

1 PRESTON DUFAUCHARD  
California Corporations Commissioner  
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Acting Deputy Commissioner  
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8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10	THE CALIFORNIA CORPORATIONS	)	File No.: 413-0257
11	COMMISSIONER,	)	
12	Complainant,	)	
13		)	<b>ORDER REVOKING RESIDENTIAL</b>
14	v.	)	<b>MORTGAGE LENDER LICENSE</b>
15	FIRST MAGNUS FINANCIAL	)	
16	CORPORATION doing business as CHARTER	)	
17	FUNDING,	)	
18	Respondent.	)	

20 The Complainant, California Corporations Commissioner ("Commissioner") finds:

21 1. Respondent, First Magnus Financial Corporation doing business as Charter Funding  
22 ("Respondent") has a residential mortgage lender license ("License") issued by the California  
23 Department of Corporations pursuant to the California Residential Mortgage Lending Act  
24 ("CRMLA") (California Financial Code sections 50000 *et seq.*). Respondent has its principal place  
25 of business located at 603 North Wilmot Road, Tucson, AZ, 85711.

26 2 Pursuant to Financial Code section 50200, Respondent was required to submit an  
27 annual audit report for its fiscal year ending on December 31, 2007 ("Audit Report") no later than  
28 April 15, 2008. On December 17, 2007, the Commissioner notified Respondent in writing that it was

1 required to file its Audit Report and that the Audit Report was required to include a reconciliation of  
2 all trust accounts as of the audit date.

3           3.       On December 28, 2007, Respondent's general counsel, Matthew A. Thrasher  
4 ("Thrasher"), notified the Commissioner that Respondent petitioned for bankruptcy for relief in the  
5 United States Bankruptcy Court for the District of Arizona. According to Thrasher's letter,  
6 Respondent was no longer funding loans or otherwise conducting business operations in the State of  
7 California; as a result Respondent would not be in a position to prepare the Audit Report.

8           4.       On June 4, 2008, the Commissioner again notified Respondent in writing that it had  
9 failed to file its Audit Report. Respondent failed to submit its Audit Report.

10           5.       Pursuant to Financial Code section 50307 and California Code of Regulations, title 10,  
11 section 1950.314.8, Respondent was required to file an annual Report of Principal Amount of Loans  
12 and Aggregate Amount of Loans Serviced ("Activity Report") on or before March 1st of each year  
13 for the preceding 12-month period ended December 31.

14           6.       On February 1, 2008, an Activity Report form was sent to Respondent with a notice  
15 that its Activity Report was due on or before March 1, 2008. Respondent failed to submit the  
16 Activity Report to the Commissioner. The Commissioner did not assess a penalty for non-filing of  
17 the Activity Report because Respondent filed for bankruptcy.

18           7.       Financial Code section 50205 requires each CRMLA licensee to maintain a surety  
19 bond to be used for the recovery of expenses, fines, or fees levied by the Commissioner for losses or  
20 damages incurred by borrowers or consumers as a result of a licensee's noncompliance with the  
21 requirements of the CRMLA.

22           8.       On March 24, 2008, the Commissioner received a Notice of Cancellation from Platte  
23 River Insurance Company advising the Commissioner that Respondent's surety bond would be  
24 cancelled effective April 23, 2008.

25           9.       On April 23, 2008, the Commissioner issued an Order to Discontinue Residential  
26 Mortgage Lending and/or Servicing Activities pursuant to Financial Code section 50319. Respondent  
27 did not request a hearing and thus the order remains in effect.  
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