
17 perjury that, among other things:

18
19 15. Hereby attests that the applicant has acted with due care and competence in
20 performing any act for which it is required to hold a license under the California
21 Residential Mortgage Lending Act.

22 16. Hereby attests that the applicant will comply with all applicable requirements
23 of California and federal law. . . when servicing residential mortgage loans.

24 On the Execution page, Respondent further agreed:

25 ...[In the event of any change of officers, directors, or any persons named in this application,
26 that a verified amendment to the application reflecting such change shall within fifteen
27 business days from the date of the change, be filed with the Commissioner of Corporations
28 setting forth the change, effective date of the change, the names of the persons involved in the
change, and a statement of the qualifications of each successor person.

Despite the Respondent's sworn acknowledgment of the CRMLA licensing requirements,

1 Respondent has continually violated of that law during its entire tenure of licensure. In addition to
2 the 1999 enforcement action, which was subsequently dismissed due to Respondent's ultimate
3 compliance, Respondent in 2001, 2002, and 2008 failed to timely pay its annual assessment in
4 violation of Financial Code section 50401.
5

6 Respondent has failed to maintain its surety bond, which resulted in cancellation of its Great
7 American Insurance Company bond in 2002. And, due to Respondent's failure to pay the costs
8 incurred as a result of its May 2006 regulatory examination, the Department was forced to file a
9 claim a claim against Resondent's bond on January 18, 2007. Additional and ongoing violations to
10 timely report under the provisions of the CRMLA further resulted in the imposition of section 50326
11 penalties on 9/19/03, 3/15/04, and 5/14/04.
12

13 II.

14 On February 26, 2008, United International was notified of a scheduled regulatory
15 examination to take place during April 2008. In preparation for the examination, United International
16 was required to electronically file application/loan and servicing reports with the Department by
17 March 7, 2008. United International failed to file these reports in violation of Financial Code
18 sections 50302 and 50314(b).

19 On June 5, 2008, one of the Commissioner's corporations examiners went to United
20 International's licensed location of record. The examiner discovered that United International had
21 relocated its business operations without providing prior notification to the Department in violation of
22 Financial Code section 50306. When the Commissioner's examiner subsequently attempted to visit
23 the licensee's new location, United Financial denied the examiner access and failed to provide the
24 requested reports and examination documentation in violation of sections 50302 and 50314(b).

25 III.

26 Financial Code section 50317 prohibits any person who within the past 10 years has been
27 convicted of, or pleaded nolo contendere to, or within the past seven years has been held liable in any
28 civil action by final judgment or any administrative judgment by any public agency for, any of the

1 violations set forth in subdivision (b) of that section from holding the position of an officer, director,
2 partner, shareholder controlling 10% or more of ownership interest, trustee, or employee of a
3 CRMLA licensee. Subdivision (b) violations include any criminal convictions, or pleas of nolo
4 contendere to, offenses involving robbery, burglary, theft, embezzlement, fraud, fraudulent
5 conversion or misappropriation of property, forgery, or receiving stolen property.

6 The Department received information that on September 17, 2007, Sandra Kay McBeth
7 (“McBeth”) pleaded nolo contendere to a charge of unlawful taking of vehicle in violation of Vehicle
8 Code section 10851. At the time of entry of the plea, McBeth was the president and primary
9 stockholder of United International.

10 On June 9, 2008, the Department sent a letter to United International informing them that
11 McBeth, due to her violation, was prohibited from serving as an officer, director, partner, shareholder
12 controlling 10% or more of ownership interest, trustee, or employee of United International. The
13 letter also informed United International that it was in violation of section 50317 for any period
14 during which McBeth held a prohibited position with the licensee. The Department further requested
15 confirmation that McBeth had been removed from all positions and relinquished control of ownership
16 interest of 10% or more.

17 On June 24, 2008, the licensee provided the Department copies of minutes from a June 18,
18 2008 special meeting of the board of directors of United International. The minutes reflected that
19 McBeth resigned as president and relinquished control of ownership interest of 10% or more in
20 United International. The minutes further stated that Dori Sanford (“Sanford”) had been appointed
21 vice president in charge of United International’s daily affairs. The minutes were signed by Bill
22 Shack (“Shack”) and Timothy Woods (“Woods”), both of whom were identified as directors of
23 United International.

24 On or about June 10, 2008, a meeting took place between the licensee and the Department.
25 An individual attending the meeting provided the Department with a business card identifying
26 himself as “Rod Wellington, Esq.” (“Wellington). Wellington’s business card represented that he
27 was the “Chief Operating Officer” of “United International Mortgage Bank.”

28 On or about February 24, 2009, the Department received information that Wellington had

1 been denied reinstatement to the practice of law by the Illinois Attorney Registration and Disciplinary
2 Commission on January 4, 2006. Wellington's suspension was due to neglect, misrepresentation,
3 failure to communicate with clients, failure to refund fees, and practicing law without being
4 registered with the Illinois Attorney Registration and Disciplinary Commission. The Illinois
5 Supreme Court's judgment denying reinstatement was issued within seven years of Wellington's
6 ostensible service as of an officer of United International. Accordingly, United International is in
7 violation of section 50317 for any period during which Wellington held a prohibited position or
8 controlled ownership interest of 10% or more of the licensee.

