

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 ALEX M. CALERO (CA STATE BAR NO. 238389)
Corporations Counsel
4 CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT
1350 Front Street, Room 2034
5 San Diego, California 92101
Telephone: (619) 525-4044
6 Facsimile: (619) 525-4045
7 Attorneys for the Complainant

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9 **BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT**
10 **OF THE STATE OF CALIFORNIA**

11 In the Matter of the Accusation of THE
12 COMMISSIONER OF BUSINESS
13 OVERSIGHT,

14 Complainant,

15 vs.

16 OCWEN LOAN SERVICING, LLC,

17 Respondent.

File No.: 413-0544

**ACCUSATION IN SUPPORT OF NOTICE
OF INTENT TO ISSUE AN ORDER
SUSPENDING RESIDENTIAL
MORTGAGE LENDER AND LOAN
SERVICER LICENSE**

19 The Commissioner of Business Oversight (“Commissioner” and “Complainant”), in her
20 capacity as head of the California Department of Business Oversight, formerly the Department of
21 Corporations (“Department”), is informed and believes and based upon such information and belief
22 alleges and charges as follows:

23 **I.**

24 **BACKGROUND**

25 Ocwen Loan Servicing, LLC (“Ocwen”) is a residential mortgage lender and loan servicer
26 licensed by the Commissioner pursuant to the California Residential Mortgage Lending Act
27 (“CRMLA”) (Cal. Fin. Code § 50000 et seq.). Ocwen has its principal place of business located at
28 1661 Worthington Road, Suite 100, West Palm Beach, Florida, 33409. In California, Ocwen has a

1 branch office located at 2255 North Ontario Street, Suite 400, Burbank, California, 91504.

2 In December 2014, Ocwen reported that it was servicing more than \$90 billion in mortgage
3 loans and had foreclosed on more than 2500 borrowers during the previous year.

4 II.

5 REGULATORY EXAMINATION AND ORDER TO DISCONTINUE VIOLATIONS

6 Pursuant to California Financial Code section 50302, the Commissioner is required to
7 examine the records, documents and affairs of each licensee under the CRMLA to ensure compliance
8 with the law. California Financial Code section 50314 requires a licensee to keep records and
9 documents that will properly enable the Commissioner to determine whether the licensee is in
10 compliance with the law.

11 On or about January 8, 2013, the Commissioner commenced a regulatory examination of
12 Ocwen through her examination staff. On October 15, 2013, the Commissioner's examination staff
13 made additional written requests for documents and information to Ocwen, to ensure its compliance
14 with the recently enacted California Homeowners Bill of Rights ("HBOR"), a package of
15 amendments to the California Civil Code that became law on January 1, 2013. Ocwen failed to
16 produce all of the requested documentation and information.

17 On February 7, 2014, the Department by letter made additional written requests to Ocwen for
18 documentation and information. The February 7, 2014 request, in large part, seeks production of
19 documents which should have been produced in response to the Commissioner's January 8, 2013 and
20 October 15, 2013 requests. Ocwen was given a deadline of February 25, 2014 to produce the
21 documentation and information.

22 On February 25, 2014, Ocwen produced a portion of the documentation called for in the
23 February 7, 2014 request. Ocwen informed the Department that it would be producing further
24 documentation and, on March 7, 2014, Ocwen produced additional documentation.

25 The Department contacted Ocwen on March 10, 11 and 12, 2014 to inquire whether the
26 February 25, 2014 and March 7, 2014 productions consist of all of the documentation called for in the
27 Department's February 7, 2014 request. Ocwen did not respond to the Department's inquiries. The
28 documentation produced by Ocwen in response to the Department's February 7, 2014 request is

1 incomplete.

2 Based on Ocwen's failure to produce all documentation and information called for in the
3 Department's February 7, 2014 request, on March 12, 2014, the Commissioner issued an
4 administrative subpoena duces tecum requesting documentation and information from Ocwen. The
5 documentation requested in the administrative subpoena duces tecum is almost identical to the
6 documentation called for in the Department's February 7, 2014 request. Ocwen was given a deadline
7 of March 21, 2014 to produce the documentation and information.

8 On March 22, 2014, Ocwen produced a portion of the documentation called for in the
9 subpoena duces tecum.

10 On April 22, 2014, representatives of Ocwen and the Commissioner took part in a conference
11 call regarding the deficiencies in Ocwen's production of documentation. Ocwen agreed to produce
12 additional documentation and information.

13 On April 24, 2014, Ocwen produced a portion of the documentation discussed during the
14 April 22, 2014 conference call.

15 On May 1, 2014, the Department informed Ocwen that Ocwen's latest production is
16 incomplete. The Department requested that Ocwen produce the outstanding documentation and
17 information by May 5, 2014, or the Commissioner may issue administrative orders and file a petition
18 in California Superior Court to compel Ocwen to comply with the ongoing examination and
19 administrative subpoena duces tecum.

20 On May 5, 2014, Ocwen produced a portion of the outstanding documentation and
21 information called for in the subpoena duces tecum.

22 Based on the above, on June 16, 2014, the Commissioner issued an Order to Discontinue
23 Violations, pursuant to California Financial Code section 50321, to Ocwen. The Order to Discontinue
24 Violations was issued as a result of Ocwen's failure to produce documentation and information upon
25 request of the Commissioner and within the time period specified that would properly enable the
26 Commissioner to determine whether Ocwen is properly performing residential mortgage loan
27 servicing functions, in violation of California Financial Code section 50314. The Order to
28 Discontinue Violations required Ocwen to immediately cease the violation set forth above and

1 immediately produce all books and records requested by the Commissioner by June 26, 2014.

