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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

10  
11 In the Matter of the Accusation ) Case No.: 413-0014  
of THE CALIFORNIA CORPORATIONS )  
12 COMMISSIONER, ) ACCUSATION  
13 )  
Complainant, )  
14 )  
vs. )  
15 )  
16 LOANCITY.COM, )  
17 Respondent. )  
18 )  
19 )

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

23 I

24 LOANCITY.COM ("Respondent") is a residential mortgage lender  
25 licensed by the California Corporations Commissioner  
26 ("Commissioner" or "Complainant") pursuant to the California  
27 Residential Mortgage Lending Act ("CRMLA") (California Financial  
28 Code Section 50000 et seq.).

1 II

2 Pursuant to California Financial Code ("FC") § 50201, all  
3 licensees under the CRMLA are required to maintain a tangible net  
4 worth of \$250,000.00.

5 On or about June 4, 2001, the Commissioner began a follow up  
6 examination to the regulatory examination of Respondent's books and  
7 records commenced on March 5, 2001. A review of Respondent's  
8 interim financial statements dated April 30, 2001 disclosed a  
9 tangible net worth deficiency of \$4,059,000.00.

10 Respondent informed the Commissioner that a capital infusion  
11 would be made in order to meet the tangible net worth requirements.  
12 This capital infusion was to occur on July 13, 2001 with a current  
13 financial statement showing compliance with the tangible net worth  
14 requirements of FC § 50201 to be submitted no later than August 15,  
15 2001. Respondent has yet to submit a current financial statement  
16 or otherwise demonstrate that it meets the tangible net worth  
17 requirements of FC § 50201.

18 III

19 FC Section 50327 provides in pertinent part:

20 (a) The commissioner may, after notice and a  
21 reasonable opportunity to be heard, suspend  
22 or revoke any license, if the commissioner finds  
23 that: (1) the licensee has violated any provision  
24 of this division or rule or order of the commissioner  
25 thereunder; or (2) any fact or condition exists that,  
26 if it had existed at the time of the original  
27 application for license, reasonably would have  
28 warranted the commissioner in refusing to issue the  
license originally.

1 IV

2 The Complainant finds that, by reason of the foregoing,  
3 Respondent has violated FC § 50201.

4 WHEREFORE, IT IS PRAYED that the Respondent's residential  
5 mortgage lender license be suspended for a period of one week or  
6 until such time as Respondent meets the tangible net worth  
7 requirements of FC § 50201, whichever is longer, and that pursuant  
8 to FC § 50310, Respondent be allowed, during such suspension  
9 period, to complete any loans for which it had prior commitments.

10 Dated: August 23, 2001  
11 Los Angeles, California

12 DEMETRIOS A. BOUTRIS  
13 California Corporations Commissioner

14 By \_\_\_\_\_  
15 Judy L. Hartley  
16 Senior Trial Counsel  
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