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BEFORE THE DEPARTMENT OF CORPORATIONS

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OF THE STATE OF CALIFORNIA

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In the Matter of the Accusation of THE
12 CALIFORNIA CORPORATIONS
COMMISSIONER,

) File No.: 413-0500
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) **ACCUSATION**
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Complainant,

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v.

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OAK STREET MORTGAGE LLC,

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Respondent.

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

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I.

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24 Respondent Oak Street Mortgage LLC ("Oak Street") is a residential mortgage lender
25 licensed by the California Corporations Commissioner ("Commissioner") pursuant to the California
26 Residential Mortgage Lending Act (California Financial Code, § 50000 et seq.) ("CRMLA"). Oak
27 Street has its principal place of business located at 11595 North Meridian Street, Suite 400, Carmel,
Indiana 46032.

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28**II.**

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 1st of each year for the preceding 12-month period ended December 31.

On or about January 19, 2007, an Activity Report form was sent to all CRMLA licensees with a notice that the Activity Report was due on or before March 1, 2007. Oak Street has yet to submit the Activity Report to the Commissioner despite the fact that the Commissioner has sent it numerous reminders.

On or about May 7, 2007, a letter was sent to Oak Street demanding that the Activity Report be filed no later than May 17, 2007, and assessing Oak Street a penalty of \$1,000.00, pursuant to California Financial Code section 50326. Oak Street was notified in the letter that failure to file the Activity Report and/or pay the penalty by May 17, 2007 would result in an action to either suspend or revoke its license.

On or about June 27, 2007, a further letter was sent to Oak Street demanding that it submit its Activity Report and pay the penalty assessed on May 7, 2007 no later than July 7, 2007 and again notifying Oak Street that failure to file the Activity Report and/or pay the penalty by July 7, 2007 would result in an action to either suspend or revoke its license pursuant to California Financial Code section 50327.

Oak Street has yet to submit the Activity Report or pay the penalty as required by California Financial Code sections 50307, 50326, and 50401.

III.

Pursuant to California Financial Code sections 50200, subdivision (a), Oak Street was required to submit its audited financial statement for its fiscal year ended December 31, 2006 ("Audit Report") to the Commissioner on or before April 15, 2007, including a reconciliation of its trust accounts. In addition, pursuant to the California Code of Regulations, title 10, section 1950.200, Oak Street was required to submit an Independent Auditor's Report on Internal Controls ("Report on Internal Controls") to the Commissioner on or before April 15, 2007. Oak Street has yet to file its

1 Audit Report, trust account reconciliation, or Report on Internal Controls with the Commissioner
2 despite having been sent numerous reminder letters.

3 On or about December 11, 2006, the Complainant notified Oak Street in writing that its Audit
4 Report, trust account reconciliation, and Report on Internal Controls were due on or before April 15,
5 2007. Oak Street failed to submit the Audit Report, trust account reconciliation, Report on Internal
6 Controls by April 15, 2007.

7 On or about June 12, 2007, a further letter was sent to Oak Street demanding that it file the
8 Audit Report, trust account reconciliation, and Report on Internal Controls no later than June 22,
9 2007. Oak Street failed to submit the Audit Report, trust account reconciliation, and Report on
10 Internal Controls or respond to the letter.

11 On or about August 2, 2007, a final letter was sent to Oak Street demanding that the Audit
12 Report, trust account reconciliation, and Report on Internal Controls be filed no later than August 12,
13 2007, and assessing Oak Street a penalty of \$1,000.00 pursuant to California Financial Code section
14 50326. Oak Street was notified in the letter that its failure to file the Audit Report, trust account
15 reconciliation, Report on Internal Controls and/or pay the penalty by August 12, 2007 would result in
16 an action to either suspend or revoke its license.

17 Oak Street has yet to file its Audit Report, trust account reconciliation, Report on Internal
18 Controls, and pay the penalty as required by Financial Code sections 50200, subdivision (a), 50326,
19 and title 10, section 1950.200 of the California Code of Regulations.

20 IV.

21 California Financial Code section 50123 requires that prior to surrendering a license, a
22 licensee must file a plan for approval by the Commissioner. The plan must contain the licensee's
23 detailed proposal for orderly closing out of the residential mortgage lending business. In addition, the
24 Commissioner must make a determination that there has been no violation of the CRMLA.

25 On or about September 25, 2006, Oak Street notified the Commissioner by letter that it
26 intended to surrender its residential mortgage lender license. On or about October 7, 2006, the
27 Commissioner sent Oak Street instructions concerning the manner in which it is required to surrender
28 its license under the CRMLA.

1 Oak Street has yet to file its plan for approval by the Commissioner pursuant to California
2 Financial Code section 50123 and it is not considered to have surrendered its residential mortgage
3 lender license for purposes of the CRMLA.

4 **V.**

5 California Financial Code section 50327 provides in pertinent part:

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

12 **VI.**

13 The Commissioner finds that, by reason of the foregoing, Oak Street Mortgage LLC has
14 violated California Financial Code sections 50200, subdivision (a), 50307, 50326, 50401 and
15 California Code of Regulations, title 10, section 1950.200 and based thereon, grounds exist to revoke
16 Oak Street Mortgage LLC's residential mortgage lender license.

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

21 DATED: September 7, 2007
22 Los Angeles, CA

23 PRESTON DuFAUCHARD
24 California Corporations Commissioner

25 By _____
26 Blaine A. Noblett
27 Corporations Counsel
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