2 On June 16, 2014, Ocwen was served with the Order to Discontinue Violations. Ocwen did
3 not request a hearing to challenge the Order to Discontinue Violations and the Order to Discontinue
4 Violations is now final.

5 After service of the Order to Discontinue Violations, Ocwen produced a portion of the
6 outstanding documentation and information.

7 On August 4, 2014, representatives of Ocwen and the Commissioner took part in a meeting
8 regarding Ocwen's production of documentation. As a result of discussions during the meeting, it
9 became apparent that Ocwen had not produced all outstanding documentation by June 26, 2014, as
10 directed in the Order to Discontinue Violations.

11 **III.**

12 **JUNE 16, 2014 REQUEST FOR INFORMATION**

13 As a part of the Commissioner's regulatory examination, on June 16, 2014, the Department by
14 letter requested a loan servicing report and other information from Ocwen. The letter required that the
15 report and information be produced within five (5) days from the date of the letter. Further, the letter
16 informed Ocwen that failure to produce the requested report and information may lead to the
17 Commissioner taking adverse action against Ocwen's license.

18 On June 26, 2014, ten (10) days after the Department's June 16, 2014 letter, Ocwen produced
19 a portion of the information requested in the Department's letter.

20 On July 10, 2014, representatives of Ocwen and the Commissioner took part in a conference
21 call to obtain clarification on the documentation and information produced by Ocwen. As confirmed
22 by discussions during the conference call, Ocwen had still not produced all the information called for
23 in the June 16, 2014 letter.

24 On July 11, 2004, the Department by letter notified Ocwen that as a result of Ocwen's failure
25 to produce all matters requested in the June 16, 2014 letter, within the five (5) day time frame, Ocwen
26 shall forfeit to the Commissioner a sum of one hundred dollars (\$100) for every day, beginning July
27 11, 2014, up to ten (10) days, that date being July 20, 2014, until Ocwen produces all of the matters
28 requested. The letter further informed Ocwen that if it fails to produce all matters requested by 8:00

1 a.m. on July 21, 2014, this failure shall constitute grounds for the suspension or revocation of
2 Ocwen's license pursuant to California Financial Code section 50327.

3 On July 21, 2014, Ocwen produced a portion of the outstanding information called for in the
4 June 16, 2014 letter. On July 22, 2014, Ocwen made a further production of requested information.
5 To date, Ocwen has not produced a complete report containing all of the information requested.

6 **IV.**

7 **JULY 31, 2014 AND AUGUST 5, 2014 REQUESTS FOR INFORMATION**

8 On July 31, 2014 and August 5, 2014, the Department by letters requested loan servicing
9 reports from Ocwen for a sample of 1200 and 120 loans, respectively. The letters required that the
10 reports be produced by August 15, 2014, in preparation for an on-site examination of Ocwen to
11 commence on August 18, 2014. Both letters informed Ocwen that failure to produce the requested
12 information may lead to the Commissioner taking adverse action against Ocwen's license.

13 Ocwen did not produce the requested information by August 15, 2018. Instead, on August 18,
14 2014, Ocwen produced a portion of the information requested in the July 31, 2014 and August 5,
15 2014 letters and informed the Department that the remaining information would be produced at a
16 later date.

17 On August 18, 2014, the Department by letter notified Ocwen that as a result of Ocwen's
18 failure to produce all matters requested in the July 31, 2014 and August 5, 2014 letters, by the August
19 15, 2014 deadline, Ocwen shall forfeit to the Commissioner a sum of one hundred dollars (\$100) for
20 every day, beginning August 18, 2014, up to ten (10) days, that date being August 27, 2014, until
21 Ocwen produces all of the matters requested. The letter further informed Ocwen that if it fails to
22 produce all matters required by 8:00 a.m. on August 28, 2014, this failure shall constitute ground for
23 the suspension or revocation of Ocwen's license pursuant to California Financial Code section 50327.

24 Since August 28, 2014, Ocwen has made some partial productions of the information
25 requested in the July 31, 2014 and August 5, 2014 letters. However, to date, Ocwen has still not
26 produced all matters requested.

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V.
LAW

Section 50326 of the California Financial Code provides, in relevant part, that:

If any licensee fails to do any of the following, the licensee shall forfeit to the people of the state a sum of up to one hundred dollars (\$100) for every day up to the 10th day: (a) to make any report required by law or by the commissioner within 10 days from the day designated for the making of the report . . . or (b) fails to include therein any matter required by law or by the commissioner. Thereafter, any failure shall constitute grounds for the suspension or revocation of the license held by the residential mortgage lender or residential mortgage loan servicer.

(Cal. Fin. Code § 50326.)

Section 50327 of the California Financial Code provides that:

(a) The commissioner may, after notice and a reasonable opportunity to be heard, deny, decline to renew, suspend, or revoke any license if the commissioner finds that: (1) The licensee has violated any provision of this division or any 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 the license, reasonably would have warranted the commissioner in refusing to issue the license originally.

(Cal. Fin. Code § 50237.)

VI.
CONCLUSION

The Commissioner finds that, by reason of the foregoing, Ocwen has violated Financial Code section 50326 and has violated a prior issued Order to Discontinue Violations and based thereon, grounds exist to suspend the residential mortgage lender and loan servicer license of Ocwen for a period of up to twelve (12) months.

WHEREFORE, IT IS PRAYED that the residential mortgage lender and loan servicer license of Ocwen be suspended for a period of up to twelve (12) months.

Dated: October 3, 2014
San Diego, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
ALEX M. CALERO
Senior Corporations Counsel
Enforcement Division