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

12 In the Matter of:) OAH No. 2016070457
) NMLS No. 239770
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) STIPULATION
14)
15 Complainant,)
 v.)
16)
17 CRAIG ALLEN BROCK,)
)
18 Respondent.)
19)
20)

21 This Stipulation is entered into between Craig Allen Brock (Respondent) and the Complainant
22 the Commissioner of Business Oversight (Commissioner), and is made with respect to the following
23 facts:

24 RECITALS

25 A. On April 25, 2011, the Commissioner first issued to Respondent a mortgage loan originator
26 license pursuant to the California Residential Mortgage Lending Act (“CRMLA”) (Fin. Code, §
27 50140 et seq.).

28 B. On or about December 15, 1992, the Office of Real Estate Appraisers (“OREA”) issued

1 Residential Real Estate Appraiser License No. AL011972 to Respondent. That license remained in
2 full force and effect until May 7, 2013.

3 C. In or about September, 2012, Respondent and OREA entered into a Stipulated Settlement and
4 Disciplinary Order in OREA Case No. C111209-02 (“Stipulated Settlement”). It became effective on
5 October 15, 2012.

6 D. In the Stipulated Settlement, Respondent admitted to eleven (11) violations of either the
7 Uniform Standards of Professional Appraisal Practice or the California Business and Professions
8 Code.

9 E. The Stipulated Settlement resulted in a revocation of Respondent’s Residential Real Estate
10 Appraisal License, but the revocation was stayed. Instead, Respondent was placed on probation for
11 two years subject to terms and conditions.

12 F. The terms and conditions of probation included, *inter alia*, monitoring (at Respondent’s
13 expense), the submission of appraisal logs and work samples, completion of a 15 hour basic course
14 on Uniform Standards of Professional Appraisal Practice, compliance with continuing education
15 requirements, and payment of costs of one thousand dollars (\$1,000.00) and a fine of five thousand
16 dollars (\$5,000.00).

17 G. On December 6, 2012, Respondent filed with the Commissioner a Mortgage Loan Originator
18 License renewal application on Form MU4 through the Nationwide Mortgage Licensing System
19 (“NMLS”) to the Department of Business Oversight (“Department”). In this filing, Respondent
20 failed to amend his responses to the Disclosure Questions under the Regulatory Action section to
21 reflect the Stipulated Settlement

22 H. On December 5, 2013, Respondent filed with the Commissioner a Mortgage Loan Originator
23 License renewal application on Form MU4, through the NMLS, to the Department. In this filing,
24 Respondent failed to amend his responses to the Disclosure Questions under the Regulatory Action
25 section to reflect the Stipulated Settlement.

26 I. On November 28, 2014, Respondent filed with the Commissioner a Mortgage Loan
27 Originator License renewal application on Form MU4 through the NMLS to the Department. In this
28 filing, Respondent failed to amend his responses to the Disclosure Questions under the Regulatory

1 Action section to reflect the Stipulated Settlement.

2 J. Each time Respondent filed these annual renewals, in 2012, 2013, and 2014, Respondent’s
3 application contained the following attestation, which provided in relevant part:

4 I Craig Allen Brock (239770), (Applicant) on this date . . . swear (or
5 affirm) that I executed this application on my own behalf, and agree to and
6 represent the following:

7 (1) That the information and statements contained herein, including
8 exhibits attached hereto, and other information filed herewith, all of which
9 are made a part of this application, are current, true, accurate and complete
10 and are made under the penalty of perjury, or un-sworn falsification to
11 authorities, or similar provisions as provided by law;

12 (2) To the extent any information previously submitted is not amended
13 and hereby, such information remains accurate and complete;

14 . . .

15 (4) To keep the information contained in this form current and to file
16 accurate supplementary information on a timely basis.