9 Further, the Department has discovered that on December 12, 2002, McBeth was convicted in
10 Los Angeles of theft of property in violation of Penal Code section 484(a). On January 29, 2004,
11 McBeth was convicted of petty theft with a prior jail term in violation of Penal Code section 666.
12 Thus, in addition to failing to inform the Department of the fact that Sanford, Shack, Woods, and/or
13 Wellington were all serving as officers of the licensee, United International failed to disclose
14 McBeth's 2002 and 2004 criminal convictions in its initial application or as part of a post-license
15 amendment as required by Financial Code section 50124(a)(6).

16 IV.

17 Pursuant to Financial Code section 50307 and section 1950.314.8 of Title 10 of the California
18 Code of Regulations, all licensees under the CRMLA are required to annually file a Report of
19 Principal Amount of Loans and Aggregate Amount of Loans Serviced for the preceding 12-month
20 period ended December 31 ("Activity Report") on or before March 1st of each year.

21 On or about February 1, 2008, an Activity Report form was sent to all CRMLA licensees with
22 a notice that the Activity Report was due on or before March 1, 2008. United International failed to
23 submit its 2007 Activity Report to the Commissioner. On May 15, 2008, the Commissioner assessed
24 a penalty pursuant to Financial Code section 50326 against United International for failing to file the
25 2007 Activity Report.

26 Additionally, the licensee's 2008 Activity Report was due on or before March 1, 2009.
27 United International has yet to submit its 2008 Activity Report to the Commissioner and is subject to
28 assessment of a penalty pursuant to Financial Code section 50326. To date, United International has

1 still not paid the penalty for failure to file its 2007 Activity Report. Moreover, United International
2 has failed to pay its annual assessments to the Department for the prior two fiscal years, in violation
3 of Financial Code section 50401.

4 V.

5 United International failed to file its annual audit report required for the fiscal year ended
6 December 31, 2007, which was due on or before April 15, 2008. The Commissioner sent a filing
7 reminder to United Financial on December 17, 2007, as well as a follow-up notice on June 4, 2008.
8 Both notices advised that failure to file the report may result in the assessment of penalties and/or
9 administrative enforcement action. United International has yet to file its annual audit report for its
10 fiscal year ended December 31, 2007, as required by Financial Code section 50200.

11 Further, United International has failed to file its annual audit report required for the fiscal
12 year ended December 31, 2008, which was due on or before April 15, 2009, as required by Financial
13 Code section 50200.

14 VI.

15 Financial Code section 50327 provides in pertinent part:

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

22 Based upon the foregoing information, had the facts and conditions found therein existed at
23 the time of United International's original residential mortgage lender and residential mortgage loan
24 servicer license applications, the Commissioner would have been warranted in refusing to issue such
25 licenses. Further, the facts and conditions set forth herein present sufficient grounds for the revocation
26 of the residential mortgage lender and residential mortgage loan servicer licenses of United
27 International pursuant to Financial Code section 50327.

28 VII.

Financial Code section 50311 provides in pertinent part:

1 Nothing in this law shall preclude a person whose license has been suspended or
2 revoked, summarily or otherwise, from making a residential mortgage loan pursuant to
3 a commitment issued by that person prior to the suspension or revocation. A
4 prospective borrower who received a commitment issued by a person whose license
has been suspended or revoked may, prior to the closing of the loan, terminate the
commitment or receive a refund of all money paid to that person.

5 VIII.

6 The Commissioner finds that, by reason of the foregoing, United International Mortgage &
7 Investment Co. has violated California Financial Code sections 50124(a)(6), 50200, 50302, 50306,
8 50314(b), 50307, 50317, 50401 and section 1950.314.8of Title 10 of the California Code of
9 Regulations, and based thereon grounds exist to revoke its residential mortgage lender and residential
10 mortgage loan servicer licenses.

11 Further, it cannot be overlooked that in addition to the recent violations alleged herein which
12 form the basis of the immediate enforcement action, Respondent has a compliance record with the
13 Department that is replete with ongoing and serious regulatory violations. Respondent's history of
14 regulatory noncompliance evidences a systematic failure to competently comply with the CRMLA,
15 which ultimately poses grave risk to the consumers who rely upon the Department to protect them
16 from financial harm.

17 WHEREFORE, IT IS PRAYED that the residential mortgage lender and residential mortgage
18 loan servicer licenses of United California Systems International, Inc. doing business as United
19 International Mortgage & Investment Co. be revoked and, pursuant to Financial Code section 50311,

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1 United California Systems International, Inc. doing business as United International Mortgage &
2 Investment Co. be given a transition period of sixty (60) days within which to complete any loans for
3 which it had prior commitments.

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DATED: August 18, 2009
Los Angeles, CA

PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
Miranda L. Maison
Senior Corporations Counsel