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9  
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	)	<b>ACCUSATION IN SUPPORT OF:</b>
14 COMMISSIONER,	)	
15 Complainant,	)	
16 v.	)	
17 NEIL D. GITNICK, dba, VALUE HOME	)	REVOKING THE FINANCE LENDERS
18 LOAN, INC.	)	LICENSE OF NEIL D. GITNICK, dba VALUE
19 Respondents.	)	HOME LOAN, INC. PURSUANT TO
	)	FINANCIAL CODE SECTION 22714; AND
	)	BARRING NEIL D. GITNICK FROM ANY
	)	POSITION OF EMPLOYMENT,
	)	MANAGEMENT OR CONTROL OF ANY
	)	FINANCE LENDER PURSUANT TO
	)	FINANCIAL CODE SECTION 22169

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

23 This Accusation is submitted in support of the Commissioner’s Notice of Intent to Revoke  
24 the California Finance Lenders Law license of Respondent NEIL D. GITNICK, dba, VALUE  
25 HOME LOAN, INC. (“Value Home” or “Respondent”) pursuant to California Financial Code  
26 section 22714, and Notice of Intention to Bar Respondent Neil D. Gitnick from any position of  
27 employment, management or control of any finance lender pursuant to California Financial Code  
28 section 22169. The California Commissioner of Corporations has continuous authority to exercise

1 the powers pursuant to the California Finance Lenders Law of the State of California (California  
2 Financial Code §22000 *et seq.*) (“CFL”) and make general rules and regulations and specific rulings,  
3 demands, and findings for the enforcement of those laws.

4 **I.**

5 Respondent is a finance lender licensed by the California Corporations Commissioner  
6 (“Commissioner”) pursuant to the CFL. Value Home is a California corporation who currently holds  
7 license no. 603-8908 issued under the CFL for the location at 6301 Owensmouth, Suite 240,  
8 Woodland Hills, California, 91367. Neil D. Gitnick is the president or chief operating officer of  
9 Value Home.

10 **II.**

11 **FAILURE TO FILE NOTICE**  
12 **OF CRIMINAL ACTION**  
13 **WITH THE COMMISSIONER**

14 Pursuant to California Code of Regulations, title 10, section 1411, all finance lenders must  
15 immediately report in writing to the Commissioner any criminal action filed against them, their  
16 directors, officers, or management personnel.

17 At all times relevant, Neil D. Gitnick is named as chief operating officer of Value Home in  
18 Department filings. In or about 2008, Neil D. Gitnick was charged with acts in violation of  
19 California Penal Code section 242(d) in Los Angeles County, California. Specifically, the Los  
20 Angeles District Attorney filed charges against Neil D. Gitnick for battery with serious bodily injury  
21 in 2008. Respondent did not report this criminal charge to the Commissioner. To date, a report has  
22 not been filed with the Commissioner regarding this filed criminal charge.

23 Further, on or about August 10, 2010, the District Attorney of Alameda County, California  
24 filed charges against Value Home Loan for criminal acts in violation of California Penal Code  
25 section 487(a). Specifically, the Alameda District Attorney filed charges against Value Home for  
26 grand theft of personal property. Respondent did not report this filed criminal charge to the  
27 Commissioner. The Commissioner issued a demand requesting a report of this action from  
28 Respondent on August 1, 2010 and again on November 1, 2010. To date, a report has not been filed  
with the Commissioner regarding this filed criminal charge against Respondent.

1 California Financial Code section 22714(a)(2) permits a revocation where the licensee has  
2 violated any provision of, or rule or regulation under, the CFL. The failure to report a criminal action  
3 filed against Respondent is a violation of California Code of Regulations, title 10, section 1411. As  
4 such, Respondents’ failure to report the filed criminal actions is grounds to revoke Respondents’  
5 license under section 22714(a)(2).

