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9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
10 OF THE STATE OF CALIFORNIA

12 In the Matter of: ) CRMLA License No.: 4130296  
)  
13 THE COMMISSIONER OF BUSINESS )  
OVERSIGHT, )  
14 )  
15 Complainant, )  
)  
16 v. ) FIRST AMENDED ACCUSATION TO  
) REVOKE LICENSE PURSUANT TO  
17 SKYLINE FINANCIAL CORPORATION, ) FINANCIAL CODE SECTIONS 50325, 50326,  
) AND 50327  
18 )  
19 Respondent. )  
)  
20 )  
21 )  
22 )

23 TO: SKYLINE FINANCIAL CORPORATION  
24 27001 Agoura Road, Suite 350  
Calabasas, California 91301

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1 The Commissioner of Business Oversight (Commissioner) alleges and charges as follows:

2 1. Skyline Financial Corporation (Skyline) is a licensed mortgage lender and servicer  
3 under the California Residential Mortgage Lending Act (Fin. Code § 50000 et seq.) (CRMLA).

4 2. Financial Code section 50401, subdivision (a), provides that each CRMLA licensee  
5 must pay an annual assessment, and that “[i]n order for the commissioner to calculate the  
6 assessment... each licensee shall file an annual report for the calendar year just ended containing the  
7 information required by the commissioner on or before March 1 of the year in which the assessment  
8 is to be calculated.”

9 3. Financial Code section 50307, subdivision (a), further provides that “[e]ach residential  
10 mortgage lender or servicer licensee shall file a report with the commissioner annually, on or before  
11 the first day of March, giving the relevant information that the commissioner reasonably requires to  
12 make the calculation required by subdivision (a) of Section 50401.”

13 4. Financial Code section 50326 provides that a licensee “shall forfeit to the people of  
14 the state a sum of up to one hundred dollars (\$100) for every day up to the 10th day” when a licensee  
15 fails “to make any report required by law or by the commissioner within 10 days from the day  
16 designated for the making of the report... Thereafter, any failure shall constitute grounds for the  
17 suspension or revocation of the license held by the residential mortgage lender or residential  
18 mortgage loan servicer.”

19 5. Skyline failed to submit its 2018 annual report to the Department of Business  
20 Oversight by its March 1, 2019 deadline.

21 6. On April 5, 2019, the Department of Business Oversight issued two orders against  
22 Skyline:

- 23 i. An Order to Discontinue Violation Pursuant to Financial Code section 50321  
24 and Statement of Facts in Support Thereof (Order to Discontinue Violation)  
25 directing Skyline to discontinue its violation by submitting its 2018 annual  
26 report.

1           ii.     An Order Assessing Fine Pursuant to Financial Code section 50326 (Order  
2           Assessing Fine) directing Skyline to pay a \$1000 fine for its failure to submit  
3           its 2018 annual report.

4           7.     On April 16, 2019, the Department served Skyline’s agent for service of process with  
5     the Order to Discontinue Violation and Order for Fine.

6           8.     Skyline did not request a hearing on the Order to Discontinue Violation and Order for  
7     Fine, and the time to request a hearing has passed.

8           9.     As of the date of this Accusation, Skyline is in violation of the Commissioner Order to  
9     Discontinue Violation and Financial Code section 50326, because Skyline has not submitted its 2018  
10    annual report.

11          10.    As of the date of this Accusation, Skyline is also in violation of the Commissioner’s  
12    Order Assessing Fine, because Skyline has not paid the \$1000 fine required by that Order.

13          11.    Financial Code section 50206, subdivision (a) provides that:

14                   “Prior to a change of control of the business of a licensee, the person  
15                   wishing to acquire control shall submit an application to the  
16                   commissioner and pay an investigation fee of one hundred dollars  
17                   (\$100). The application shall contain the information that the  
18                   commissioner, by rule, may prescribe as necessary to determine that the  
19                   person meets the requirements of Section 50121.”

20          12.    Financial Code section 50206, subdivision (b) provides that after a person submits a  
21    request for change in control pursuant to subdivision (a) of that section, the Commissioner “shall  
22    approve or disapprove the propose change of control...”

