PRESTON DuFAUCHARD
California Corporations Commissioner
ALAN S. WEINGER
Deputy Commissioner
JUDY L. HARTLEY (CA BAR NO. 110628)
Senior Corporations Counsel
Department of Corporations
320 West 4th Street, Ste. 750
Los Angeles, California 90013-2344
Telephone: (213) 576-7604 Fax: (213) 576-7181

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the Accusation of THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, vs. LENDXFINANCIAL LLC, Respondent.	File No.: 413-1023 ACCUSATION

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

I

Respondent LendXFinancial LLC ("LendX") is a residential mortgage lender licensed by the California Corporations Commissioner ("Commissioner") pursuant to the California Residential Mortgage Lending Act (California Financial Code § 50000 et seq.) ("CRMLA"). LendX has its main office located at 1155 Perimeter Center, West # 600, Atlanta, Georgia 30330.

II

Pursuant to 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

State of California – Department of Corporations

Serviced ("Report") on or before March 1 of each year for the preceding 12 month period ended December 31. All CRMLA licensees are also required to include the Report on Non-traditional Adjustable rate and Mortgage Loan Products ("Non-traditional Report") and Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey") with the Report.

On or about January 29, 2010, Report, Non-traditional Report, and Survey forms were sent to all CRMLA licensees with a notice that the Report, Non-traditional Report, and Survey were due on March 1, 2010. LendX failed to submit the Report, Non-traditional Report, and Survey by the March 1, 2010 deadline.

On or about August 12, 2010, a follow up letter was sent to LendX demanding that the Report, Non-traditional Report, and Survey be filed no later than August 22, 2010, and assessing LendX a penalty of $1,000.00 pursuant to Financial Code section 50326. LendX was notified in the letter that failure to file to the Report, Non-traditional Report, Survey and/or pay the penalty by August 22, 2010 would result in an action to either suspend or revoke its license. The August 12, 2010 letter was sent to LendX at its licensed location of 1155 Perimeter Center, West # 600, Atlanta, Georgia 30330. The August 12, 2010 letter was returned to the Department of Corporations ("Department") by the United States Post Office marked "Return to Sender, LendxFinancial LLC, Moved Left No Address, Unable to Forward, Return to Sender". LendX had not notified the Department of a change of address for its licensed location. LendX had changed its licensed location to 1155 Perimeter Center, West # 600, Atlanta, Georgia 30330 on or about December 31, 2009. The prior licensed location for LendX had been 1718 Peachtree Street NW, Suite 676A, Atlanta, Georgia 30330. LendX has yet to submit the Report, Non-traditional Report, and Survey or pay the $1,000 penalty as required by Financial Code sections 50307, 50326 and 50401.

III

Pursuant to Financial Code section 50200, LendX was required to submit its audited financial statement for its fiscal year ended December 31, 2009 to include an Independent Auditor's Report on Internal Control and an Independent Auditor's Report that the audit was conducted in accordance with the Consolidated Audit Guide for Audits of HUD Programs, if applicable ("2009 audit report")

State of California – Department of Corporations

to the Commissioner by April 15, 2003. LendX has yet to file its 2009 audit report with the Commissioner despite numerous reminders.

On or about December 21, 2009, LendX was notified in writing at its then licensed location that its 2009 audit report was due April 15, 2010. LendX failed to submit the 2009 audit report by April 15, 2010.

On or about June 21, 2010, a further letter was sent to LendX demanding the 2009 audit report be filed no later than July 1, 2010. LendX was notified in the letter that failure to file to the 2009 audit report by July 1, 2010 would result in an administrative action.

LendX has yet to submit the 2009 audit report as required by Financial Code section 50200.

IV

Pursuant to Financial Code section 50205, all CRMLA licensees are required to maintain a surety bond in the minimum amount of $50,000.00. The surety bond of LendX was canceled effective May 1, 2010, and no replacement surety bond has been obtained by LendX.

On or about May 3, 2010, the Commissioner issued an Order to Discontinue Residential Mortgage Lending Activities to LendX pursuant to Financial Code section 50319 for failure to maintain the required surety bond.

LendX has yet to obtain a replacement surety bond in violation of Financial Code section 50205.

V

Pursuant to Financial Code section 50002.5, all CRMLA licensees were required to transition their CRMLA license(s) to the National Mortgage Licensing System ("NMLS") on or before July 31, 2010. LendX has yet to file a transition request through NMLS for its CRMLA license in violation of Financial Code section 50002.5.

VI

Financial Code section 50326 provides in pertinent part as follows:

> If any licensee fails to do any of the following, the licensee shall forfeit to the people of the state a sum of up to one hundred dollars ($100) for every day up to the tenth day: (a) to make any report required by law or by the commissioner within 10 days from the day designated for the making of the report, or within any extension of time granted by the

State of California – Department of Corporations

> commissioner . . . . 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.

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.

VII

The Commissioner finds that, by reason of the foregoing, LendX has violated Financial Code sections 50002.5, 50200, 50205, 50307, 50326 and 50401, and based thereon, grounds exist to revoke the residential mortgage lender license of LendX.

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

Dated: October 26, 2010
Los Angeles, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By_____
Judy L. Hartley
Senior Corporations Counsel

State of California – Department of Corporations