6 **III.**  
7 **FAILURE TO FILE STATEMENT**  
8 **OF IDENTITY QUESTIONNAIRE**  
9 **WITH THE COMMISSIONER**

10 Pursuant to California Code of Regulations, title 10, section 1409, all finance lenders shall, at  
11 all times, maintain on file with the Commissioner a current list of officers, otherwise known as a  
12 Statement of Identity Questionnaire (“Questionnaire”). At all times relevant, Respondent failed to  
13 disclose an individual known as “Kevin Dean” as the chief operating officer of Respondent.

14 From at least 2008 to present, Respondent represented to others that Kevin Dean was Chief  
15 Operating Officer of Respondent. At all times relevant, Kevin Dean represented to consumers that he  
16 was the chief operating officer of Respondent. Kevin Dean actively performed duties and engaged  
17 in activities commensurate with this position. Respondent did not file a Questionnaire disclosing  
18 Kevin Dean as chief operating officer. To date, a Questionnaire has not been filed with the  
19 Commissioner disclosing Kevin Dean as chief operating officer of Respondent.

20 California Financial Code section 22714(a)(2) permits a revocation where the licensee has  
21 violated any provision of, or rule or regulation under, the CFL. The failure file a Questionnaire with  
22 the Commissioner is a violation of California Code of Regulations, title 10, section 1409. As such,  
23 Respondents’ failure to file a Questionnaire with the Commissioner is grounds to revoke  
24 Respondents license under section 22714(a)(2).

25 **IV.**  
26 **MAKING FALSE ENTRIES, MAKING UNTRUE**  
27 **STATEMENT(S) TO THE COMMISSIONER, AND**  
28 **DENIAL OF ACCESS**

Pursuant to California Financial Code section 22170(a), it is unlawful for any person to  
knowingly alter, destroy, mutilate, conceal, cover up, falsify, or make a false entry in any record,

1 document, or tangible object with the intent to impede, obstruct, or influence administration or  
2 enforcement of any provision of this division. Also, pursuant to California Financial Code section  
3 22170(b), it is unlawful for any person to knowingly make an untrue statement to the Commissioner  
4 during the course of licensing, investigation, or examination with the intent to impede, obstruct, or  
5 influence administration or enforcement. Finally, pursuant to California Financial Code section  
6 22701, a licensee may not deny access of papers, records, and files to the Commissioner.

7 In 2009, the Commissioner imposed a self audit/examination upon Respondents prompted by  
8 a complaint regarding the failure to disclose compounding interest collected. On or about October 7,  
9 2009, the Commissioner received a letter from Respondent with an attached schedule stating  
10 Respondent reviewed loans “subsequent June 2006” and interest overcharged was  
11 “credited/adjusted/refunded” (“Respondents’ Schedule”). Respondents’ Schedule identified  
12 approximately 133 loans. Also, Respondents’ Schedule made no mention of loans made to  
13 Consumer J<sup>1</sup> and Consumer R<sup>2</sup> after 2006.

14 Contrary to Respondents’ Schedule and based on a loan list Respondent provided to the  
15 Department’s Examiner during the 2010 Regulatory Examination<sup>3</sup>, Respondent made approximately  
16 302 loans from 2007 to 2010 (276 of the 302 loans were made in 2007-2008). The loan list also  
17 made no mention of loans made to Consumer J and Consumer R after 2006. Thus, Respondent  
18 knowingly failed to disclose all loans.

19 Moreover, Respondents’ Schedule knowingly and falsely stated to the Commissioner an  
20 “adjustment credit” was issued in the amount of \$1,218.47 for a loan made to Consumer K<sup>4</sup>.

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24 <sup>1</sup> Name to remain anonymous in the interest of privacy to third party.

25 <sup>2</sup> Name to remain anonymous in the interest of privacy to third party.

26 <sup>3</sup> On or about August 18, 2010, an onsite regulatory examination was conducted by the Commissioner at Respondents’  
27 place of business located at 6301 Owensmouth Avenue, Suite 240 Woodland Hills, California 91367 (“Regulatory  
28 Examination”). The Regulatory Examination was conducted by a Corporations Examiner (“Department’s Examiner”).  
Neil D. Gitnick and Kevin Dean were present at all relevant times at the Regulatory Examination. Neil D. Gitnick and  
Kevin Dean refused to answer any inquiries made by the Department’s Examiner. Neil D. Gitnick requested all questions  
be presented in writing. All questions were presented in writing to Respondent and were never answered. Respondents  
never submitted requested documentation or supporting documentation regarding violations herein set forth. All despite  
numerous opportunities provided to Respondents to do so from August 2010.

<sup>4</sup> Name to remain anonymous in the interest of privacy to third party.

1 Respondents' Schedule stated the adjustment date as "10/2/2009". However, Consumer K account  
2 summaries September 3, 2009 and October 3, 2009 obtained from Respondent during the 2010  
3 Regulatory Examination, dated did not disclose an adjustment.

4 Respondents knew of the discrepancies and false representation stated herein. The  
5 Department's Examiner requested an explanation for the discrepancy between Respondents'  
6 Schedule and the loan list provided. The Department's Examiner requested an explanation of why  
7 loans were not included on Respondents' Schedule provided. The Department's Examiner further  
8 requested supporting documents showing Consumer K was credited or refunded the interest  
9 overcharge. Respondents refused to answer any questions or provide requested documentation,  
10 thereby intending to impede and obstruct the Commissioners' investigation or enforcement of the  
11 CFL. Respondents, in refusing to answer any questions or provide requested records or files denied  
12 access to the Commissioner in violation of California Financial Code section 22701. To this date,  
13 Respondent has not provided any explanation or the documents requested, thereby obstructing the  
14 administration or enforcement of the CFL.

15 California Financial Code section 22714(a)(2) permits a revocation where the licensee has  
16 violated any provision of, or rule or regulation under, the CFL. Making an untrue statement to the  
17 Commissioner, altering, destroying, concealing, falsifying, or making a false entry in any record or  
18 document during the course of an investigation or examination with the intent to impede, obstruct of  
19 influence enforcement is a violation of California Financial Code section 22170. Also, Respondents  
20 refusal to answer any questions or provide requested records or files denied access to the  
21 Commissioner in violation of California Financial Code section 22701. As such, the foregoing is  
22 grounds to revoke Respondents license under section 22714(a)(2).

23 **V.**  
24 **FAILURE TO CONSIDER**  
25 **THE ABILITY OF BORROWER**  
26 **TO REPAY LOAN**

27 Pursuant to California Code of Regulations, title 10, section 1452, a finance company must,  
28 when making loans, take into consideration in determining the size and duration thereof, the ability  
of a borrower to repay the same, to the end that a borrower should be reasonably able to repay the

1 loans in the time and manner provided in loan agreements.

2 In or about 2007, Respondents made a California mortgage loan to Consumer J.  
3 Respondents did not execute a credit inquiry on Consumer Js’ credit history during the loan process  
4 or otherwise. Respondents did not make inquiries to Consumer J as to whether Consumer J could  
5 repay the loan on the terms presented. Respondents did not make inquiries as to the stability of  
6 Consumer Js’ employment.

7 Respondents represented to Consumer J that the payment for the loan would be  
8 approximately \$750.00 per month. However, when the loan was finally completed, monthly  
9 payments ended up being almost double that amount leaving Consumer J to struggle to meet each  
10 months payment at the time of making the loan. Respondents did not advise Consumer J of the  
11 change in the amount of monthly loan payments at the time of making the loan. Nor did Respondents  
12 discern or inquire whether Consumer J was able to make the almost double monthly payment.

13 During a 2010 Regulatory Examination, it was discovered that Consumer Js’ loan file did not  
14 contain supporting financial documents evidencing that Value Home took into consideration the  
15 ability of the borrower to repay the loan made. These documents did not include credit reports,  
16 questionnaires regarding assets and ability to pay, or other such financial documents. Respondents  
17 refused to answer inquiries regarding the lack of documentation and refused to submit  
18 documentation to correct this deficiency.

