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

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

File No.: 413-0833

14 Complainant,)

**ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER AND LOAN
SERVICER LICENSE**

15 v.)

16 VERIDIAN FINANCIAL, INC.,)

17 Respondent.)
18)
19)
20)

21 The California Corporations Commissioner finds:

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

27 2. Pursuant to California Financial Code sections 50307 and 50401 and California Code
28 of Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file an

1 annual (1) Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity
2 Report"), (2) Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-
3 traditional Report"), and (3) Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey")
4 on or before March 1st of each year for the preceding 12-month period ended December 31.

5 3. On February 1, 2008, an Activity Report form, Non-traditional Report form and
6 Survey were sent to all CRMLA licensees with a notice that the Report was due on or before March
7 1, 2008. Veridian Financial has not yet submitted the Activity Report, the Non-traditional Report or
8 the Survey to the Commissioner.

9 4. On May 15, 2008, a letter was sent to Veridian Financial demanding that the Activity
10 Report and the Non-traditional Report be filed "no later than 10 days from the date of this letter," and
11 assessing Veridian Financial a penalty of \$1,000.00, pursuant to California Financial Code section
12 50326. Veridian Financial was notified in the letter that failure to file the Activity Report, the Non-
13 traditional Report or pay the penalty would result in an action to suspend or revoke its license.

14 5. Veridian Financial has yet to submit the Activity Report or pay the penalty as required
15 by California Financial Code sections 50307, 50326, 50401 and California Code of Regulations, title
16 10, section 1950.314.8.

17 6. Pursuant to California Financial Code section 50200, Veridian Financial was required
18 to submit its audited financial statement for fiscal year ended December 31, 2007 ("Audit Report") to
19 the Commissioner by April 15, 2008, including a reconciliation of its trust accounts. In addition,
20 pursuant to the California Code of Regulations, title 10, section 1950.200, Veridian Financial was
21 required to submit an Independent Auditor's Report on Internal Controls ("Report on Internal
22 Controls") on or before April 15, 2008.

23 7. On December 17, 2007, the Department notified Veridian Financial in writing that its
24 Audit Report, trust account reconciliation, and Report on Internal Controls were due on or before
25 April 15, 2008. Veridian Financial was advised in the letter that failure to file these reports might
26 "result in fines in accordance with Financial Code section 50326, an immediate examination by the
27 Commissioner in accordance with Financial Code section 50307, and/or revocation of the license."
28

1 Veridian Financial failed to submit the Audit Report, trust account reconciliation, and Report on
2 Internal Controls by April 15, 2008.

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

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

13 10. Veridian Financial has yet to file the Audit Report, trust account reconciliation, Report
14 on Internal Controls or pay the penalty as required by California Financial Code sections 50200,
15 50326, and California Code of Regulations, title 10, section 1950.200.

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

21 12. California Financial Code section 50319 provides in pertinent part:

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

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

