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California Corporations Commissioner
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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of the Accusation of THE) Case No.: 603-6147, 603-6148, 603-5658 &
CALIFORNIA CORPORATIONS) 605-1436
13 COMMISSIONER,)
14) ACCUSATION
Complainant,)
15)
16 vs.)
17 WELLS FARGO HOME MORTGAGE, INC.,)
18 Respondent.)
19 _____)

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

22 I

23 1. Respondent Wells Fargo Home Mortgage, Inc. ("Wells Fargo") is a finance lender
24 licensed by the California Corporations Commissioner ("Commissioner") pursuant to the California
25 Finance Lenders Law of the State of California (California Financial Code § 22000 et seq.)
26 ("CFLL"). Wells Fargo currently has 3 licenses issued under the CFLL.

27 2. On or about January 27, 2003, Wells Fargo filed a civil lawsuit seeking injunctive and
28 declaratory relief against the Commissioner alleging, among other things, that the CFLL was

1 preempted as to Wells Fargo pursuant to federal law, and thus, the Commissioner had no authority to
2 regulate, supervise, examine or enforce the CFLL against Wells Fargo.

3 3. The claim by Wells Fargo that the CFLL is preempted with respect to Wells Fargo, if
4 made by Wells Fargo when originally seeking licenses from the Commissioner under the CFLL,
5 would have precluded Wells Fargo from complying with the license application requirements of
6 Financial Code section 22101 and California Code of Regulations, title 10, section 1422(c), and
7 would have constituted grounds for the Commissioner to deny the license application under
8 California Financial Code section 22109. Thus, a fact or condition now exists that, if it had existed
9 at the time of the original application, reasonably would have warranted the Commissioner in
10 refusing to issue the license.

11 **II**

12 California Financial Code section 22101 provides in pertinent part as follows:

13 (a) An application for a license under this division shall be in the form
14 and contain the information that the commissioner may by rule require . . .

15 California Code of Regulations, title 10, section 1422 provides in pertinent part as follows:

16 (a) The application for a license as a finance lender or broker pursuant
17 to Financial Code Section 22100 shall be filed upon the form set forth in
18 subdivision (c) of this section.
19 . . .

20 (c) An application for a license as a finance lender or broker shall be submitted
21 to the Commissioner on the following form:
22 . . .

23 In the event of the issuance of a license, applicant agrees to comply with the
24 requirements of the California Finance Lenders Law and rules adopted, and
25 orders issued, by the Commissioner of Corporations . . .

26 **EXHIBIT L**

27 In the matter of the Application for a license under the California Finance Lenders
28 Law, I, the undersigned, authorized to act on behalf of the applicant, declare the
following statements are true and correct:
...
2. I (we) agree to comply with all of the provision (sic) of the California Finance
Lenders Law and Finance Company Rules.

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Additionally, by signing this affidavit as provided for on the execution page, the applicant hereby agrees (or attests) or declares their understanding of the following items listed below:

...

4. That the applicant will file with the Commissioner of Corporations any report required by the Commissioner.

...

6. That the applicant will submit to periodic examinations by the Commissioner of Corporations as required by the California Finance Lenders Law.

III

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:

(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.

IV

The Commissioner finds that, by reason of the foregoing, that a fact or condition now exists, that if it had existed at the time of original licensure, reasonably would have warranted the Commissioner in refusing to issue the licenses to Wells Fargo, and based thereon, grounds exist to revoke the finance lenders licenses of Wells Fargo.

WHEREFORE, IT IS PRAYED that the finance lenders licenses of Wells Fargo be revoked.

Dated: February 4, 2003
Los Angeles, California

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel