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

11 In the Matter of:) CFL License Nos.: 603I452, 603J950
) 60DBO-59285, 60DBO-63778
12 THE COMMISSIONER OF BUSINESS)
13 OVERSIGHT,) ACCUSATION IN SUPPORT OF NOTICE OF
) INTENTION TO ISSUE ORDER REVOKING
14 Complainant,) CALIFORNIA FINANCING LAW LICENSE
)
15 v.)
)
16 NORTH AMERICAN FINANCIAL CORP,)
)
17 Respondent.)
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22 The Complainant is informed and believes and based upon such information and belief,
23 alleges and charges the Respondent as follows:

24 **I.**
25 **Introduction**

26 1. The Commissioner of Business Oversight (Commissioner) has jurisdiction over the
27 licensing and regulation of persons and entities engaged in the business of finance lending or
28 brokering under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.).

1 2. North American Financial Corp aka North American Financial WD Corp (North
2 American) has a principal place of business at 375 North Stephanie Street, Building 18, Henderson,
3 Nevada 89014.

4 3. On or around February 2, 2011, the Commissioner issued a CFL broker license
5 number 603I452 to North American.

6 4. On or around February 22, 2018, the Department began a regulatory examination of
7 North American. The examination reviewed mortgage broker activity from July 1, 2014 through
8 April 30, 2017.

9 5. The Department’s examination showed that North American conducted unlicensed
10 lending activity in violation of Financial Code section 22100. From July 1, 2014 through April 30,
11 2017, North American brokered 84 loans and originated 301 unlicensed loans.

12 6. North American produced documents to the Department that showed from May 7,
13 2017 through August 27, 2018, licensee originated 18 additional unlicensed loans in violation of
14 Financial Code section 22100.

15 7. On or around May 8, 2018, the Department submitted an inquiry to North American
16 as to why the company was originating loans when its CFL license only permitted brokering. On or
17 around May 18, 2018, North American responded with a letter stating that it mistakenly believed
18 that its CFL broker license allowed the company to engage in lending activity.

19 8. On or around August 17, 2018, North American filed an application with the
20 Department to amend its CFL broker license to add a CFL lenders license. North American violated
21 Financial Code section 22170 by knowingly concealing the fact that licensee engaged in unlicensed
22 finance lending in violation of Financial Code section 22100, from July 1, 2014 through August 27,
23 2018.

24 9. North American’s knowingly failed to disclose in its application to the
25 Commissioner its unlicensed finance lending is a violation of Financial Code section 22170.

26 10. On or around August 28, 2018, the Commissioner issued an amended CFL license to
27 North American to permit loan origination and brokering in California under CFL license numbers
28 603J950, 60DBO-59285, and 60DBO-63778.

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II.
Failure to Pay Penalties Pursuant to Final Order of the Commissioner

11. In accordance with Financial Code section 22159, CFL licensees must file an annual report with the Commissioner by March 15 of each year (Annual Report).

12. On January 16, 2018, the Commissioner notified CFL licensees of the March 15, 2018 deadline to file the annual report by sending notice to the email address of each CFL licensee established pursuant to the Commissioner’s Order on Electronic Communications, dated November 22, 2013. The notification admonished licensees that the Commissioner could assess penalties and summarily revoke CFL licensees for untimely filing or failing to file pursuant to Financial Code section 22715.

13. On February 20, 2018, the Commissioner notified CFL licensees of the March 15, 2018 deadline to file the annual report by sending notice to the email address each CFL licensee established pursuant to the Commissioner’s Order on Electronic Communications, dated November 22, 2013. The notification again warned that the Commissioner could assess penalties and summarily revoke licenses for untimely filing or failing to file pursuant to Financial Code section 22715.

14. North American did not file its Annual Report until March 28, 2018, 9 business days after the Annual Report was required to be filed on March 15, 2018. Pursuant to Financial Code section 22715, the maximum penalty that may be imposed for filing 9 business days late is \$2,500.00 (\$100.00 per business day for the first five business days and \$500.00 per business day thereafter up to a maximum of \$25,000.00).

15. On or around May 25, 2018, Respondent was served with an order imposing, penalties of \$2,500.00 pursuant to Financial Code section 22715, subdivision (b), for filing its 2017 Annual Report, 9 business days late – as required by Financial Code section 22159 (Order).

16. Financial Code section 22715, subdivision (d), provides, “If the licensee fails to file a written request for a hearing within 30 days of the date of service of the order [made under subdivision (b)], the order imposing the penalty shall be deemed a final order of the commissioner, and the penalty shall be paid within five business days.”

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23. Financial Code section 22715, subdivision (b)(1), provides in relevant part:

[T]he commissioner may impose by order, a penalty on any licensee who does not do, within the time specified in any written demand of the commissioner, either of the following:

(A) Make and file with the commissioner any report required by law.

(B) Furnish any material information required by the commissioner to be included in any report required by law.

IV.
Conclusion

The Commissioner finds that, by reason of the foregoing, pursuant to Financial Code section 22714, grounds exist to revoke the California Financing Law license(s) of North American Financial Corp aka North American Financial WD Corp for failure to comply with a demand, ruling, or requirement of the Commissioner made pursuant to and within the authority of the California Financing Law and for engaging in unlicensed finance lending activity without a CFL lender license from July 1, 2014 through August 27, 2018.

WHEREFORE, IT IS PRAYED that the California Finance Lender license of North American Financial Corp aka North American Financial WD Corp be revoked.

Dated: May 14, 2020

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By _____
Vanessa T. Lu
Counsel
Enforcement Division