

1 PRESTON DUFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Acting Deputy Commissioner  
3 BRENT LINDGREN (BAR NO. 170360)  
Senior Corporations Counsel  
4 1515 K Street, Suite 200  
Sacramento, California 95814  
5 Telephone: (916) 322-8778 Fax: (916) 445-6985

6 Attorneys for Complainant

7

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

10

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

) File No.: 413-0833

13 Complainant,

) **ACCUSATION**

14 v.

15 VERIDIAN FINANCIAL, INC.,

16 Respondent.  
17  
18  
19

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

**I**

Respondent Veridian Financial, Inc. ("Veridian Financial") is a residential mortgage lender  
and loan servicer licensed by the California Corporations Commissioner ("Commissioner") pursuant  
to the California Residential Mortgage Lending Act (California Financial Code, § 50000 et seq.)  
("CRMLA"). Veridian Financial has its principal place of business located at 340 N. Westlake  
Boulevard, Suite 118, Westlake Village, California 91362.

28

**II**

Pursuant to California Financial Code sections 50307 and 50401 and California Code of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file an annual (1) Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report"), (2) Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-traditional Report"), and (3) Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey") on or before March 1st of each year for the preceding 12-month period ended December 31.

On or about February 1, 2008, an Activity Report form, Non-traditional Report form and Survey were sent to all CRMLA licensees with a notice that they were due on or before March 1, 2008. Veridian Financial has not yet submitted the Activity Report, the Non-traditional Report or the Survey to the Commissioner.

On or about May 15, 2008, a letter was sent to Veridian Financial demanding that the Activity Report and the Non-traditional Report be filed "no later than 10 days from the date of this letter," and assessing Veridian Financial a penalty of \$1,000.00, pursuant to California Financial Code section 50326. Veridian Financial was notified in the letter that failure to file the Activity Report, the Non-traditional Report or pay the penalty would result in an action to suspend or revoke its license.

Veridian Financial has yet to submit the Activity Report, Non-traditional Report or pay the penalty as required by California Financial Code sections 50307, 50326, 50401 and California Code of Regulations, title 10, section 1950.314.8.

**III**

Pursuant to California Financial Code sections 50200, Veridian Financial was required to submit its audited financial statement for its fiscal year ended December 31, 2007 ("Audit Report") to the Commissioner on or before April 15, 2008, including a reconciliation of its trust accounts and an Independent Auditor's Report on Internal Controls ("Report on Internal Controls") pursuant to the California Code of Regulations, title 10, section 1950.200. Veridian Financial has yet to file its Audit Report, trust account reconciliation, or Report on Internal Controls with the Commissioner despite having been sent numerous reminder letters.

1 On or about December 17, 2007, the Department notified Veridian Financial in writing that its  
2 Audit Report, trust account reconciliation, and Report on Internal Controls must be filed no later than  
3 April 15, 2008. Veridian Financial was advised in the letter that failure to file these reports might  
4 “result in fines in accordance with Financial Code section 50326, an immediate examination by the  
5 Commissioner in accordance with Financial Code section 50307, and/or revocation of the license.”

6 On or about June 4, 2008, a further letter was sent to Veridian Financial demanding that it file  
7 the Audit Report, trust account reconciliation, and Report on Internal Controls “within ten (10) days  
8 of the date of this letter.” Veridian Financial failed to submit the Audit Report, trust account  
9 reconciliation, and Report on Internal Controls or respond to the letter.

10 On or about August 1, 2008, a final letter was sent to Veridian Financial demanding that the  
11 Audit Report, trust account reconciliation, and Report on Internal Controls be filed “no later than 10  
12 days from the date of this letter.” This final letter also assessed a penalty of \$1,000.00 on Veridian  
13 Financial pursuant to California Financial Code section 50326. Veridian Financial was notified in the  
14 letter that its failure to file the Audit Report or pay the penalty would result in an action to either  
15 suspend or revoke its license pursuant to California Financial Code section 50327.

16 Veridian Financial has yet to file its Audit Report, trust account reconciliation, Report on  
17 Internal Controls, or pay the penalty as required by Financial Code sections 50200, 50326, and title  
18 10, section 1950.200 of the California Code of Regulations.

#### 19 20 **IV**

21 California Financial Code section 50205(a) states that “[a] licensee shall maintain a surety  
22 bond in accordance with this subdivision.” Veridian Financial has failed to maintain its surety bond  
23 as required by that section. On February 5, 2008, the Department received a Notice of Cancellation  
24 of Veridian Financial’s surety bond from Hartford Fire Insurance Company. The date of cancellation  
25 stated on the Notice of Cancellation was April 10, 2008.

26 ////

27 ////

28

1 California Financial Code section 50319 provides in pertinent part:

2 (a) If the commissioner, as a result of any examination or from any report made to him or  
3 her, shall find that any person subject to this division.... has failed to comply with the  
4 bonding requirements of Section 50205, the commissioner may, by an order addressed to  
5 and served by registered or certified mail, or by personal service on that person...., direct  
6 discontinuance of the disbursement, in whole or in part, of trust funds held by the  
7 licensee and order the establishment of a separate trust account for all subsequent trust  
8 funds received by the licensee.

9  
10 On April 10, 2008, an Order was issued pursuant to section 50319. To date, the surety bond  
11 has not been reinstated or replaced, and the order remains in effect.

12 **V**

13 California Financial Code section 50327 provides in pertinent part:

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

20 **VI**

21 The Commissioner finds that, by reason of the foregoing, Veridian Financial, Inc. has violated  
22 California Financial Code sections 50200, 50307, 50326, 50401 and California Code of Regulations,  
23 title 10, sections 1950.200 and 1950.314.8, and based thereon, grounds exist to revoke the residential  
24 mortgage lender and loan servicer license of Veridian Financial, Inc.

25 WHEREFORE, IT IS PRAYED that the residential mortgage lender and loan servicer license  
26 of Veridian Financial, Inc. be revoked and pursuant to California Financial Code section 50311,  
27 Veridian Financial, Inc. be given a transition period of sixty (60) days within which to complete any  
28 loans for which it had commitments.

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

DATED: September 29, 2008  
Sacramento, CA

PRESTON DuFAUCHARD  
California Corporations Commissioner

By \_\_\_\_\_  
Brent Lindgren  
Senior Corporations Counsel