17 K. On or about November 5, 2015, Respondent filed with the Commissioner a Mortgage Loan
18 Originator License renewal application on Form MU4 through the NMLS to the Department. In this
19 filing, for the first time, Respondent disclosed the October, 2012, OREA Stipulated Settlement. In
20 this filing Respondent amended his application to answer “Yes” to Regulatory Action Disclosure
21 Questions (K)(5), which asks:

22 (K) Has any State or federal regulatory agency or foreign financial regulatory
23 authority or self-regulatory organization (SRO) ever:

24 . . .

25 (5) revoked your registration or license?

26 L. After the Department asked for clarification, Respondent filed an amendment on November
27 20, 2015, wherein he attached documentation evidencing the Stipulated Settlement.

28 M. On May 26, 2016, the Commissioner issued a Notice of Intention to Issue Order Revoking
Mortgage Loan Originator License, Accusation, and accompanying documents (“Accusation”). The
basis for the Commissioner’s Accusation was: (1) the Stipulated Settlement and Disciplinary Order
constitutes grounds under Financial Code section 50316, subdivision (a), for disciplinary action by
the Commissioner against Respondent; (2) Respondent did not timely file an amendment to his
mortgage loan originator license application disclosing the Stipulated Settlement and Disciplinary

1 Order in violation of Financial Code section 50513; (3) the failure to update his responses to the
2 Regulatory Action questions on his annual applications for renewal resulted in the Commissioner's
3 finding that Respondent failed to meet the minimum standards for the issuance of a mortgage loan
4 originator license under Financial Code section 50141, subdivision (a)(3) and 50144, subdivision
5 (b)(1); and (4) if at the time of the original application for the mortgage loan originator license
6 Respondent had been subject to the Stipulated Settlement and Disciplinary Order, such fact or
7 condition reasonably would have warranted the Commissioner in refusing to issue the license
8 originally and provides present grounds to revoke the license under Financial Code section 50327,
9 subdivision (a)(2). A true and correct copy of the Accusation is attached and incorporated as Exhibit
10 A.

11 D. Respondent timely requested an administrative hearing in regards to the Accusation,
12 which is set before the Office of Administrative Hearings on November 2, 2016.

13 E. The Commissioner finds that entering into this Stipulation is in the public interest and
14 consistent with the purposes fairly intended by the policy and provisions of the CRMLA.

15 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
16 forth herein, the parties agree as follows:

17 **TERMS AND CONDITIONS**

18 1. Purpose. It is the intention of the parties to resolve this matter for the purpose of
19 judicial economy and expediency and without the uncertainty and expense of a hearing and/or other
20 litigation.

21 2. Waiver of Hearing Rights. Respondent agrees that this Stipulation shall have the
22 effect of withdrawing his request for an administrative hearing on the matter set forth herein.
23 Respondent acknowledges his right to an administrative hearing under the CRMLA in connection
24 with the Accusation set forth above, and hereby waives such right to hearing, and to any
25 reconsideration, appeal, or other rights which may be afforded pursuant to CRMLA, the California
26 Administrative Procedure Act (APA), the California Code of Civil Procedure (CCP), or any other
27 provision of law in connection with these matters.

28 3. Admissions. Respondent admits the allegations contained in the above-referenced

1 Accusation solely for the limited purposes of these proceedings and any future proceeding(s) that
2 may be initiated by or brought before the Commissioner against Respondent. It is the intent and
3 understanding between the parties that this Stipulation, and particularly the admissions of Respondent
4 herein, shall not be binding or admissible against Respondent in any action(s) brought against
5 Respondent by third parties.

6 4. Dismissal of Notice of Intention. Except as otherwise provided herein, the parties
7 agree that this Stipulation shall result in the dismissal of the Notice of Intention cited in Paragraph M.
8 The dismissal shall become effective upon the Effective Date of this Stipulation, as such date is
9 defined in Paragraph 21.

