

1 PRESTON DUFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Deputy Commissioner  
3 BRENT LINDGREN (BAR NO. 170360)  
Senior Corporations Counsel  
4 1515 K Street, Suite 200  
Sacramento, California 95814  
5 Telephone: (916) 322-8778 Fax: (916) 445-6985  
6 Attorneys for Complainant

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

10 In the Matter of the Accusation of THE ) File No.: 413-0458  
CALIFORNIA CORPORATIONS )  
11 COMMISSIONER, )  
12 Complainant, ) **ACCUSATION**  
13 v. )  
14 MYLOR FINANCIAL, )  
15 Respondent. )  
16 )  
17 )

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

20 **I**

21 Respondent Mylor Financial is a residential mortgage lender and loan servicer licensed by the  
22 California Corporations Commissioner ("Commissioner") pursuant to the California Residential  
23 Mortgage Lending Act (California Financial Code, § 50000 et seq.) ("CRMLA"). Mylor Financial  
24 had its principal place of business located at 215 Katherine Drive, Flowood, MS 39232.

26 **II**

27 Pursuant to California Financial Code sections 50307 and 50401 and California Code of  
28 Regulations, title 10, section 1950.314.8, all licensees under the CRMLA are required to file an

1 annual (1) Report of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity  
2 Report"), (2) Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-  
3 traditional Report"), and (3) Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey")  
4 on or before March 1st of each year for the preceding 12-month period ended December 31.

5 On or about January 23, 2009, an Activity Report form, Non-traditional Report form and  
6 Survey were sent to all CRMLA licensees with a notice that the Activity Report was due on or before  
7 March 1, 2009. Mylor Financial has not yet submitted the Activity Report, the Non-traditional  
8 Report or the Survey to the Commissioner.

9 On or about April 20, 2009, a letter was sent to Mylor Financial demanding that the Activity  
10 Report be filed "within ten (10) days of the date of this letter." Mylor Financial was notified in the  
11 letter that failure to file the reports would result in administrative action.

12 Mylor Financial has yet to submit the Activity Report, Non-traditional Report, or Survey as  
13 required by California Financial Code sections 50307, 50326, 50401 and California Code of  
14 Regulations, title 10, section 1950.314.8.

### 15 III

16 Pursuant to California Financial Code section 50200, Mylor Financial was required to submit  
17 its audited financial statement for its fiscal year ended December 31, 2008 ("Audit Report") to the  
18 Commissioner on or before April 15, 2009, including a reconciliation of its trust accounts pursuant to  
19 the California Code of Regulations, title 10, section 1950.200. Mylor Financial has yet to file its  
20 Audit Report, trust account reconciliation, or Report on Internal Controls with the Commissioner  
21 despite having been sent a reminder letter.

22 On or about December 23, 2008, the Department notified Mylor Financial in writing that its  
23 Audit Report, trust account reconciliation, and Report on Internal Controls were due on or before  
24 April 15, 2009. Mylor Financial was advised in the letter that failure to file these reports might  
25 "result in fines in accordance with Financial Code section 50326, an immediate examination by the  
26 Commissioner in accordance with Financial Code section 50307, and/or revocation of the license."  
27

28 ////

1 On or about April 20, 2009, a further letter was sent to Mylor Financial demanding that it file  
2 the Audit Report, trust account reconciliation, and Report on Internal Controls “within ten (10) days  
3 of the date of this letter.” Mylor Financial failed to submit the Audit Report, trust account  
4 reconciliation, and Report on Internal Controls.

5 On or about May 7, 2009, an e-mail and a letter were sent to the Department of Corporations  
6 advising that Realty Mortgage Corporation dba Mylor Financial had filed for Chapter 11 bankruptcy  
7 in Mississippi on February 18, 2009. The letter also stated that Mylor Financial is “no longer staffed  
8 to generate annual reports or audit requests” as required by Financial Code sections 50200, 50326,  
9 and title 10, section 1950.200 of the California Code of Regulations.

10  
11 **IV**

12 California Financial Code section 50327 provides in pertinent part:

13 (a) The commissioner may, after notice and a reasonable opportunity to be  
14 heard, suspend or revoke any license if the commissioner finds that: (1) the  
15 licensee has violated any provision of this division or any rule or order of the  
16 commissioner thereunder; or (2) any fact or condition exists that, if it had  
17 existed at the time of the original application for license, reasonably would  
18 have warranted the commissioner in refusing to issue the license originally.

19 **V**

20 The Commissioner finds that, by reason of the foregoing, Mylor Financial, has violated  
21 California Financial Code sections 50200, 50307, 50326, 50401 and California Code of Regulations,  
22 title 10, section 1950.314.8, and based thereon, grounds exist to revoke the residential mortgage  
23 lender and loan servicer license of Mylor Financial.

24 WHEREFORE, IT IS PRAYED that the residential mortgage lender and loan servicer license  
25 of Mylor Financial, be revoked and pursuant to California Financial Code section 50311, Mylor

26 ////

27 ////

28 ////

////

1 Financial be given a transition period of sixty (60) days within which to complete any loans for which  
2 it had commitments.

3  
4 DATED: September 25, 2009  
5 Sacramento, CA

6 PRESTON DuFAUCHARD  
7 California Corporations Commissioner

8 By \_\_\_\_\_  
9 Brent Lindgren  
10 Senior Corporations Counsel

11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28