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California Corporations Commissioner
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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 THE) File No.: 413-0256
CALIFORNIA CORPORATIONS)
13 COMMISSIONER,) ACCUSATION
14)
Complainant,)
15)
16 vs.)
17 MILA, INC.,)
18 Respondent.)
19 _____)

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

22 I

23 Respondent MILA, Inc. (“MILA”) is a residential mortgage lender and residential mortgage
24 loan servicer licensed by the California Corporations Commissioner (“Commissioner”) pursuant to
25 the California Residential Mortgage Lending Act (California Financial Code § 50000 et seq.)
26 (“CRMLA”). MILA has its main office located at 6021 244th Street, SW, Mountlake Terrace, WA
27 98043.

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II

Pursuant to Financial Code section 50200, MILA was required to submit its audited financial statement for its fiscal year ended December 31, 2006 (“audit report”) to the Commissioner by April 15, 2007. On or about December 11, 2006, the Commissioner notified MILA in writing that its audit report was due April 15, 2007. MILA failed to submit the audit report by April 15, 2007. On or about June 12, 2007, a further letter was sent to MILA demanding that the audit report be filed no later than June 22, 2007. MILA was notified in the letter that failure to file the audit report by June 22, 2007 would result in an administrative action and potentially a fine. The June 12, 2007 letter further instructed MILA regarding the requirements of filing its Report on Internal Controls (“Report”) and its Uniform Single Attestation Program for Mortgage Bankers (“USAP”) for the year ending December 31, 2006 with the annual audit report. To date, the audit report, the USAP and the Report for fiscal year ending December 31, 2006 has not been received.

III

On August 2, 2007, the Commissioner assessed a penalty of one thousand dollars (\$1,000) against MILA for failure to file its audited financial statements for its fiscal year ending December 31, 2006, pursuant to section 50326 of the Financial Code. Section 50326 states that the licensee must pay one hundred dollars (\$100) for every day up to the tenth (10th) day when the licensee fails to make any report required by law or by the Commissioner within ten (10) days from the day designated for making the report.

IV

On or around April 24, 2007, the Commissioner learned that MILA had closed. Financial Code section 50123(a) states that a CRMLA license shall remain in effect until it is suspended, surrendered, or revoked. The Commissioner had not suspended or revoked MILA’s CRMLA license.

Financial Code section 50123(b) states, in pertinent part:

A licensee that ceases to engage in the business regulated by this division and desires to no longer be licensed shall inform the commissioner in writing 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 . . . performed by an

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independent certified public accountant A license is not surrendered until its tender is accepted in writing by the commissioner after a review

On or about April 24, 2007, a letter was sent to MILA outlining the license surrender procedures, including the filing of a closing audit report. A second letter, outlining the same requirements was sent to MILA’s contact person on June 15, 2007. The letters clearly stated that until the requirements of surrender were met, MILA must comply with all requirements of the CRMLA. MILA has yet to file the plan for the surrender or the closing audit required by Financial Code section 50123(b). Consequently, the residential mortgage lender and loan servicer license of MILA remains in effect.

V

Financial Code section 50200 requires that audited financial statements be submitted within 105 days of the end of the licensee’s fiscal year. Since MILA’s CRMLA license remains in effect, it was required to file its audited financial statements for fiscal year 2007 on April 15, 2008. To date, these have not been received by the Commissioner.

VI

Under section 50205 of the Financial Code, each licensee must maintain a surety bond of at least fifty thousand dollars (\$50,000). On May 22, 2007, the Commissioner received notice from American Casualty Company of Reading, PA that MILA’s surety bond for fifty thousand dollars (\$50,000) would be cancelled. An Order to Discontinue Residential Mortgage Lending and/or Servicing Activities was issued on June 21, 2007 for failure to maintain a surety bond, pursuant to Financial Code section 50319. As of April 14, 2008 MILA’s surety bond had not been replaced.

VII

An annual assessment must be paid by each licensee every year to reimburse the Commissioner for regulatory examinations, overhead, and other expenses. Financial Code section 50401 describes the assessment requirements. As of April 14, 2008 MILA’s annual assessment in the amount of five thousand dollars (\$5,000) remained unpaid.

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VIII

California 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.

IX

The Commissioner finds that, by reason of the foregoing, MILA has violated Financial Code sections 50200, 50123, 50205 and 50401, and based thereon, grounds exist to revoke the residential mortgage lender and residential mortgage loan servicer license of MILA.

WHEREFORE, IT IS PRAYED that the residential mortgage lender and residential mortgage loan servicer license of MILA be revoked and that pursuant to Financial Code sections 50310 and 50311, MILA be given a transition period of sixty (60) days within which to transfer its servicing accounts and to complete any loans for which it had commitments.

Dated: June 26, 2008

Sacramento, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Joanne Ross
Corporations Counsel