MARY ANN SMITH
Deputy Commissioner
DANIEL P. O’DONNELL
Assistant Chief Counsel
CHARLES CARRIERE (State Bar No. 285837)
Senior Counsel
Department of Business Oversight
One Sansome Street, Suite 600
San Francisco, California 94104
Telephone: (415) 972-8570
Facsimile: (415) 972-8550
Attorneys for Complainant

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:

THE COMMISSIONER OF BUSINESS
OVERSIGHT,
Complainant,

v.

SKYLINE FINANCIAL CORPORATION,
Respondent.

TO: SKYLINE FINANCIAL CORPORATION
27001 Agoura Road, Suite 350
Calabasas, California 91301
The Commissioner of Business Oversight (Commissioner) alleges and charges as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

17. Financial Code section 50325 provides that:

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

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

By reason foregoing, the Commissioner of Business Oversight hereby finds that four grounds
exist to revoke the residential mortgage lender and servicer’s license of Skyline Financial
Corporation. First, the Commissioner may revoke Skyline Financial Corporation’s license pursuant
to Financial Code section 50325, because Skyline Financial Corporation has failed to comply with
the Commissioner’s April 5, 2019 Order to Discontinue Violation Pursuant to Financial Code section
50321 and Statement of Facts in Support Thereof. Second, the Commissioner may revoke Skyline
FIRST AMENDED ACCUSATION TO REVOKE LICENSE PURSUANT TO
FINANCIAL CODE SECTIONS 50325, 50326, AND 50327

State of California

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

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

Dated: August 23, 2019
San Francisco, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By_____________________________
CHARLES CARRIERE
Senior Counsel
Enforcement Division