10 5. Continuing Education. Respondent agrees that for five (5) years immediately
11 following the Effective Date of this Stipulation, Respondent shall annually complete at least eight (8)
12 hours of continuing education offered by a vendor approved by the Nationwide Multistate Licensing
13 System (NMLS). Proof of annual compliance (Compliance Report, see paragraph 9, *infra*) shall be
14 submitted no later than September 1 of each specified year to the Commissioner's agent specified in
15 Paragraph 22.

16 6. Administrative Cost Payment. In consideration of the dismissal of the Notice of
17 Intention effected by Paragraph 4 above, Respondent agrees to pay an Administrative Cost Payment
18 to the Commissioner in the amount of five thousand dollars (\$5000.00). Respondent hereby agrees
19 to pay the Administrative Cost Payment within 30 days of the effective date of this Stipulation as
20 defined in Paragraph 21. Respondent shall remit the Administrative Cost Payment to the
21 Department via certified cashier's check made payable to The Department of Business Oversight and
22 sent to the Commissioner's Agent designated in paragraph 22. In the event the payment due date
23 falls on a weekend or holiday, the payment shall be due the next business day. Respondent
24 acknowledges that failure to timely pay the Administrative Penalty shall be a violation of this
25 Stipulation and constitute cause for the Commissioner to immediately issue an order pursuant to
26 Paragraph 11 below. Respondent further agrees that this Stipulation shall constitute a final decision
27 for the purpose of the Commissioner applying ex parte to the superior court, without further notice
28 to Respondent, for a civil judgment in the amount of the Administrative Penalty stipulated herein

1 and procuring a final order pursuant to the CRMLA, the California Finance Lenders Law (“CFLL”),
2 or any other provision of California law.

3 7. Employment Disclosure. Unless and until there is specific action by the Department
4 to revoke his MLO License, Respondent may continue to be employed by a lender licensed by the
5 Department. However, Respondent must disclose to any prospective or current employer in or
6 associated with the real estate, mortgage, financial lending, and banking industries that the retention
7 of the MLO License is predicated on compliance with the terms of this Stipulation for the period of
8 five (5) years from the effective date of this Stipulation. Respondent hereby agrees to submit proof
9 of that disclosure in the Compliance Report.

10 8. Supervision. Respondent shall be under the supervision and control of a licensee of
11 the Department or the California Bureau of Real Estate when employed as a mortgage loan
12 originator for the period of five (5) years from the effective date of this Stipulation. Respondent
13 shall submit confirmation of employment and supervision in the Compliance Report.

14 9. Compliance Report. Respondent agrees to submit proof of compliance with this
15 Stipulation (“Compliance Report”) annually to the Department of Business Oversight, attention Erik
16 Brunkal, 1515 K Street, Suite 200, Sacramento, CA 95814. Respondent shall submit the reports to
17 the Department by way of first class United States mail. Compliance Reports are due and must be
18 received on each of the following dates: September 1, 2017; September 1, 2018; September 1, 2019;
19 September 1, 2020; and September 1, 2021. Compliance Reports shall contain the following:

- 20 i. Proof of continuing education classes completed.
- 21 ii. Proof of payment of the Administrative Costs.
- 22 iii. Proof of disclosure of this Stipulation to prospective and current employers in
23 or associated with the real estate, mortgage, financial lending, and banking industries.
- 24 iv. Proof that Respondent, if employed as an MLO, is under the supervision and
25 control of a licensee.
- 26 v. Report any arrest or conviction of any misdemeanor or felony.
- 27 vi. Report any action taken by any state or federal regulator against Respondent
28 alleging Respondent violated or is violating any provision of the CRMLA, California Finance

1 Lender Law, or any other state or federal law in his employment as a mortgage loan originator.

2 Failure to report on the above list of issues or failure to disclose any item listed above will
3 constitute a violation of this Stipulation.

