

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
3 ALAN S. WEINGER (CA BAR NO. 86717)
Lead Corporations Counsel
4 LINDA A. STELLA (CA BAR NO. 161903)
Senior Corporations Counsel
5 Department of Corporations
320 West 4th Street, Ste. 750
6 Los Angeles, California 90013-2344
Telephone: (213) 576-7594 Fax: (213) 576-7181

7 Attorneys for Complainant
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9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA
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12 In the Matter of the Accusation of) OAH Case No.
THE CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) File No.: 603-5631
14)
Complainant,) ORDER REVOKING FINANCE
15) LENDER/BROKER LICENSE
16 vs.)
DANA CAPITAL GROUP, INC.) [California Financial Code Section 22714]
17)
Respondent.)
18)
19)
20)

21 The California Corporations Commissioner finds:

22 1. Respondent Dana Capital Group, Inc. (“Dana Capital”) is a finance lender/broker
23 licensed by the California Corporations Commissioner (“Commissioner”) pursuant to the California
24 Finance Lenders Law (California Financial Code § 22000 et seq.) (“CFLL”). Dana Capital currently
25 holds license number 603-5631 issued under the CFLL for a location at 8001 Irvine Center Drive,
26 Suite 1200, Irvine, CA 92618.
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1 2. On or about March 6, 2007, the Commissioner, through his examination staff, completed
2 a regulatory examination of the books and records of Dana Capital under the CFLL. The 2007
3 regulatory examination disclosed multiple violations of the CFLL, most of which were also noted
4 during the Department’s 2003 and 2005 regulatory examinations of Dana Capital. The CFLL
5 violations included the following:

6 a) Dana Capital has been using a disclosure form entitled “California Finance Lender
7 Statement” (“CFLS”) that does not meet the requirements of California Financial Code section
8 22338. Section 22338 requires that broker agreements identify the name, address, and license
9 number of the lender and the broker. All of the CFLS forms reviewed during the most recent
10 regulatory examination only disclose Dana Capital’s name and address and do not reference any of
11 the required lender information;

12 b) Dana Capital brokered four loans to non-CFLL lenders in violation of California
13 Financial Code section 22059;

14 c) Credit reporting fees exceeded the actual fees in violation of Code of Federal
15 Regulations, title 24, section 3500.14(c). Violations of federal statutes and regulations promulgated
16 under the Real Estate Settlement Practice Act (“RESPA”) including Code of Federal Regulations,
17 title 24, section 3500.14(c) do not comply with the purposes and polices of the CFLL set forth in
18 California Financial Code section 22001(a)(4) and do not constitute good business practice as
19 required by California Code of Regulations, title 10, section 1426;

20 d) Dana Capital routinely failed to disclose the estimated Yield Spread Premium on the
21 Initial Good Faith Estimates in violation of Code of Federal Regulations, title 24, section 3500.7(c).
22 Violations of federal statutes and regulations promulgated under the RESPA including Code of
23 Federal Regulations, title 24, section 3500.7(c) do not comply with the purposes and polices of the
24 CFLL set forth in California Financial Code section 22001(a)(4) and do not constitute good business
25 practice as required by California Code of Regulations, title 10, section 1426;

26 e) Dana Capital failed to provide accurate and complete broker loan logs and cancel and
27 denied loan logs in violation of California Financial Code section 22156 and California Code of
28 Regulations, title 10, section 1426;

1 f) Dana Capital paid broker fees to third parties in violation of California Code of
2 Regulations, title 10, sections 1451 (b) and (c);

3 g) Dana Capital is operating from unlicensed locations in violation California Financial
4 Code sections 22102 and 22152.

5 3. On or about May 7, 2007, the Department learned that Dana Capital had ceased doing
6 business. The Commissioner determined that it was necessary to obtain certain information in order
7 to adequately protect the public and borrowers of Dana Capital and to ensure an orderly wind down
8 of the business.

9 4. Pursuant to California Financial Code section 22150, on or about May 8, 2007, the
10 Commissioner demanded that Dana Capital provide certain information concerning (i) contact
11 number for use by the Department; (ii) loans yet to be completely processed; (iii) the steps that Dana
12 Capital was taking to complete loan transactions; (iv) list and disposition of open/pending loans;
13 (v) list of Dana Capital's bank accounts and balances; (vi) list of pending customer complaints and
14 resolutions; and (vii) reasons for the closure. The Commissioner demanded that some of the
15 information be provided to the Department immediately by facsimile and the remaining information
16 was due within ten days.

17 5. As of June 28, 2007, Dana Capital has not submitted the information demanded by the
18 Commissioner on May 8, 2007, except for the contact number for use by the Department. The
19 requested information is necessary to protect consumers and adequately address the Department's
20 concerns regarding Dana Capital's abrupt closure. Dana Capital has failed to comply with a demand
21 of the Commissioner for a special report in violation of California Financial Code section 22159(b).

22 6. Violating any provision of the CFLL or any rule or regulation made by the commissioner
23 under and within the authority of the CFLL constitutes grounds under California Financial Code
24 section 22714 for the revocation of a license issued under the CFLL.

25 7. Failing to comply with demands of the Commissioner and submit special reports are
26 further grounds under California Financial Code section 22714 for the revocation of a license issued
27 under the CFLL.

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8. On July 2, 2007, the Commissioner issued a Notice of Intention to Issue Order Revoking Finance Lender/Broker License, Accusation and accompanying documents against Dana Capital based upon the above. On July 2, 2007, these pleadings were served by certified mail on Dana Capital at its last known address and on Dana Capital’s attorney, Michael J. Petersen, Esq. The Department has not received a request for a hearing from Dana Capital and the time to request a hearing expired on July 23, 2007.

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the finance lenders license issued by the Commissioner to Dana Capital Group, Inc. is hereby revoked. This order is effective as of the date hereof.

Dated: July 27, 2007
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Lead Corporations Counsel