23          13.    California Code of Regulations, title 10, section 1950.122.4, subdivision (a)(3)(A),  
24    requires, as part of a CRMLA license application, for an applicant’s control persons to provide  
25    fingerprints so that the Commissioner can obtain background checks for each control person.  
26    California Code of Regulations, title 10, section 1950.122.4, subdivision (d), requires a licensee to  
27    amend its license application and accompanying exhibits if there has been a change to the  
28    information in the license application, and California Code of Regulations, title 10, section 1950.206,

1 directs an applicant for a change in control to update its original license application and submit  
2 fingerprint processing fees as part of the application for change of control.

3 14. At some time prior to the issuance of the Order to Discontinue Violation and Order  
4 Assessing Fine, Skyline was acquired by First Capital Master Advisor (First Capital).

5 15. As of the date of this Accusation, First Capital has not submitted an “Application for  
6 Authorization for a Change of Control,” or paid an investigation fee required prior to the change of  
7 control of a business, in violation of Financial Code section 50206, subdivision (a).

8 16. As of the date of this Accusation, First Capital has not submitted fingerprints necessary for  
9 background checks of its control persons, or accompanying fingerprint processing fees, in violation  
10 of California Code of Regulations, title 10, sections 1950.122.4, subdivisions (a)(3)(A) and (d), and  
11 section 1950.206.

12 17. Financial Code section 50325 provides that:

13 The commissioner may immediately revoke the residential mortgage  
14 lender's, [or] residential mortgage loan servicer's... license if the  
15 licensee fails to comply with any order issued under Section... 50321.  
16 The commissioner shall not revoke the license if, within 10 days from  
17 the effective date of the revocation order, the licensee secures a court  
18 order restraining the enforcement of the commissioner's revocation  
19 order.

18 18. Financial Code section 50327 provides that the “commissioner may, after notice and a  
19 reasonable opportunity to be heard... revoke any license if the commissioner finds that... [t]he  
20 licensee has violated any provision of this division or any rule or order of the commissioner  
21 thereunder.”

22 By reason foregoing, the Commissioner of Business Oversight hereby finds that four grounds  
23 exist to revoke the residential mortgage lender and servicer’s license of Skyline Financial  
24 Corporation. First, the Commissioner may revoke Skyline Financial Corporation’s license pursuant  
25 to Financial Code section 50325, because Skyline Financial Corporation has failed to comply with  
26 the Commissioner’s April 5, 2019 Order to Discontinue Violation Pursuant to Financial Code section  
27 50321 and Statement of Facts in Support Thereof. Second, the Commissioner may revoke Skyline

1 Financial Corporation’s license pursuant to Financial Code section 50326, because Skyline Financial  
2 Corporation has not submitted its annual report. Third, the Commissioner may revoke Skyline  
3 Financial Corporation’s license pursuant to Financial Code section 50327, because Skyline Financial  
4 Corporation has violated the Commissioner’s April 5, 2019 Order to Discontinue Violation Pursuant  
5 to Financial Code section 50321, and the Commissioner’s April 5, 2019 Order Assessing Fine  
6 Pursuant to Financial Code section 50326. Fourth, the Commissioner may revoke Skyline Financial  
7 Corporation’s license pursuant to Financial Code section 50327, because Skyline Financial  
8 Corporation has undergone a change of control but failed to submit an application for change of  
9 control or investigation fee to the Commissioner, in violation of Financial Code section 50206,  
10 subdivision (a), and failed to submit fingerprints or fingerprint processing fees, in violation of  
11 California Code of Regulations, title 10, sections 1950.122.4, subdivisions (a)(3)(A) and (d), and  
12 section 1950.206.

13 WHEREFORE, with good cause showing, the Commissioner of Business Oversight hereby  
14 prays that the residential mortgage lender and servicer’s license of Skyline Financial Corporation be  
15 revoked pursuant to Financial Code sections 50325, 50326, and 50327.

16 Dated: August 23, 2019  
17 San Francisco, California

MANUEL P. ALVAREZ  
Commissioner of Business Oversight

18  
19 By \_\_\_\_\_  
20 CHARLES CARRIERE  
21 Senior Counsel  
22 Enforcement Division  
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