4 10. Application Disclosures. Respondent agrees to timely update each and every
5 question and required disclosure in his annual mortgage loan originator license renewal applications
6 for as long as he holds a license. Moreover, by admitting the findings of the Accusation for the
7 purposes of this proceeding, Respondent expressly acknowledges that such admission constitutes a
8 finding by the Commissioner that he has violated a financial services-related business regulation(s)
9 or statutes(s); further, Respondent agrees that such finding must be disclosed in his mortgage loan
10 originator application no later than thirty (30) days after the Effective Date of this Stipulation.

11 11. Commissioner's Remedy for Violation. Respondent agrees that for five (5) years
12 immediately following the Effective Date of this Stipulation, if the Commissioner makes a finding
13 that Respondent has violated or is violating any provision of this Stipulation, or of the CRMLA or
14 CFLL, and Respondent fails to cure said violation(s) within ten (10) days after being provided written
15 notice of said violation(s) by the Commissioner, the Commissioner may, in her sole discretion, issue
16 to Respondent a final order revoking Respondent's Mortgage Loan Originator license. Respondent
17 waives all notice and hearing rights to contest any revocation order issued pursuant to this provision,
18 which may be afforded under the CRMLA, the CFLL, the Administrative Procedures Act, the Code
19 of Civil Procedure, or any other provision of law in connection with these matters.

20 12. Stipulation Coverage. The parties hereby acknowledge and agree that this Stipulation
21 is intended to constitute a full, final, and complete resolution of the matter set forth herein and that no
22 further proceedings or actions will be brought by the Commissioner in connection with these matters
23 under the CRMLA or any other provision of law, excepting therefrom any proceeding or action if
24 such proceeding or action is based upon facts not presently known to the Commissioner or which
25 were knowingly concealed from the Commissioner by Respondent.

26 13. Commissioner's Duties. The parties acknowledge and agree that nothing contained in
27 this Stipulation shall operate to limit the Commissioner's ability to assist any other agency, (county,
28 state or federal) with any prosecution, administrative, civil or criminal, brought by any such agency

1 against Respondent or any other person based upon any of the activities alleged in this matter or
2 otherwise.

3 14. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
4 has sought independent advice from an attorney(s) and/or representative with respect to the
5 advisability of executing this Stipulation.

6 15. Reliance. Each of the parties represents, warrants, and agrees that in executing this
7 Stipulation it has relied solely on the statements set forth herein and the advice of its own counsel
8 and/or representative. Each of the parties further represents, warrants, and agrees that in executing
9 this Stipulation it has placed no reliance on any statement, representation, or promise of any other
10 party, or any other person or entity not expressly set forth herein, or upon the failure of any party or
11 any other person or entity to make any statement, representation or disclosure of anything
12 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in any
13 way fraudulently induced to execute this Stipulation; and (2) to preclude the introduction of parol
14 evidence to vary, interpret, supplement, or contradict the terms of this Stipulation.

15 16. Full Integration. This Stipulation is the final written expression and the complete and
16 exclusive statement of all the agreements, conditions, promises, representations, and covenants
17 between the parties with respect to the subject matter hereof, and supersedes all prior or
18 contemporaneous agreements, negotiations, representations, understandings, and discussions between
19 and among the parties, their respective representatives, and any other person or entity, with respect to
20 the subject matter covered hereby.

21 17. No Presumption from Drafting. In that the parties have had the opportunity to draft,
22 review and edit the language of this Stipulation, no presumption for or against any party arising out
23 of drafting all or any part of this Stipulation will be applied in any action relating to, connected, to, or
24 involving this Stipulation. Accordingly, the parties waive the benefit of California Civil Code section
25 1654 and any successor or amended statute, providing that in cases of uncertainty, language of a
26 contract should be interpreted most strongly against the party who caused the uncertainty to exist.
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Dated: 9/13/16

By _____
CRAIG ALLEN BROCK, an individual

APPROVED AS TO FORM:

By _____
DENNIS DOSS, ESQ.
Attorney for Craig Allen Brock