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

11 In the Matter of Accusation of THE) File No.: 413-0840
12 COMMISSIONER OF BUSINESS)
13 OVERSIGHT OF THE STATE OF) ACCUSATION IN SUPPORT OF
CALIFORNIA,) REVOCATION OF CALIFORNIA
14) RESIDENTIAL MORTGAGE LENDER
Complainant,) LICENSE
15)
16 vs.)
17)
18 WCS LENDING LLC,)
19)
Respondent.)
_____)

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

23 **I**
24 **Introduction**

25 1. WCS Lending LLC (“WCS” or “Respondent”) is a residential mortgage lender
26 licensed since October 1, 2007 by Complainant, the Commissioner of Business Oversight
27 (“Commissioner”)¹ pursuant to the California Residential Mortgage Lending Act (“CRMLA”) (Fin.

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¹ As of July 1, 2013, the Department of Corporations and the Department of Financial Institutions merged to form the Department of Business Oversight.

1 Code § 50000 et seq.). WCS has its principal place of business located at 951 Yamato Rd., Suite
2 150, Boca Raton, Florida 33431.

3 **II**
4 **Failure to File Response to Regulatory Examination**

5 2. On or about November 26, 2012, the Commissioner commenced a regulatory
6 examination of the books and records of WCS pursuant to Financial Code section 50302.

7 3. On or about January 7, 2014, the Commissioner notified WCS that it was required to
8 submit a report to the Commissioner within thirty days describing in detail the corrective actions
9 taken by WCS in response to the findings in the regulatory examination (“Response”). WCS did
10 not file a Response by the deadline of February 6, 2014.

11 4. Pursuant to Financial Code section 50326, if any licensee fails to (a) to make any
12 report required by law or by the Commissioner within ten days from the day designated for the
13 making of the report, or within any extension of time granted by the Commissioner, or (b) fails to
14 include therein any matter required by law or by the Commissioner, the licensee shall forfeit to the
15 people of the state a sum of up to one hundred dollars (\$100.00) for every day up to the tenth day.
16 Thereafter, any failure shall constitute grounds for the suspension or revocation of the license held
17 by the residential mortgage lender or residential mortgage loan servicer.

18 5. On or around February 27, 2014, WCS was notified that the failure to file the
19 Response within ten days would result in penalties under Financial Code section 50326. To date,
20 WCS has failed to file its Response.

21 **III**
22 **Violation of Financial Code Sections 50307 and 50401**

23 6. Pursuant to Financial Code sections 50307 and 50401 and California Code of
24 Regulations, title 10, section 1950.314.8, on or before March 1st of each year all licensees under the
25 CRMLA are required to file: (1) an annual Report of Principal Amount of Loans Originated and
26 Aggregate Amount of Loans Serviced for the preceding 12-month period ended December 31
27 (“Activity Report”); (2) the Report on Non-Traditional, Adjustable Rate and Mortgage Loan
28

1 Products (“Non-Traditional Report”); and, (3) Non-Traditional, Adjustable Rate and Mortgage
2 Loan Survey (“Survey”).

3 7. On or about February 24, 2014, forms for the Activity Report, Non-Traditional
4 Report, and Survey were sent to WCS at its principal place of business along with filing
5 instructions and notice that the enclosed reports were due on or before April 4, 2014. WCS was
6 notified that pursuant to Financial Code section 50326 failure to file the reports within ten days of
7 the due date or any extension of time granted will result in a penalty of \$100.00 for every day up to
8 the tenth day. Thereafter any failure shall constitute grounds for suspension or revocation of the
9 license. WCS did not file the reports by the deadline of April 4, 2014 or within ten days thereafter.

10 8. On or about September 3, 2014, a letter was sent to WCS at its principal place of
11 business stating that for its failure to timely file the Activity Report, Non-Traditional Report, or
12 Survey within ten days following the deadline, WCS was being assessed a penalty of \$100.00 per
13 day up to the tenth day, for a total of \$1,000.00. The penalty was due by no later than ten days from
14 the date of the letter. WCS was further notified that its failure to file the Activity Report, Non-
15 Traditional Report, or Survey or to remit the \$1,000.00 penalty would result in an action to suspend
16 or revoke pursuant to Financial Code section 50327.

17 9. On or about September 9, 2014, WCS submitted its Activity Report, Non-Traditional
18 Report, or Survey to the Department, indicating that it has been out of business since December
19 2013. To date, WCS has not paid the \$1,000.00 penalty.

20 IV

21 **Failure to Effectively Surrender License Pursuant to Financial Code Section 50123**

22 10. Pursuant to Financial Code section 50123, subdivision (a), a residential mortgage
23 lender license shall remain in effect until suspended, surrendered, or revoked. Financial Code
24 section 50123, subdivision (b) provides, in relevant part:

25 A residential mortgage lender licensee that ceases to engage in the
26 business regulated by this division and desires to no longer be licensed
27 shall inform the commissioner in writing and, at that time, surrender the
28 license and all other indicia of licensure to the commissioner. The licensee
shall file a plan for the withdrawal from regulated business, and the plan
shall include a timetable for the disposition of the business. The plan shall
also include a closing audit, review, or other agreed upon procedures

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performed by an independent certified public accountant prescribed by rule or order of the commissioner . . . A license is not surrendered until its tender is accepted in writing by the commissioner after a review, and a finding has been made on the licensee's plan required to be filed by this section, and a determination has been made that there is no violation of this law 50307 and 50401.

11. To date, WCS has not complied with the requirements of Financial Code section 50123 and therefore has failed to effectively surrender its CRMLA license.

V
Violation of Financial Code section 50200

12. Pursuant to Financial Code section 50200 and California Code of Regulations, title 10, section 1950.200, each licensed residential mortgage lender or servicer shall cause its books and accounts to be audited by an independent certified public accountant to be filed with the Commissioner within 105 days of the end of its fiscal year. Financial Code section 50200, subdivision (e) provides that the Commissioner may summarily revoke the license of a licensee who fails to file a certified financial statement prepared by an independent certified public accountant as required by the CRMLA or at the request of the Commissioner.

13. To date, WCS has not submitted its audited financial statements for its fiscal year ending on December 31, 2013 that were due on April 15, 2014, in violation of Financial Code section 50200 and California Code of Regulations, title 10, section 1950.200.

VI
Applicable Law

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.

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Financial Code section 50311 provides:

Nothing in this law shall preclude a person whose license has been suspended or revoked, summarily or otherwise, from making a residential mortgage loan pursuant to a commitment issued by that person prior to the suspension or revocation. A prospective borrower who received a commitment issued by a person whose license has been suspended or revoked may, prior to the closing of the loan, terminate the commitment and receive a refund of all money paid to that person.

VII
Conclusion

The Commissioner finds that, by reason of the foregoing, WCS Funding LLC has violated Financial Code sections 50200, 50326, 50307, and 50401, and California Code of Regulations, title 10, sections 1950.314.8 and 1950.200, and failed to effectively surrender its license pursuant to Financial Code section 50123 despite alleging to have been out of business since December, 2013. Therefore, pursuant to Financial Code section 50327, grounds exist to revoke the residential mortgage lender license of WCS Funding LLC.

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

Dated: January 14, 2015
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Sophia C. Kim
Corporations Counsel
Enforcement Division