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BEFORE THE DEPARTMENT OF CORPORATIONS

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OF THE STATE OF CALIFORNIA

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In the Matter of the Accusation of THE
12 CALIFORNIA CORPORATIONS
COMMISSIONER,

) File No.: 413-0580

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Complainant,

) **ORDER REVOKING RESIDENTIAL
MORTGAGE LENDER AND LOAN
SERVICER LICENSE**

14

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v.

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SPECTRUM FINANCIAL GROUP, INC.,

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Respondent.

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The California Corporations Commissioner finds:

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1. Respondent Spectrum Financial Group, Inc. ("Spectrum Financial") is a residential
22 mortgage lender and loan servicer licensed by the California Corporations Commissioner
23 ("Commissioner") pursuant to the California Residential Mortgage Lending Act (California Financial
24 Code, § 50000, *et seq.*) ("CRMLA"). Spectrum Financial has principal places of business located at
25 7047 East Greenway Parkway, Suite 400, Scottsdale, Arizona 8525492660, and also located at 6991
26 East Camelback Road, Scottsdale, Arizona 85251.
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1 2. Pursuant to California Financial Code sections 50307, 50401, and California Code of
2 Regulations, title 10, section 1950.314.8, Spectrum Financial is required to file an annual (1) Report
3 of Principal Amount of Loans and Aggregate Amount of Loans Serviced ("Activity Report"), (2)
4 Report on Non-traditional, Adjustable Rate and Mortgage Loan Products ("Non-traditional Report"),
5 and (3) Non-traditional, Adjustable Rate and Mortgage Loan Survey ("Survey") on or before March
6 1st of each year for the preceding 12-month period ended December 31st.

7 3. On February 1, 2008, an Activity Report form, Non-traditional Report form and
8 Survey were sent to Spectrum Financial with a notice that they were due on or before March 1, 2008.
9 Spectrum Financial has not yet submitted the Activity Report, the Non-traditional Report or the
10 Survey to the Commissioner.

11 4. Pursuant to California Financial Code section 50200, Spectrum Financial was required
12 to submit its audited financial statement for fiscal year ended December 31, 2007 ("Audit Report") to
13 the Commissioner by April 15, 2008, including a reconciliation of its trust accounts and an
14 Independent Auditor's Report on Internal Controls ("Report on Internal Controls") pursuant to the
15 California Code or Regulations, title 10, section 1950.200.

16 5. On December 17, 2007, the Complainant notified Spectrum Financial in writing that
17 its Audit Report, trust account reconciliation, and Report on Internal Controls were due on or before
18 April 15, 2008. Spectrum Financial was advised in the letter that failure to file these reports might
19 "result in fines in accordance with Financial Code section 50326, an immediate examination by the
20 Commissioner in accordance with Financial Code section 50307, and/or revocation of the license."
21 Spectrum Financial has not yet submitted the Audit Report, trust account reconciliation, and Report
22 on Internal Controls to the Commissioner.

23 6. On June 2, 2008, a further letter was sent to Spectrum Financial demanding that it file
24 the Audit Report, trust account reconciliation, and Report on Internal Controls "within ten (10) days
25 of the date of this letter." Spectrum Financial failed to submit the Audit Report, trust account
26 reconciliation, and Report on Internal Controls or respond to the letter.

1 7. Spectrum Financial has yet to file the Audit Report, trust account reconciliation, or
2 Report on Internal Controls as required by California Financial Code sections 50200, 50326, and
3 California Code of Regulations, title 10, section 1950.200.

4 8. California Financial Code section 50205(a) states that “[a] licensee shall maintain a
5 surety bond in accordance with this subdivision.” Spectrum Financial has failed to maintain its
6 surety bond as required by that section. On February 20, 2008, the Department received a Notice of
7 Cancellation of Spectrum Financial’s surety bond from Fidelity and Deposit Company of Maryland.
8 The date of cancellation stated on the Notice of Cancellation was “ten (10) days from receipt of this
9 letter.”

10 9. California Financial Code section 50319 provides in pertinent part:

11 (a) If the commissioner, as a result of any examination or from any report made to him or
12 her, shall find that any person subject to this division.... has failed to comply with the
13 bonding requirements of Section 50205, the commissioner may, by an order addressed to
14 and served by registered or certified mail, or by personal service on that person...., direct
15 discontinuance of the disbursement, in whole or in part, of trust funds held by the
16 licensee and order the establishment of a separate trust account for all subsequent trust
17 funds received by the licensee.

18 On March 21, 2008, an Order was issued pursuant to section 50319. To date, the surety bond
19 has not been reinstated or replaced, and the order remains in effect.

20 10. Failure to file an activity report, audit report, trust account reconciliation, report on
21 internal controls, or maintain a surety bond are grounds under California Financial Code section
22 50327 for the revocation of a license issued under the CRMLA.

23 11. On September 23, 2008, the Commissioner issued a Notice of Intention to Issue Order
24 Revoking Residential Mortgage Lender License, Accusation and accompanying documents against
25 Spectrum Financial based upon the above, and Spectrum Financial was served with those documents
26 on September 23, 2008 via certified mail, return receipt requested, at its licensed location on file with
27 the California Department of Corporations. The Department has received no request for a hearing
28 from Spectrum Financial and the time to request a hearing has expired.

1 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential
2 mortgage lender and loan servicer license issued by the Commissioner to Spectrum Financial Group,
3 Inc. is hereby revoked. This order is effective as of the date hereof. Pursuant to California
4 Financial Code section 50311, Spectrum Financial Group, Inc. has sixty (60) days within which to
5 complete any loans for which it had commitments.

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DATED: December 22, 2008
Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Alan S. Weinger
Lead Corporations Counsel