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

12 In the Matter of	)	FILE NO: 603-8908
13 THE CALIFORNIA CORPORATIONS	)	
14 COMMISSIONER,	)	
15 Complainant,	)	<b>ACCUSATION IN SUPPORT OF</b>
16 v.	)	<b>REVOCATION OF CALIFORNIA</b>
17 VALUE HOME LOAN, INC. d.b.a. MBS	)	<b>FINANCE LENDER LICENSE</b>
18 SECURITIES,	)	
19 Respondent.	)	
20 _____	)	

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

23 **I.**

24 Respondent Value Home Loan, Inc. d.b.a. MBS Securities (“MBS” or “Respondent”) is a  
25 finance lender licensed by the California Corporations Commissioner (“Commissioner”) pursuant to  
26 the California Finance Lenders Law of the State of California (California Financial Code §22000 *et*  
27 *seq.*) (“CFLL”). MBS is a California corporation who currently holds a license issued under the  
28 CFLL for the location at 5959 Topanga Canyon, #201, Woodland Hills, CA, 91367.

**II.**

Pursuant to California Financial Code section 22159 and California Code of Regulations, title 10, section 1436(b), all licensees under the CFLL are required to file an Addendum Report entitled “CFLL Report On Non-Traditional, Adjustable Rate And Mortgage Loan Products” (“Addendum”). The Addendum must be filed with the Commissioner on or before March 15th of each year for the preceding twelve (12) month period ending December 31.

On or about July 10, 2008, the Department issued notice to MBS clearly stating the following: (1) the Addendum was due on or before March 15, 2008; (2) California Financial Code section 22715 provides the Commissioner with the authority to summarily revoke the license of those licensees who fail to file this report within ten (10) days after notice by the Commissioner that the Addendum is due and has not been filed; (3) the notice dated July 10, 2008 was notice that the Addendum must be received by the Commissioner by July 20, 2008; and (4) Failure to file the Addendum may result in revocation of the license. To date, Respondent has not submitted the Addendum to the Commissioner.

California Finance Code section 22714(a)(2) permits a revocation where the licensee has violated any provision of the CFLL. The failure to submit the Addendum by MBS is a violation of California Finance Code section 22159 and California Code of Regulations, title 10, section 1436(b). As such, the failure to submit the Addendum by MBS is grounds to revoke Respondents license under section 22714(a)(2) for violating California Finance Code section 22159 and California Code of Regulations, title 10, section 1436(b).

**III.**

On or about October 10, 2007, the Commissioner issued a permit under Corporations Code section 25113 to MBS to offer and sell securities in the form of interests in promissory notes secured by deeds of trust (“Permit”). The Permit expires on or about October 10, 2008.

On or about September 22, 2008, the Department of Corporations (“Department”) issued to MBS, a Notice of Intention to Enter an Order Revoking Permit Issued Under Section 25113 of the Financial Code, and an Order Summarily Suspending Permit Issued Under Section 25113 (hereinafter referred to as “Administrative Actions”).

1 The Commissioner issued these Administrative Actions against MBS because the  
2 Commissioner found that summarily suspending the Permit and initiate proceedings to revoke the  
3 Permit was in the public interest and that Respondent’s plan of business and issuance of securities is  
4 no longer fair, just and equitable because Respondent’s publications made regarding investments,  
5 offering circulars, and subscription agreements to California investors contain material  
6 misrepresentations about the investment(s) issued by Respondent. Additionally, the Commissioner  
7 found that Respondent was not conducting business as disclosed or represented, and that the  
8 securities proposed to be issued or the method to be used in issuing them would tend to work a fraud  
9 upon the purchaser thereof.

10 Specifically the Commissioner determined that MBS was violating the terms of the Permit  
11 including, but not limited to, the following:

- 12 a. Failing to disclose that Respondent was no longer making monthly interest  
13 payments in contradiction with oral or written representations made to  
14 California investors;
- 15 b. Failing to disclose that Respondent was experiencing financial difficulties in  
16 contradiction with oral or written representations made to California investors  
17 and in Respondent’s offering circular;
- 18 c. Failing to return principle investment money California investors gave to  
19 Respondent in contradiction with marketing materials and the terms of  
20 Respondent’s offering circular and subscription agreements which required  
21 Respondent to return principle investment money at the end of the investment  
22 term along with any undistributed interest payments; and
- 23 d. Failing to make monthly interest payments to California investors in  
24 accordance with and required by the terms of Respondent’s offering circular  
25 and subscription agreements made with California investors.

26 The above stated acts engaged in by MBS are grounds to revoke Respondent’s license under  
27 section 22714(a)(3) of the CFLL.  
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**IV.**

California Financial Code section 22150 provides:

The commissioner may make general rules and regulations and specific rulings, demands, and findings for the enforcement of this division, in addition to, and within the general purposes of, this division.

California Financial Code section 22159 provides:

(a) Each licensee shall file an annual report with the commissioner, on or before the 15th day of March, giving the relevant information that the commissioner reasonably requires concerning the business and operations conducted by the licensee within the state during the preceding calendar year for each licensed place of business. The individual annual reports filed pursuant to this section shall be made available to the public for inspection except, upon request in the annual report to the commissioner, the balance sheet contained in the annual report of a sole proprietor or any other nonpublicly traded persons. "Nonpublicly traded person" for purposes of this section means persons with securities owned by 35 or fewer individuals. The report shall be made under oath and in the form prescribed by the commissioner.

(b) A licensee shall make other special reports that may be required by the commissioner.

California Financial Code section 22714 provides in pertinent part:

(a) The commissioner shall suspend or revoke any license, upon notice and reasonable opportunity to be heard, if the commissioner finds any of the following:

(1) The licensee has failed to comply with any demand, ruling or requirement of the commissioner made pursuant to and within the authority of this division.

(2) The licensee has violated any provision of this division or any rule or regulation made by the commissioner under and within the authority of this division.

(3) A fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

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The above stated acts engaged in by MBS are grounds to revoke Respondent’s license pursuant to California Financial Code section 22714.

V.

Complainant finds that, by reason of the foregoing, fact or condition exists that, if it had existed at the time of the original application for the license, reasonably would have warranted the Commissioner in refusing to issue the license originally and Respondent Value Home Loan, Inc. d.b.a. MBS Securities has violated Section 22159 of the Financial Code and California Code of Regulations, title 10, section 1436(b) based thereon, sufficient grounds exist to revoke the finance lender license of Respondent Value Home Loan, Inc. d.b.a. MBS Securities.

WHEREFORE, IT IS PRAYED that the finance lender license of Respondent Value Home Loan, Inc. d.b.a. MBS Securities be revoked.

Dated: October 3, 2008  
Sacramento, California

California Corporations Commissioner

By \_\_\_\_\_  
Marisa I. Urteaga-Watkins  
Corporations Counsel