19 Consumer J was unable to make the high monthly payments. Had Respondents taken into  
20 consideration in determining the size and duration of the loan, and the ability of Consumer J to repay  
21 the loan, to the end that Consumer J should be reasonably able to repay the loan in the time and  
22 manner provided in loan contracts this would have been easily discovered.<sup>5</sup>

23 California Financial Code section 22714(a)(2) permits a revocation where the licensee has  
24 violated any provision of or rule or regulation under the CFL. The failure to take into consideration  
25 the ability of the borrower to repay the loan made, to the end that the borrower should be reasonably  
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27 <sup>5</sup> In March 2007, Respondents sold the Consumer Js’ first mortgage to Bayview Financial. The terms of that sale  
28 required that the mortgage be current. Respondents even withdrew available credit from Consumer J’s home equity line  
of credit without approval or notice to keep the first mortgage current long enough to complete the sale of the loan to  
Bayview. This further proves Consumer J could not afford the mortgage in the first place as Consumer J could not make

1 able to repay the loan in the time and manner provided in loan contracts, is a violation of California  
2 Code of Regulations, title 10, section 1452. As such, Respondents’ failure to take into consideration  
3 the ability of the borrower to repay the loan made is grounds to revoke Respondents license under  
4 section 22714(a)(2).

5 **VI.**  
6 **MAKING FALSE OR MISLEADING**  
7 **STATEMENTS REGARDING THE**  
8 **TERMS OR CONDITIONS OF A LOAN**  
9 **TO CONSUMERS**

10 Pursuant to California Financial Code section 22161(a), no person shall make a materially  
11 false or misleading statement or representation to a borrower about the terms or conditions of that  
12 borrowers’ loan, when making or brokering the loan. Also, pursuant to California Financial Code  
13 section 22161(b), no person shall advertise, print, display, publish, distribute, or broadcast, or cause  
14 or permit to be advertised, printed, displayed, published, distributed, or broadcast in any manner, any  
15 statement or representation with regard to the business subject to the provisions of this division,  
16 including the rates, terms, or conditions for making or negotiating loans, that is false, misleading, or  
17 deceptive, or that omits material information that is necessary to make the statements not false,  
18 misleading, or deceptive.

19 **Consumer K:**

20 Respondents falsely represented to a borrower that their property was not in foreclosure and  
21 still viable to be saved from foreclosure.

22 In June 2007, Consumer K secured a second mortgage of \$75,000.00 from Respondent  
23 (“Second Mortgage”) for their home located in Los Angeles, California (“Property”). Consumer K  
24 never received monthly statements from Respondents and Consumer K would have to call  
25 Respondent on a monthly basis to find out, among other things, how much was owed, as well as the  
26 current status of the Second Mortgage. The Second Mortgage was an adjustable mortgage.  
27 Therefore, the amount due and paid varied from month to month. In or about September 2009,  
28 Consumer K began having financial hardship and fell behind on the Second Mortgage. In or about

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payments or keep the mortgage current without using funds from a non credit source to make monthly payments.

1 November 2009, Consumer K conferred with Respondent while Respondent was brokering the loan  
2 in an effort to coordinate a payment plan on the Second Mortgage. Respondent misrepresented to  
3 Consumer K, while brokering the loan that the loan was still viable and the Property was not in  
4 foreclosure.

5 In or about January 2010, Consumer K paid Respondent \$2,600.00 to bring the Second  
6 Mortgage current in addition to resuming monthly payments. Consumer K entered into contractual  
7 agreements with Respondent during this time regarding payments and the occupancy of the home<sup>6</sup>.

8 Meanwhile, unbeknownst to Consumer K, Respondent, sometime *prior* to November 2009  
9 and prior to when Respondent conferred with Consumer K with regard to payment accommodations,  
10 Respondent foreclosed on the Property. On November 9, 2009, Respondent obtained title to the  
11 Property. Consumer K was not given notice of the foreclosure<sup>7</sup>. *After* the Property was foreclosed  
12 on, Respondent represented to Consumer K that the home loan was still viable and thus not in  
13 foreclosure. Also, Respondent represented to Consumer K that if Consumer K made payments as  
14 requested after twelve (12) months, the loan would be reinstated and thus, there would be no issue  
15 with the Property. However, unknown to Consumer K, Respondent transferred title of the Property  
16 to an entity named “Digestive Disease Research Foundation” in February, 2010. Respondent  
17 transferred the Property after making the foregoing representations to Consumer K and accepting  
18 Consumer Ks’ payments.

