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

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12 In the Matter of the Accusation of THE) File No.: 413-0634
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION
14)
Complainant,)
15)
16 vs.)
17 WATERMARK FINANCIAL PARTNERS,)
INC.,)
18)
Respondent.)
19)
20

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

23 I

24 Respondent Watermark Financial Partners, Inc. ("Watermark") is a residential mortgage
25 lender licensed by the California Corporations Commissioner ("Commissioner") pursuant to the
26 California Residential Mortgage Lending Act (California Financial Code § 50000 et seq.)
27 ("CRMLA"). Watermark has its principal place of business located at 4582 S. Ulster Street, Suite
28 300, Denver, Colorado 80237.

II

Pursuant to California Financial Code section 50200, Watermark was required to submit its audited financial statement for its fiscal year ended December 31, 2005 (“Audit Report”) to the Commissioner by April 15, 2006. Watermark has yet to file its Audit Report with the Commissioner despite numerous reminders.

On or about December 6, 2005, the Commissioner notified Watermark in writing that its Audit Report was due April 15, 2006. Watermark failed to submit the Audit Report by April 15, 2006.

On or about December 2, 2005, the Commissioner received a letter from Watermark stating that it was surrendering its CRMLA license. On or about December 8, 2005, the Commissioner sent a letter to Watermark outlining the steps necessary to surrender its residential mortgage lender license. Watermark has never responded to the December 8, 2005 letter.

On or about August 10, 2006, a further letter was sent to Watermark demanding the Audit Report be filed no later than August 20, 2006, and assessing Watermark a penalty of \$1,000.00 pursuant to California Financial Code section 50326. Watermark was notified in the letter that failure to file the Audit Report and/or pay the penalty by August 20, 2006 would result in an action to either suspend or revoke its license.

Watermark has yet to file the Audit Report and/or pay the penalty as required by California Financial Code sections 50200 and 50326.

III

Pursuant to California Financial Code sections 50307 and 50401, all licensees under the CRMLA are required to file an annual Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced (“Activity Report”) on or before March 1 of each year for the preceding 12 month period ended December 31.

On or about January 19, 2006, a Report form was sent to all CRMLA licensees with a notice that the Report was due on March 1, 2006. Watermark did not submit its Activity Report by the March 1, 2006 deadline.

1 On or about June 16, 2006, a letter was sent to Watermark demanding the Activity Report be
2 filed no later than June 26, 2006, and assessing Watermark a penalty of \$1,000.00 pursuant to
3 California Financial Code section 50326. Watermark was notified in the letter that failure to file the
4 Activity Report and/or pay the penalty by June 26, 2006 would result in an action to either suspend
5 or revoke its license.

6 On or about July 11, 2006, Watermark submitted the Activity Report along with a letter
7 stating that it had surrendered its license on December 1, 2005. Watermark did not submit payment
8 of the penalty.

9 On or about July 25, 2006, a further letter was sent to Watermark demanding that the
10 payment of the penalty assessed on June 16, 2006 be submitted no later than August 4, 2006 and
11 again notifying Watermark that failure to pay the penalty by August 4, 2006 would result in an
12 action to either suspend or revoke its license. A further letter was sent to Watermark on or about
13 August 1, 2005 notifying Watermark that its license was not surrendered because it had not complied
14 with the surrender requirements of the CRMLA.

15 Watermark has yet to pay the penalty as required by California Financial Code section
16 50326.

17 IV

18 Pursuant to California Financial Code section 50205, all CRMLA licensees are required to
19 maintain a surety bond in the minimum amount of \$50,000.00. The surety bond of Watermark
20 expired on January 16, 2006, and no replacement was obtained by Watermark.

21 On or about January 17, 2006, the Commissioner issued an Order to Discontinue Residential
22 Mortgage Lending and/or Servicing Activities to Watermark pursuant to California Financial Code
23 section 50319 for failure to maintain the required surety bond. This Order was served on Watermark
24 on or about January 17, 2006.

25 Watermark has yet to obtain a replacement surety bond in violation of California Financial
26 Code section 50205.

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V

California Financial Code section 50327 provides in pertinent part:

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

VI

The Commissioner finds that, by reason of the foregoing, Watermark has violated California Financial Code sections 50200, 50205, 50307, 50326 and 50401 and based thereon, grounds exist to revoke the residential mortgage lender license of Watermark.

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

Dated: October 10, 2006
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Judy L. Hartley
Senior Corporations Counsel