

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MIRANDA L. MAISON (SBN 210082)
4 Senior Corporations Counsel
1515 K Street, Suite 200
5 Sacramento, California 95814
6 Telephone: (916) 322-8730
Fax: (916) 445-6985

7
8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA

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

) File No.: 413-0175
) OAH No.: 2008110401

14 Complainant,

) **SETTLEMENT AGREEMENT**

15 v.

16 UNITED CALIFORNIA SYSTEMS
17 INTERNATIONAL, INC doing business as
18 UNITED INTERNATIONAL MORTGAGE &
INVESTMENT CO.

19 Respondent.

20 This Settlement Agreement is entered into between United California Systems International,
21 Inc. doing business as United International Mortgage & Investment Co. ("United International"), and
22 the California Corporations Commissioner ("Commissioner") (together, the "Parties"), and is made
23 with respect to the following facts.

24
25 **RECITALS**

26
27 A. Respondent United International is a residential mortgage lender and residential
28 mortgage loan servicer licensed by the California Department of Corporations ("Department")

1 pursuant to the California Residential Mortgage Lending Act (“CRMLA”) (California Financial Code
2 sections 50000 *et seq.*). United International has its principal place of business located at 2049
3 Century Park East, Suite 2550, Los Angeles, CA 90067.

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

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

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

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

26 F. On June 24, 2008, the licensee provided the Department copies of minutes from a June 18,
27 2008 special meeting of the board of directors of United International. The minutes reflected that
28 McBeth resigned as president and relinquished control of ownership interest of 10% or more in

1 United International. The minutes further stated that Dori Sanford (“Sanford”) had been appointed
2 vice president in charge of United International’s daily affairs. The minutes were signed by Bill
3 Shack (“Shack”) and Timothy Woods (“Woods”), both of whom were identified as directors of
4 United International.

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

9 H. On or about February 24, 2009, the Department received information that Wellington had
10 been denied reinstatement to the practice of law by the Illinois Attorney Registration and Disciplinary
11 Commission on January 4, 2006. Wellington’s suspension was due to neglect, misrepresentation,
12 failure to communicate with clients, failure to refund fees, and practicing law without being
13 registered with the Illinois Attorney Registration and Disciplinary Commission. The Illinois
14 Supreme Court’s judgment denying reinstatement was issued within seven years of Wellington’s
15 ostensible service as of an officer of United International. Accordingly, United International is in
16 violation of section 50317 for any period during which Wellington held a prohibited position or
17 controlled ownership interest of 10% or more of the licensee.

18 I. On or about February 1, 2008, an Activity Report form was sent to all CRMLA licensees with
19 a notice that the 2007 Activity Report was due on or before March 1, 2008. United International
20 failed to timely submit its 2007 Activity Report to the Commissioner. On May 15, 2008, the
21 Commissioner assessed a penalty of \$1000 pursuant to Financial Code section 50326 against United
22 International for failing to file the 2007 Activity Report. This penalty remains unpaid.

23 J. United International also failed to timely submit its 2008 Activity Report to the
24 Commissioner and is subject to assessment of a penalty pursuant to Financial Code section 50326.

25 K. United International did not timely pay its annual assessment to the Department for the 2008-
26 2009 fiscal year; and the assessment for the 2009-2010 year remains due and outstanding in violation
27 of Financial Code section 50401.

28 L. United International failed to timely file its annual audit report required for the fiscal year

1 ended December 31, 2007, which was due on or before April 15, 2008, as required by Financial Code
2 section 50200. Further, United International failed to timely file its annual audit report required for
3 the fiscal year ended December 31, 2008, which was due on or before April 15, 2009, as required by
4 Financial Code section 50200.

5 M. On October 21, 2008, the Commissioner issued to United International a Notice of Intention
6 to Issue Order Revoking Residential Mortgage Lender and Servicer Licenses; Accusation and
7 accompanying documents (collectively, the "Notice"). Copies of the Notice are attached and
8 incorporated herein as "Exhibit 1". The Notice was amended on April 23, 2009 and August 18, 2009.

9 N. United International timely issued an administrative hearing request, and a hearing was
10 commenced at the Los Angeles Office of Administrative Hearings on August 17, 2009. On the
11 second day of hearing, the Administrative Law Judge issued an order continuing the matter to
12 December 2, 2009

13 O. It is the intention of the Parties to resolve this matter without the necessity of an
14 administrative hearing or any other litigation.

15 NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set
16 forth herein, the Parties agree as follows:

17 **TERMS AND CONDITIONS**

18 1. This Agreement is entered into for the purpose of judicial economy and expediency,
19 and United International agrees to these terms without admitting or denying the allegations herein.

20 2. United International acknowledges its right to a hearing under the CRMLA in
21 connection with the Commissioner's Notice referenced herein, and it hereby waives the right to any
22 appeal, or other right to review, if any, which may be afforded pursuant to the CRMLA, the
23 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
24 provision of law, and by waiving such rights, it consents to the Agreement as final.

25 3. Each party represents, warrants, and agrees that it has received or been advised to seek
26 independent legal advice from an attorney with respect to the advisability of executing this
27 Agreement.
28

1 4. United International hereby agrees to the immediate issuance by the Commissioner of
2 an order suspending United International's residential mortgage lender and residential mortgage
3 servicer license for a period of 60 calendar days ("Suspension Order"). The 60-day suspension shall
4 be in effect from December 2, 2009 through February 1, 2010, during which period United
5 International shall not accept any new business, but shall be permitted to continue to service any
6 outstanding loan. For purposes of this Settlement Agreement, "outstanding loan" shall mean a loan
7 contained in United International's existing servicing portfolio as of December 1, 2009.

8 5. As full and final resolution of the Notice, United International agrees to pay to the
9 Commissioner the sum of \$13,000.00. The penalty shall be paid in two installments. The first
10 installment of \$6,500.00 shall be due on January 4, 2010. The second installment of \$6,500.00 shall
11 be due on February 4, 2010. Each payment shall be sent by certified mail to the Commissioner's
12 Enforcement Counsel Miranda Maison at 1515 K Street, Suite 200, Sacramento, CA 95814.

14 6. United International further agrees to an automatic revocation of its residential
15 mortgage lender and residential mortgage servicer license if any installment payment agreed to in
16 Paragraph 5 is not timely paid, or United International fails to strictly comply with the terms of this
17 agreement, as more specifically set forth in Exhibit 3 attached herein.

19 7. United International acknowledges and agrees that the revocation provided for above
20 in paragraph 6 shall not be the exclusive remedy available to the Commissioner in pursuing future
21 violations but may be sought and employed in addition to any other remedy available pursuant to the
22 CRMLA.

23 10. The Commissioner reserves the right to bring any future actions against United
24 International or any of its current and former officers, directors, employees, agents, affiliates, or
25 successors for any and all future violations of the CRMLA. This Agreement shall not serve to
26 exculpate United International or any of its current and former officers, directors, employees, agents,
27 affiliates, or successors for any and all future violations of the CRMLA.

28 11. The Parties hereby acknowledge and agree that this Agreement is intended to

1 constitute a full, final and complete resolution of the Commissioner's Notice referenced above in
2 paragraph M. The Parties further acknowledge and agree that nothing contained in this Agreement
3 shall operate to limit the Commissioner's ability to assist any other agencies with any administrative,
4 civil or criminal prosecution brought by any such agency against United International based upon any
5 of the activities alleged in this matter or otherwise. This Agreement shall not become effective until
6 signed by United International and delivered by all Parties. Each of the Parties represents, warrants,
7 and agrees that in executing this Agreement it has relied solely on the statements set forth herein and
8 has placed no reliance on any statement, representation, or promise of any other party, or any other
9 person or entity not expressly set forth herein, or upon the failure of any party or any other person or
10 entity to make any statement, representation or disclosure of anything whatsoever. The Parties have
11 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to
12 execute this Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret,
13 supplement, or contradict the terms of this Agreement.

14 12. This Agreement, including the attached Exhibits, is the final written expression and
15 the complete and exclusive statement of all the Agreements, conditions, promises, representations,
16 and covenants between the Parties with respect to the subject matter hereof, and supersedes all prior
17 or contemporaneous Agreements, negotiations, representations, understandings, and discussions
18 between and among the Parties, their respective representatives, and any other person or entity.

19 13. In that the Parties have had the opportunity to draft, review and edit the language of
20 this Agreement, no presumption for or against any party arising out of drafting all or any part of this
21 Agreement will be applied in any action relating to, connected, to, or involving this Agreement.
22 Accordingly, the Parties waive the benefit of California Civil Code section 1654 and any successor or
23 amended statute, providing that in cases of uncertainty, language of a contract should be interpreted
24 most strongly against the party who caused the uncertainty to exist.

25 14. The Commissioner shall file this Agreement with the Office of Administrative
26 Hearings five (5) business days after execution by all Parties.
27
28

1 15. This Agreement may be executed in any number of counterparts by the Parties and when
2 each party has signed and delivered at least one such counterpart to the other party, each counterpart
3 shall be deemed an original and taken together shall constitute one and the same Agreement.

4 16. No amendment, change or modification of this Agreement shall be valid or binding to
5 any extent unless it is in writing and signed by all of the Parties affected by it.

6 17. The headings to the paragraphs of this Agreement are inserted for convenience only and
7 will not be deemed a part hereof or affect the construction or interpretation of the provisions hereof.
8 This Agreement shall be construed and enforced in accordance with and governed by California law.

9 18. Each party covenants that they possess all necessary capacity
10 and authority to sign and enter into this Agreement. Each party warrants and represents that such party
11 is fully entitled and duly authorized to enter into and deliver this Agreement. In particular, and without
12 limiting the generality of the foregoing, each party warrants and represents that it is fully entitled to
13 enter into the covenants, and undertake the obligations set forth herein.

14 19. United International acknowledges that this Agreement is a public record.

15 20. The Parties each represent and acknowledge that it is executing this Agreement
16 completely voluntarily and without any duress or undue influence of any kind from any source.

17 21. Notice shall be provided to each party at the following addresses:

18 If to Respondent to:

19 Errol B. Gordon, Esq.
20 1200 Wilshire Blvd., Ste. 508
21 Los Angeles, CA 90017

22 If to the Commissioner to:

23 Miranda L. Maison, Esq.
24 Department of Corporations
25 1515 K Street, Ste. 200
26 Sacramento, CA 95814

27 22. Each signator hereto covenants that he/she possesses all necessary capacity and
28 authority to sign and enter into this Settlement Agreement.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement on the dates set forth opposite their respective signatures.

Dated: December 2, 2009 PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division

UNITED CALIFORNIA SYSTEMS INTERNATIONAL, INC. DBA
UNITED INTERNATIONAL MORTGAGE & INVESTMENT CO.

Dated: 12/2/09 By _____
Errol B. Gordon, Esq.
Attorney for Respondent