19 The foreclosure of the Property is material to this matter as the Property and the viability of  
20 the Property is the sole purpose for Consumer K to engage in any transaction with Respondent. Had  
21 Consumer K known that Respondent was going to and did foreclose on the Property, Consumer K

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26 <sup>6</sup> In or about December 2009, an escrow balance on the first mortgage serviced by American Home Mortgage  
27 Servicing, Inc. (“First Mortgage”) became due, which increased the monthly payments on the First Mortgage by  
28 approximately \$890.00 per month. When considering the increase in payment per month, Consumer K requested loan  
modification consideration regarding the First Mortgage. Consumer K completed the loan modification documents and  
the loan modification is currently under review.

<sup>7</sup> However, American Home Mortgage Servicing, Inc. continues to hold its position as the primary lender of the  
Property and Consumer K continues to make payments on their First Mortgage.



1 would not have engaged in any transactions with Respondent. Respondent knew or should have  
2 known that the Property had been foreclosed on at all relevant times and while accepting payments  
3 from Consumer K. Respondents falsely represented to Consumer K that it was attempting to bring  
4 the loan current, thereby misleading Consumer K. Respondents concealed and failed to disclose  
5 they were working to foreclose on the Property, thereby falsely misleading Consumer K.

6 **Consumer J:**

7 Respondent falsely represented to a borrower that funds originating from a charge on the  
8 borrowers loan account was a refund of fees. Respondents also failed to disclose a debit on a loan  
9 account.

10 Consumer J entered into two (2) loan transactions with Respondent. The first loan was the  
11 senior loan for approximately \$146,475.00 at 11.64%. Consumer J signed an Adjustable Rate Note  
12 to enter into this loan transaction with Respondents (“First Home Loan”). At the same time,  
13 Consumer J and Respondent entered into a Home Equity Credit Line Revolving Loan Agreement  
14 (“Second Home Loan”) for \$25,000.00 at approximately 11%, in or about January 26, 2007. The  
15 First Home Loan was sold to Bayview Financial in or about 2007. During the sale of the First Home  
16 Loan, Bayview raised questions regarding both the First Home Loan and the Second Home Loan.  
17 Bayview expressed concern regarding excessive fees charged and collected by Respondent. In an  
18 effort to address this concern and to complete the sale of the loan to Bayview, Respondent  
19 represented to Bayview they refunded \$3259.39 to Consumer J. Consumer J received a letter dated  
20 April 5, 2007 and a check for \$3259.39 while Respondent was making and/or brokering the loan. In  
21 this letter, Respondent represented that the amount financed reflected an overpayment of \$3259.39,  
22 and thus this payment was a refund.

23 However, at the same time this letter was issued, the account activity for the Second Home  
24 Loan disclosed a \$3259.39 charge made by Respondent, on April 5, 2007, the same date and amount  
25 of the refund check supposedly from the First Home Loan. Respondents had charged Consumer Js’  
26 own loan account to get the money for the refund, never refunding any actual incurred fees.

27 Respondents, while brokering the First Home Loan and Second Home Loan, falsely  
28 represented to Consumer J that a charge on his Second Home Loan account was a refund.

1 Respondents materially misled Consumer J into believing this check for \$3259.39 was a refund.  
2 Furthermore, Respondents misled Consumer J into believing this refund check was, in fact, a  
3 refund and thus would not place him further in debt in cashing or spending it. Moreover,  
4 Respondents failed to disclose the charge or debit on Consumer Js' Second Home Loan account,  
5 thereby misleading Consumer J as to the condition of both the First Home Loan and the Second  
6 Home Loan.

7 The Department's Examiner requested supporting documentation and explanations from  
8 Respondent regarding the representations. To this date, Respondent has not provided any  
9 explanation or the documents requested to the Commissioner.

10 California Financial Code section 22714(a)(2) permits a revocation where the licensee has  
11 violated any provision of the CFL. It is a violation of California Financial Code section 22161 when  
12 one makes a materially false representation about the terms or conditions of a loan. As such, the  
13 foregoing is grounds to revoke Respondents license under section 22714(a)(2).

