

1 MARY ANN SMITH
Deputy Commissioner
2 DOUGLAS M. GOODING
Assistant Chief Counsel
3 LINDSAY B. HERRICK (State Bar No. 224986)
Counsel
4 Department of Business Oversight
1515 K Street, Suite 200
5 Sacramento, CA 95814
Telephone: (916) 445-3682
6 Facsimile: (916) 445-6985
7 Attorneys for Complainant

8
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA
11

12 In the Matter of THE CALIFORNIA)
COMMISSIONER OF BUSINESS)
13 OVERSIGHT,) ORDER DENYING MORTGAGE LOAN
14) ORIGINATOR LICENSE APPLICATION
Complainant,)
15)
16 vs.)
17)
18 PATRICK M. FAIRON)
19)
Respondent.)
20)

21 The Commissioner of Business Oversight (“Commissioner”) finds that:

- 22 1. On July 15, 2013, Respondent filed an application for a mortgage loan originator license
23 with Complainant pursuant to the California Residential Mortgage Lending Act (“CRMLA”)
24 (Fin. Code § 50000 et. seq.), in particular, Financial Code section 50140. The application was
25 for employment with or working on behalf of Simonich Corporation as a mortgage loan
26 originator, which employer has its principal place of business located at 3130 Crow Canyon
27 Place, Suite 300, San Ramon, California. The application was submitted to the Commissioner by
28 filing a Form MU4 through the Nationwide Mortgage Licensing System (“NMLS”)

1 2. The Respondent answered “Yes” to the following questions in (K), (L) and (M) of the Form
2 MU4 which specifically asked:

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

5 ...

6 (2) found you to have been involved in a violation of a financial
7 services-related business regulation(s) or statute(s)?

8 (3) found you to have been a cause of a financial services-related
9 business having its authorization to do business denied, suspended,
10 revoked or restricted?

11 (4) entered an order against you in connection with a financial
12 services-related activity?

13 (5) revoked your registration or license?

14 (6) denied or suspended your registration or license or application
15 for licensure, disciplined you, or otherwise by order, prevented you
16 from associating with a financial services-related business or
17 restricted your activities?

18 (7) barred you from association with an entity regulated by such
19 commissions, authority, agency, or officer, or from engaging in a
20 financial services-related business?

21 ...

22 (9) entered an order concerning you in connection with any license
23 or registration?

24 (L) Have you ever had an authorization to act as an attorney,
25 accountant, or State or federal contractor that was revoked or
26 suspended?

27 (M) Based upon activities that occurred while you exercised
28 control over an organization, has any State or federal regulatory
agency or foreign financial regulatory authority or self-regulatory
organization (SRO) ever taken any of the actions listed in (K)
through (L) above against any organization?

...

3. Documents received by Complainant during the application process disclosed that Respondent had his real estate broker license suspended for his failure as a designated officer and broker to exercise reasonable supervision and control, and ultimately revoked for failure to comply with terms, conditions, and restrictions of a suspension order. Respondent signed the Form MU4 swearing that the answers were true and complete to the best of Respondent’s knowledge.

4. The documentation and information obtained by the Commissioner during the application process revealed that on or about September 20, 2006, the California Bureau of Real Estate (BRE), formerly known as the Department of Real Estate, pursuant to a stipulation and agreement by

1 Respondent, ordered the suspension of the Respondent's real estate broker license for 120 days for
2 his failure as designated officer and broker of LoanNow Financial Corp. (also known as LoanNow
3 Financial Corporation and formerly as Fairon & Associates or Fairon & Associates, Inc.) to keep
4 LoanNow Financial Corp. in compliance with the law and to exercise reasonable supervision and
5 control over its licensed activities. The violations were discovered after BRE performed an audit of
6 LoanNow Financial Corp.'s books and records pertaining to its mortgage loan and escrow activities,
7 and involved the mishandling of funds, including failing to properly maintain minimum amounts,
8 failing to maintain records and agreements, and failing to perform monthly reconciliation. The
9 violations were found to constitute negligence or incompetence and to serve as cause for the
10 suspension or revocation of licensure.

11 5. The initial 30 days of the suspension were stayed upon conditions that Respondent pay a
12 monetary penalty and no further cause for disciplinary action occurred within two (2) years. The
13 remaining 90 days were stayed upon conditions that Respondent obey all laws, rules and regulations
14 relating to a real estate licensee and that there were no final subsequent determinations that any
15 cause for disciplinary action occurred within the same two (2) years. Respondent was also ordered
16 to pay regulatory audit costs not to exceed \$19,674.66.

17 6. BRE also ordered Respondent to take and pass a Professional Responsibility Examination
18 and pay related fees within six (6) months, and ordered all licensing rights of Respondent
19 indefinitely suspended until Respondent successfully completed a continuing education course on
20 trust fund accounting and handling within 120 days.

21 7. On or about September 18, 2007, BRE determined that Respondent subsequently violated the
22 order by failing to take and pass the Professional Responsibility Examination as ordered and
23 therefore revoked its stay and suspended Respondent's license until he came into compliance.

24 8. On June 9, 2008, BRE ultimately revoked Respondent's license for failure to take and pass
25 the Professional Responsibility Examination as ordered.

26 9. Financial Code section 50141 provides in relevant part:

27 (a) The commissioner shall deny an application for a mortgage loan
28 originator license unless the commissioner makes at a minimum the
following findings:

...

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

(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.
...

10. Complainant finds, by reason of the foregoing, that Respondent’s prior conduct leading to the suspension and ultimately to the revocation of his real estate license fails to demonstrate such character and general fitness as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, and efficiently as a mortgage loan originator.

11. On December 10, 2014, the Commissioner issued a Notice of Intention to Issue Order Denying Mortgage Loan Originator License Application and accompanying documents based on the above findings. Respondent was served with those documents on December 17, 2014 via certified, return receipt mail at the address filed by Respondent on his application with the Department of Business Oversight. On December 22, 2014, Respondent requested a hearing and on March 2, 2015 withdrew that request.

NOW GOOD CAUSE APPEARING THEREFOR, it is hereby ordered that the mortgage loan originator license application of Patrick M. Fairon, described in Paragraph 1 above, is denied. This order is effective as of the date hereof.

Dated: March 11, 2015
Sacramento, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner