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

12 In the Matter of:

NMLS NO.: 1576941

13 THE COMMISSIONER OF BUSINESS
14 OVERSIGHT,

STATEMENT OF ISSUES IN SUPPORT OF
DENIAL OF MORTGAGE LOAN
ORIGINATOR APPLICATION

15 Complainant,

16 v.
17

18 DWAYNE KEITH ELAM,

19 Respondent.

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21 The Commissioner of Business Oversight (Commissioner) is informed and believes, and
22 based upon such information and belief, alleges and charges as follows:

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24 **I**
Introduction

25 1. The proposed order seeks to deny the issuance of a mortgage loan originator (MLO)
26 license to Dwayne Keith Elam (Elam) pursuant to Financial Code section 50141 of the California
27 Residential Mortgage Lending Act (Fin. Code § 50000 et seq.) (CRMLA) in that Elam has not
28 demonstrated such financial responsibility, character, and general fitness to as to command the

1 confidence of the community and to warrant a determination that the mortgage loan originator will
2 operate honestly, fairly, and efficiently within the purposes of this division.

3 2. On or about February 22, 2017, Elam filed an application for an MLO license with the
4 Department of Business Oversight (Department) by submitting a Form MU4 (Application) through
5 the Nationwide Mortgage Licensing System (NMLS) pursuant to Financial Code section 50140.

6 3. Form MU4 at Question F(1) specifically asked: “Have you ever been convicted of or
7 pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to any felony?”
8 Elam answered “Yes.” Elam provided a criminal disclosure and supporting documentation with his
9 Application.

10 **II**

11 **Failure to Demonstrate Requisite Financial Responsibility, Character, and General Fitness**

12 4. Elam’s explanation to Question F(1) indicated he pled guilty and was convicted on
13 October 9, 1997 to one count of conspiracy to distribute cocaine (18 U.S.C. 846) and one felony
14 count of money laundering (18 U.S.C. 1956). Elam included a copy of the criminal judgment from
15 *United States v. Dwayne K. Elam* showing that he was sentenced to: 360 months for conspiracy to
16 distribute cocaine; 240 months concurrent sentence for money laundering; and five years-probation.

17 5. Elam’s criminal disclosure states from June 1995 to February 1996, Elam participated
18 in a conspiracy to distribute cocaine and laundered money by acting as a consultant to operate an
19 illegal business venture. Elam explained he would “set up fictitious businesses in Michigan that
20 could receive drug shipments and then ship money from those drug sales to fictitious businesses in
21 California to purchase more drugs. These businesses existed in name only and never offered any
22 products or services.”

23 6. Based upon Elam’s criminal background information and documentation, Elam does
24 not meet the requirements for licensure as a MLO under Financial Code section 50140, wherein the
25 applicant must demonstrate “financial responsibility, character, and general fitness as to command
26 the confidence of the community and to warrant a determination that the mortgage loan originator
27 will operate honestly, fairly, and efficiently within purposes of this division.”

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III
Applicable Law

- 7. Financial Code section 50141 provides in relevant part:
 - (a) The commissioner shall deny an application for a mortgage loan Originator license unless the commissioner makes at a minimum the following findings: ...
 - (3) The applicant has demonstrated such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this division. . . .

- 8. Financial Code section 50327 provides in relevant part:
 - (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:
 - (2) Any fact or condition exists that, if it had existed at the time of Original application for the license, reasonably would have warranted the commissioner in refusing to issue the license originally

IV
Conclusion

The Commissioner finds that Elam fails to demonstrate “. . . such financial responsibility, character, and general fitness as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this division,” required under Financial Code section 50141 based upon the his felony convictions for conspiracy to distribute cocaine and money laundering.

The findings set forth above constitute grounds under Financial Code section 50141 to deny the issuance of a MLO license to Dwayne Keith Elam.

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WHEREFORE IT IS PRAYED, by reason by the foregoing, pursuant to Financial Code section 50141, that the mortgage loan originator application filed by Dwayne Keith Elam be denied.

Dated: June 9, 2017
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Vanessa T. Lu
Counsel
Enforcement Division