14 **VII.**  
15 **FAILURE TO DISCLOSE LOAN**  
16 **TERMS AND ISSUE LOAN STATEMENTS**  
17 **TO CONSUMERS**

18 Pursuant to California Financial Code section 22337(a), a finance lender must provide a  
19 statement showing in clear and distinct terms the name, address, and license number of the finance  
20 lender and the broker, if any. Also, California Financial Code section 22337(f) requires each finance  
21 lender to deliver or cause to be delivered to the potential borrower, or anyone thereof, at the time the  
22 licensee first requires or accepts any signed instrument or the payment of any fee, a statement  
23 showing in clear and distinct terms the name, address, and license number of the finance lender and  
24 the broker, if any.

25 As previously stated herein, Consumer K secured a Second Mortgage in or about June 2007.  
26 At this, or any relevant time thereafter, Consumer K did not receive a statement from Respondent  
27 showing in clear and distinct terms the name, address, and license number of the finance lender and  
28 the broker, if any. Consumer K received an informal document that only had Respondents' address,  
telephone and list of broker and lender fees (\$7,500.00 each). The statement did not have a lender

1 license number or broker name noted on it.

2 Further, California Financial Code section 22337(b) requires that each finance lender obtain,  
3 from the borrower, a signed statement as to whether any person has performed any act as a broker in  
4 connection with the making of the loan. Consumer K did not and has not provided such a statement.  
5 Consumer K was not asked to provide such a statement by Respondents. The 2010 Regulatory  
6 Examination did not yield any statement in compliance with this Financial Code section.

7 Finally, California Financial Code section 22337(d) requires that a finance lender provide a  
8 receipt at the time of payment on any account of any loan to any person requesting such receipt. The  
9 receipt must be a plain and complete receipt showing the total amount received. The receipt must  
10 also identify the loan contract upon which the payment is applied.

11 Consumer K requested receipts on many occasions when making payments on the Second  
12 Mortgage from June 2007 to present. Consumer K did not receive the requested receipts. Consumer  
13 K would contact Respondent to request such receipts. Respondent would transfer her to a woman in  
14 Respondents' accounting department. The person on behalf of Respondent would only acknowledge  
15 the receipt of payments verbally, but never mailed Consumer K written receipts as repeatedly  
16 requested. Moreover, Consumer K did not receive any statements or monthly accounting reports  
17 with regards to the Second Mortgage, despite repeated requests. Each month, Consumer K would  
18 have to contact Respondent and request the payment amount by phone for the month to make a  
19 payment.

20 The 2010 Regulatory Examination did not yield any findings of statements in compliance  
21 with this Financial Code section. To date, Respondents have failed to answer any questions or  
22 provide any information in furtherance of the 2010 Regulatory Examination to the Commissioner.

23 California Financial Code section 22714(a)(2) permits a revocation where the licensee has  
24 violated any provision of the CFL. The foregoing establishes that Respondent violated California  
25 Financial Code sections 22337(a), 22337(b), 22337(d), and 22337(f) and thus is grounds to revoke  
26 Respondents license under section 22714(a)(2).

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**VIII.  
BAR FROM EMPLOYMENT**

Pursuant to California Financial Code section 22169(a)(1), the Commissioner may bar from any position of employment, management, or control any finance lender, broker, or any other person, if the Commissioner finds that the bar is in the public interest and that the person has committed or caused a violation of the CFL or the rules and regulations promulgated pursuant to the CFL., which violation was either known or should have been known by the person committing or causing it or has caused material damage to the finance lender, or to the public.

Neil D. Gitnick committed or caused the foregoing violations of the CFL. Neil D. Gitnick knew or should have known that committing such violations caused material damage to Respondent or to the public. As such, it is in the public interest that Neil D. Gitnick be barred from any position of employment, management, or control. Therefore, the foregoing are grounds to bar Neil D. Gitnick from any position of employment, management, or control of any finance lender or broker pursuant to California Financial Code section 22169(a)(1).

