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

11 In the Matter of:) CFL LICENSE No. 603L139
12)
13 THE COMMISSIONER OF BUSINESS) ACCUSATION
OVERSIGHT,)
14)
15 Complainant,)
16 vs.)
17)
18 LOANON, INC.,)
19 Respondent.)
20)

21 Jan Lynn Owen, the Commissioner of Business Oversight (“Commissioner”), is informed and
22 believes, and based upon such information and belief, alleges and charges Respondent as follows:

23 **I**

24 **Introduction**

25 1. The Commissioner brings this action under the provisions of Financial Code section
26 22714.

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1 submit a balance sheet or any other financial statement that evidences compliance with the net worth
2 requirements of Financial Code section 22104.

3 **III**

4 **Applicable Statutes**

5 10. Financial Code section 22104 provides:

6 (a) The applicant shall file with the application for a finance lender or
7 broker license financial statements prepared in accordance with
8 generally accepted accounting principles and acceptable to the
9 commissioner that indicate a net worth of at least twenty-five thousand
10 dollars (\$25,000). Except as provided in subdivisions (b) and (c), a
licensee shall maintain a net worth of at least twenty-five thousand
dollars (\$25,000) at all times.

11 (b) A licensed finance lender or broker, that employs one or more
12 mortgage loan originators and that makes residential mortgage loans,
shall continuously maintain a minimum net worth of at least two
13 hundred fifty thousand dollars (\$250,000).

14 (c) A licensed finance broker, that employs one or more mortgage loan
15 originators and that arranges, but does not make, residential mortgage
16 loans, shall continuously maintain a minimum net worth of at least fifty
thousand dollars (\$50,000).

17 (d) The commissioner may promulgate rules or regulations with respect
18 to the requirements for minimum net worth, as are necessary to
19 accomplish the purposes of this division and comply with the SAFE
Act.

20 11. Financial Code section 22159 provides:

21 (a) Each finance lender and broker licensee shall file an annual report
22 with the commissioner, on or before the 15th day of March, giving the
23 relevant information that the commissioner reasonably requires
24 concerning the business and operations conducted by the licensee
within the state during the preceding calendar year for each licensed
25 place of business. The individual annual reports filed pursuant to this
26 section shall be made available to the public for inspection except,
upon request in the annual report to the commissioner, the balance
27 sheet contained in the annual report of a sole proprietor or any other
nonpublicly traded persons. "Nonpublicly traded person" for purposes
28 of this section means persons with securities owned by 35 or fewer
individuals. The report shall be made under oath and in the form
prescribed by the commissioner.

1 (b) A licensee shall make other special reports that may be required by
2 the commissioner.

3 (c) The commissioner may require a licensee that employs one or more
4 mortgage loan originators to submit to the Nationwide Mortgage
5 Licensing System and Registry reports of condition, which shall be in
6 the form and shall contain the information as the Nationwide Mortgage
7 Licensing System and Registry may require.

8 (d) The commissioner may by rule or order require a mortgage loan
9 originator to submit reports of condition to the Nationwide Mortgage
10 Licensing System and Registry, in lieu of the reports of condition
11 required of his or her employer pursuant to subdivision (c).

12 12. Financial Code section 22714 provides in pertinent part:

13 (a) The commissioner shall suspend or revoke any license, upon notice and
14 reasonable opportunity to be heard, if the commissioner finds any of the
15 following:

16 (1) The licensee has failed to comply with any demand, ruling, or requirement
17 of the commissioner made pursuant to and within the authority of this
18 division.

19 (2) The licensee has violated any provision of this division or any rule or
20 regulation made by the commissioner under and within the authority of this
21 division.

22 (3) A fact or condition exists that, if it had existed at the time of the original
23 application for the license, reasonably would have warranted the
24 commissioner in refusing to issue the license originally.

25 (b) A master license may not be suspended or revoked pursuant to this section
26 as a result of any action or failure to act by a subsidiary licensee unless
27 grounds exist for the suspension or revocation of the master license pursuant
28 to this section. An order suspending or revoking a license or imposing
sanctions against a licensee shall not affect other licensed locations unless
expressly stated in the order.

IV

Conclusion

The Commissioner finds that, by reason of the foregoing, LoanOn has violated Financial Code section 22104, and based thereon, grounds exist to revoke the finance lenders license issued to LoanOn under Financial Code section 22714.

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V

Prayer

WHEREFORE, IT IS PRAYED that:

Under Financial Code section 22714, the Commissioner revoke LoanOn, Inc.'s finance
lenders license.

Dated: October 18, 2016
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Blaine A. Noblett
Senior Counsel
Enforcement Division