

BEFORE THE
DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

File No.: 413-0418

MATRIX INVESTMENT
CORPORATION,

OAH No.: L2006010920

Respondent.

DECISION

The attached Proposed Decision of the Administrative Law Judge is hereby adopted by the Commissioner of Corporations as its Decision in the above-entitled matter.

This Decision shall become effective on MAY 26, 2006.

IT IS SO ORDERED this 25th day of May, 2006.

CALIFORNIA CORPORATIONS COMMISSIONER

WAYNE STRUMPFER
Acting California Corporations Commissioner

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DEPARTMENT OF CORPORATIONS
STATE OF CALIFORNIA**

In the Matter of the Accusation Against:

MATRIX INVESTMENT CORPORATION,

Respondent.

Case No. 413-0418

OAH No. L2006010920

PROPOSED DECISION

This matter was heard by Eric Sawyer, Administrative Law Judge, Office of Administrative Hearings, State of California, on April 10, 2006, in Los Angeles.

Judy L. Hartley, Senior Corporations Counsel, represented Complainant.

No appearance was made by or on behalf of Respondent, despite proper service of the Accusation and due notice of the hearing.

The matter proceeded as a default. Oral and documentary evidence was received and argument given. The record was closed and the matter submitted on April 10, 2006.

FACTUAL FINDINGS

1. On February 15, 2002, the California Corporations Commissioner (Commissioner) issued a residential mortgage lender license to Respondent pursuant to the California Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.). Respondent is incorporated in the State of Connecticut and has its principal place of business in Groton, Connecticut. Respondent filed for bankruptcy on a date not established.

2. Complainant Wayne Strumpfer is the Acting Commissioner. On December 29, 2005, Senior Corporations Counsel Judy L. Hartley, on behalf of Complainant, issued the Accusation against Respondent, which was thereafter properly served. Respondent submitted a Notice of Defense, which contained a request for a hearing to contest the Accusation. Respondent was thereafter timely served with due notice of the hearing date.

3. Pursuant to California Financial Code section 50200, Respondent was required to submit its audited financial statement for its fiscal year ended June 30, 2005 (2005 audit report) to the Commissioner by October 15, 2005. By letter dated June 3, 2005, the Commissioner notified Respondent that its 2005 audit report was due October 15, 2005. Respondent was further notified in that letter that failure to file the 2005 audit report could result in an action to revoke its license.

4. Respondent has not filed its 2005 audit report with the Commissioner.

5. Pursuant to California Financial Code section 50205, all California Residential Mortgage Lending Act licensees are required to maintain a surety bond in the minimum amount of \$50,000.00. The surety bond for Respondent expired on November 30, 2005, and no replacement was later obtained by Respondent. On December 7, 2005, the Commissioner issued to Respondent an "Order to Discontinue Residential Mortgage Lending and/or Loan Servicing Activities Pursuant to Section 50319, California Financial Code" because of its failure to maintain the required surety bond. The order was served by mail on Respondent on December 7, 2005.

6. Respondent has not obtained a replacement surety bond.

7. No evidence of mitigation or rehabilitation was presented.

LEGAL CONCLUSION

1. Cause exists to revoke or suspend Respondent's residential mortgage lender license pursuant to Financial Code section 50327, in that Respondent has violated Financial Code sections 50200 and 50205. The requirements of such a licensee to file an annual audit report and have in place a surety bond are important ways of protecting the public. Respondent has failed to do either, despite notices of deficiencies in those regards sent by the Commissioner. Respondent did not appear at the hearing and no evidence of mitigation or rehabilitation was presented. Under these circumstances, revocation is warranted. (Factual Findings 1-7.)

ORDER

The residential mortgage lender license issued to Respondent Matrix Investment Corporation is REVOKED.

DATED: April 25, 2006

ERIC SAWYER
Administrative Law Judge
Office of Administrative Hearings