**IX.  
STATUTORY AUTHORITY**

California Code of Regulations, title 10, section 1409 provides in pertinent part:

A finance company shall at all times maintain on file with the Commissioner a current list of officers, directors, and partners in the case of a partnership, and other persons named in the application. Changes in partnerships are limited to the conditions set forth in Section 22151(b) of the Law. In the event of any change, other than transfers between branch offices, in the officers, directors, or partners, or other persons named in the application, a finance company shall file with the Commissioner an amendment to the application containing the same information in relation to such new person(s) as is required in the application, within thirty days from the date of the change.

California Code of Regulations, title 10, section 1411 provides in pertinent part:

A finance company shall immediately report in writing to the commissioner any criminal action filed against such company or its directors, officers or management personnel.

California Code of Regulations, title 10, section 1452 provides:

1 When making or negotiating loans, a finance company shall take into  
2 consideration, in determining the size and duration thereof, the  
3 financial ability of the borrowers to repay the same, to the end that the  
4 borrowers should be reasonably to repay said loans in the time and  
5 manner provided in the loan contracts.

6 California Financial Code section 22161 provides:

7 (a) No person shall make a materially false or misleading  
8 statement or representation to a borrower about the terms or  
9 conditions of that borrower's loan, when making or brokering the  
10 loan.

11 (b) No person shall advertise, print, display, publish,  
12 distribute, or broadcast, or cause or permit to be advertised,  
13 printed, displayed, published, distributed, or broadcast in any  
14 manner, any statement or representation with regard to the business  
15 subject to the provisions of this division, including the rates,  
16 terms, or conditions for making or negotiating loans, that is false,  
17 misleading, or deceptive, or that omits material information that is  
18 necessary to make the statements not false, misleading, or deceptive,  
19 or in the case of a licensee, that refers to the supervision of the  
20 business by the state or any department or official of the state.

21 Financial Code section 22169, provides in pertinent part:

22 (a) The commissioner may, after appropriate notice and opportunity  
23 for hearing, by order, censure or suspend for a period not exceeding 12  
24 months, or bar from any position of employment, management, or  
25 control any finance lender, broker, or any other person, if the  
26 commissioner finds either of the following:

27 (1) That the censure, suspension, or bar is in the public interest  
28 and that the person has committed or caused a violation of this division  
or rule or order of the commissioner, which violation was either  
known or should have been known by the person committing or  
causing it or has caused material damage to the finance lender, or to  
the public.

(2) That the person has been convicted of or pleaded nolo  
contendere to any crime, or has been held liable in any civil action by  
final judgment, or any administrative judgment by any public agency,  
if that crime or civil or administrative judgment involved any offense  
involving dishonesty, fraud, or deceit, or any other offense reasonably  
related to the qualifications, function, or duties of a person engaged in  
the business in accordance with the provisions of this division....

(c) Upon receipt of a notice of intention to issue an order pursuant to  
this section, the person who is the subject of the proposed order is  
immediately prohibited from engaging in any activities subject to  
licensure under the law.

1 (d) Persons suspended or barred under this section are prohibited from  
2 participating in any business activity of a finance lender and from  
3 engaging in any business activity on the premises where a finance  
lender is conducting business.”

4 California Financial Code section 22170(a) and (b) provide:

5 (a) It is unlawful for any person to knowingly alter, destroy, mutilate,  
6 conceal, cover up, falsify, or make a false entry in any record,  
7 document, or tangible object with the intent to impede, obstruct, or  
8 influence the administration or enforcement of any provision of this  
division.

9 (b) It is unlawful for any person to knowingly make an untrue  
10 statement to the commissioner or the Nationwide Mortgage Licensing  
11 System and Registry during the course of licensing, investigation, or  
examination, with the intent to impede, obstruct, or influence the  
administration or enforcement of any provision of this division.

