

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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Acting Deputy Commissioner
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9 Attorneys for Complainant

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

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14 In the Matter of)
15 THE CALIFORNIA CORPORATIONS) FILE NO. 309-3035
16 COMMISSIONER,)
17 Complainant,) **ACCUSATION**
18 v.)
19 VALUE HOME LOAN, INC. d.b.a. MBS)
20 SECURITIES,)
21 Respondent.)
22)

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24 Preston DuFauchard, the California Corporations Commissioner ("Commissioner") of the
25 Department of Corporations ("Department") alleges and charges as follows:

26 1. Value Home Loan, Inc. d.b.a. MBS Securities ("MBS" or "Respondent") is a California
27 corporation located at 5959 Topanga Canyon, #201, Woodland Hills, CA, 91367.
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1 2. On October 10, 2007, the Commissioner issued a permit under Corporations Code section
2 25113 to MBS to offer and sell securities in the form of interests in promissory notes secured by
3 deeds of trust (“Permit”). The Permit expires on or about October 10, 2008.

4 3. In or about September 2008, the Department determined that Respondent was violating the
5 terms of the Permit including, but not limited to, the following:

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

20 4. Corporations Code section 25140(a)(1) provides, in pertinent part, as follows:

21 The commissioner . . . may suspend or revoke any permit issued under
22 Section 25113 or 25122 if he or she finds (A) that the order is in the
23 public interest and (B) that the proposed plan of business of the issuer
24 or the proposed issuance or sale of securities is not fair, just, or
25 equitable, or that the issuer does not intend to transact its business
26 fairly and honestly, or that the securities proposed to be issued or the
27 method to be used in issuing them will tend to work a fraud upon the
28 purchaser thereof.

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5. Corporations Code section 25143(a) provides, in pertinent part, as follows:

The commissioner may by order summarily postpone or suspend the effectiveness of any qualification pending final determination of any proceeding under this chapter. Upon the entry of the order, the commissioner shall promptly notify each person specified in subdivision (b) of this section that is has been entered and of the reasons therefore and that upon receipt of a written request the matter will be set down for hearing to commence within 15 business days after such receipt unless the applicant consents to a later date. If no hearing is requested and none is ordered by the commissioner, the order will remain in effect until it is modified or vacated by the commissioner. If a hearing is requested or ordered, the commissioner, after notice and hearing in accordance with subdivision (b) of this section, may modify or vacate the order or extend it until final determination.

6. The Commissioner finds that summarily suspending the Permit issued to Respondent is in the public interest and that Respondent’s plan of business and issuance of securities is no longer fair, just and equitable because Respondent’s publications made regarding investments, offering circulars, and subscription agreements to California investors contain material misrepresentations about the investment(s) issued by Respondent, Respondent is not conducting business as disclosed or represented, and that the securities proposed to be issued or the method to be used in issuing them will tend to work a fraud upon the purchaser thereof.

7. The Commissioner finds that revoking the permit issued to Respondent is in the public interest and that Respondent’s plan of business and issuance of securities is no longer fair, just and equitable because Respondent’s publications made regarding investments, offering circulars, and subscription agreements with California investors contain material misrepresentations about the investment(s) issued by Respondent, Respondent is not conducting business as disclosed or

1 represented, and that the securities proposed to be issued or the method to be used in issuing them
2 will tend to work a fraud upon the purchaser thereof.

3 WHEREFORE, that the permit issued under Corporations Code section 25113 to Value
4 Home Loan, Inc. d.b.a. MBS Securities is summarily suspended as of this date.

5 WHEREFORE, IT IS PRAYED that the permit issued under Corporations Code section
6 25113 to Value Home Loan, Inc. d.b.a. MBS Securities be revoked.

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8 Dated: September 18, 2008
9 Sacramento, California

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PRESTON DuFAUCHARD
California Corporations Commissioner

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By _____
Marisa I. Urteaga-Watkins
Corporations Counsel
Enforcement Division

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