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8  
9 IN THE UNITED STATES DISTRICT COURT  
10 FOR THE EASTERN DISTRICT OF CALIFORNIA

11 WELLS FARGO BANK, N.A., and WELLS )  
12 FARGO HOME MORTGAGE, INC., )

13 Plaintiffs, )

14 vs. )

15 DEMETRIOS A. BOUTRIS, in his official )  
16 capacity as Commissioner of the California )  
17 Department of Corporations, )

18 Defendant. )  
19 )  
20 )

Civil Action No. S-03-0157 GEB JFM  
DECLARATION OF KEN A. NAGASHIMA  
IN SUPPORT OF DEFENDANT’S  
OPPOSITION TO PLAINTIFFS’ MOTION  
FOR PRELIMINARY INJUNCTION

Hearing Date: March 10, 2003  
Time: 9:00 a.m.  
Location: Courtroom 10

**Hearing Requested**

21 I, KEN A. NAGASHIMA, declare as follows:

22 1. I make the following statements based on personal knowledge. If called as a witness, I  
23 could and would competently testify as follows.

24 2. I am employed by the California Department of Corporations as the Special  
25 Administrator for the California Finance Lenders Law (“CFLL”) (California Financial Code Section  
26 22000 et. seq., effective July 1, 1995). I make this declaration in my official capacity and not  
27 otherwise.  
28

1           3. The CFLL effectively replaced, without substantive change, the Personal Property Broker  
2 Law (California Financial Code Section 22000, et. seq.), the Consumer Finance Lender Law  
3 (California Financial Code Section 24000, et. seq.) and the Commercial Finance Lender Law  
4 (California Financial Code Section 26000, et. seq.), referred to in the aggregate as the “Lender  
5 Laws”.

6           4. I have been the Special Administrator for the Lender Laws since November 1988 and for  
7 the CFLL since July 1, 1995. My duties include issuing lender and broker licenses under the CFLL.  
8 I am also responsible for distributing, then receiving and reviewing all annual reports required from  
9 CFLL licensees. I am personally informed of all licensees who have not paid their assessments  
10 under the CFLL and I initiate enforcement actions against those licensees. I am familiar with the  
11 Department’s procedure for maintaining documents and business records pertaining to CFLL  
12 licensees and prospective licensees. I have access to, and am required to maintain on behalf of the  
13 Department, all public and confidential documents pertaining to all CFLL licensees and prospective  
14 licensees. I am an official custodian for these records.

15           5. Pursuant to the Department’s computer records, Norwest Mortgage, Inc. (“Norwest”)  
16 first began applying for licenses under the California Consumer Finance Lenders Law in 1987. The  
17 Department’s computer records further show that the first of these license was granted to Norwest in  
18 January 1988.

19           6. In November 1998 Norwest Corporation, Norwest Mortgage Inc.’s parent, and Wells  
20 Fargo & Co. merged.

21           7. On or about April 17, 2000, the Commissioner issued amended licenses to Norwest  
22 Mortgage Inc. regarding its requested name change to Wells Fargo Home Mortgage, Inc.  
23 (“WFHMI). A true and correct copy of the name change request is attached and incorporated as  
24 Exhibit 1.

25           8. A separate CFLL license is required for each place of business. Over the years, WFHMI  
26 has held numerous lender licenses. WFHMI currently holds four active licenses issued under the  
27 CFLL. These four CFLL licenses were initially issued to Norwest Mortgage, Inc. and are now held  
28 by WFHMI pursuant to the name change in April 2000. The four licenses are license number 603

1 5658 for WFHMI doing business as Wells Fargo Mortgage Resources located at 5540 Fermi Court,  
2 Carlsbad, California; license number 605 1436 for WFHMI located at 2730 Shadelands Drive,  
3 Walnut Creek, California; license number 603 6147 for WFHMI located at 1000 Burnett Ave.,  
4 Concord, California; and license number 603 6148 for WFHMI located at 4180 La Jolla Village  
5 Drive, La Jolla, California. True and correct copies of the current CFLL licenses held by WFHMI  
6 are attached and incorporated as Exhibits 2 to 5.

7 9. During its tenure as a CFLL licensee, WFHMI has consistently filed the annual reports  
8 required by California Financial Code section 22159 and paid all assessments required by the CFLL.  
9 WFHMI has also submitted to all regulatory examinations scheduled by the Commissioner, and  
10 responded to all correspondence of the Commissioner concerning these regulatory examinations.

11 10. The CFLL is not the only means in California in which to business such as the business  
12 conducted by WFHMI under its CFLL licenses. One can also conduct such business in California  
13 by way of a license from the California Department of Real Estate or through numerous exemptions  
14 listed in California Financial Code sections 22050-22054.

15 11. WFHMI has never applied to the Commissioner for an interpretative opinion regarding  
16 an exemption or exception from the CRMLA. WFHMI has also never attempted to surrender its  
17 license based upon its ownership or otherwise attempted to surrender its license based upon its  
18 ownership or otherwise. WFHMI did not claim it was exempt from the CFLL by virtue of being an  
19 operating subsidiary of Wells Fargo Bank until January 2003, after the Commissioner made an  
20 absolute demand upon WFHMI to conduct an audit and make refunds regarding per diem  
21 overcharges and Truth In Lending Act understatements under its California Residential Mortgage  
22 Lending Act (“CRMLA”) license.

23 12. On February 4, 2003, the Commissioner instituted proceedings to revoke WFHMI’s  
24 CFLL licenses. By filing this lawsuit, WFHMI noticed the Commissioner of its intention not to  
25 abide by the requirements of the CFLL. A CFLL licensee must comply with all the provisions of the  
26 CFLL and orders of the Commissioner or have its license subject to revocation.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed at Los Angeles, California this \_\_\_\_\_ day of February 2003.

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KEN A. NAGASHIMA  
Declarant