12 California Financial Code section 22337 provides in pertinent part:

13 Each licensed finance lender shall:

14 (a) Deliver or cause to be delivered to the borrower, or any one  
15 thereof, at the time the loan is made, a statement showing in clear  
16 and distinct terms the name, address, and license number of the  
17 finance lender and the broker, if any. The statement shall show the  
18 date, amount, and maturity of the loan contract, how and when  
19 repayable, the nature of the security for the loan, if any, and the  
agreed rate of charge or the annual percentage rate pursuant to  
Regulation Z promulgated by the Board of Governors of the Federal  
Reserve System (12 C.F.R. 226).

20 (b) Obtain from the borrower a signed statement as to whether any  
21 person has performed any act as a broker in connection with the  
22 making of the loan. If the statement discloses that a broker or other  
23 person has participated, then the finance lender shall obtain a full  
24 statement of all sums paid or payable to the broker or other person.  
The finance lender shall keep these statements for a period of three  
years from and after the date the loan has been paid in full, or has  
matured according to its terms, or has been charged off.

25 (d) Deliver or cause to be delivered to the person making any cash  
26 payment, or to the person who requests a receipt at the time of  
27 making any payment, at the time payment is made on account of any  
loan, a plain and complete receipt showing the total amount received  
and identifying the loan contract upon which the payment is applied.

28 (f) Deliver or cause to be delivered to the potential borrower, or  
any one thereof, at the time the licensee first requires or accepts  
any signed instrument or the payment of any fee, a statement showing

1 in clear and distinct terms the name, address, and license number of  
2 the finance lender and the broker, if any.

3 California Financial Code section 22701 provides:

4 For the purpose of discovering violations of this division or securing  
5 information required by him or her in the administration and  
6 enforcement of this division, the commissioner may at any time  
7 investigate the loans and business, and examine the books, accounts,  
8 records, and files used in the business, of every person engaged in the  
9 business of a finance lender or broker, whether the person acts or  
10 claims to act as principal or agent, or under or without the authority of  
11 this division. For the purpose of examination, the commissioner and  
12 his or her representatives shall have free access to the offices and  
13 places of business, books, accounts, papers, records, files, safes, and  
14 vaults of all these persons.

11 California Financial Code section 22714 provides in pertinent part:

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

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

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

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

21 **X.**  
22 **CONCLUSION**

23 Complainant finds that each and every above stated act by Respondent Neil D. Gitnick, dba,  
24 Value Home Loan, Inc. is a violation of the CFL or the rules and regulations promulgated pursuant  
25 to the CFL. Based thereon, sufficient grounds exist to revoke the finance lender license of  
26 Respondent Neil D. Gitnick, dba, Value Home Loan, Inc. pursuant to California Financial Code  
27 section 22714(a)(1) and (2).

28 Complainant also finds that, by reason of the foregoing, facts or conditions exists that, if it

1 had existed at the time of the original application for the license, would have reasonably warranted  
2 the Commissioner in refusing to issue the license to Respondent Neil D. Gitnick, dba, Value Home  
3 Loan, Inc. originally. Based thereon, sufficient grounds exist to revoke the finance lender license of  
4 Respondent Value Home Loan, Inc. pursuant to California Financial Code section 22714(a)(3).

5 Complainant finally finds that, by reason of the foregoing acts and omissions, grounds exist  
6 to bar Neil D. Gitnick from any employment, management or control of any California finance  
7 lender or broker under Financial Code section 22169(a)(1). Complainant finds it is in the public  
8 interest to bar Neil D. Gitnick from such employment, in that, Neil D. Gitnick has committed or  
9 caused the foregoing violation of the CFL or the rules and regulations promulgated pursuant to the  
10 CFL. Complainant finds that Neil D. Gitnick knew or should have known that committing or causing  
11 such violations would cause material damage to the finance lender or to the public.

12 WHEREFORE, IT IS PRAYED that the finance lender license of Respondent Neil D.  
13 Gitnick, dba, Value Home Loan, Inc. be revoked and that Neil D. Gitnick be barred from any  
14 position of employment, management or control of any California finance lender.

15  
16 Dated: March 17, 2011  
17 Sacramento, California

California Corporations Commissioner

18  
19  
20 By \_\_\_\_\_

21 Marisa I. Urteaga-Watkins  
22 Corporations Counsel