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

11  
12 In the Matter of THE COMMISSIONER OF ) NMLS ID No.: 255961  
BUSINESS OVERSIGHT OF THE STATE OF )  
13 CALIFORNIA, )  
14 ) **STATEMENT OF ISSUES IN SUPPORT OF**  
Complainant, ) **DENIAL OF MORTGAGE LOAN**  
15 ) **ORIGINATOR LICENSE APPLICATION**  
vs. )  
16 VIC HARBOYAN, )  
17 )  
Respondent. )  
18 )  
19 )  
20 )

21 The Commissioner of Business Oversight (“Commissioner” or “Complainant”) is informed  
22 and believes, and based upon such information and belief, alleges and charges Respondent Vic  
23 Harboyan (“Respondent” or “Harboyan”) as follows:

24 **I.**

25 **INTRODUCTION**

26 Complainant hereby determines not to issue a mortgage loan originator (“MLO”) license to  
27 Vic Harboyan (“Respondent” or “Harboyan”) pursuant to Financial Code section 50141,  
28 subdivision (a)(3) because Respondent has not demonstrated financial responsibility, character, and

1 general fitness as to command the confidence of the community and to warrant a determination that  
2 the applicant will operate honestly, fairly, and efficiently within the purposes of the California  
3 Residential Mortgage Lending Act.

## 4 II.

### 5 THE APPLICATION

6 On April 27, 2016, Respondent filed an application for an MLO license with the  
7 Commissioner pursuant to the California Residential Mortgage Lending Act (“CRMLA”)  
8 (Financial Code sections 50000 *et. seq.*), in particular, Financial Code section 50140. The  
9 application was for the purpose of the Respondent’s employment with or working on behalf of  
10 Prospect Mortgage, L.L.C., Nationwide Mortgage Licensing System (“NMLS”) ID No. 3296, at a  
11 branch located at 500 N. Brand Blvd., Suite 175, Glendale, CA 91203, as a loan officer.

12 The application was submitted to the Commissioner by filing Form MU4 application  
13 through the NMLS. Respondent signed the Form MU4 swearing that the answers were true and  
14 complete to the best of Respondent’s knowledge.

15 On June 16, 2016, Respondent filed an addendum disclosure to his original application of  
16 April 27, 2016. NMLS Form MU4 at Section K(2), and K(9) “Regulatory Action” of this June 16,  
17 2016 disclosure specifically asked:

18 *“Has any state or federal regulatory agency or foreign financial*  
19 *regulatory authority or self-regulatory organization (SRO) ever:*  
20 *(2) found you to have been involved in a violation of a financial services-*  
21 *related business regulation(s) or statute(s)?*  
*(5) entered an order concerning you in connection with any license or*  
*registration?”*

22 Also, NMLS Form MU4 at Section Q(1), “Termination Disclosure” of this June 16, 2016  
23 disclosure specifically asked:

24 *“Have you ever voluntarily resigned, been discharged, or*  
25 *permitted to resign after allegation were made that accused you of:*  
26 *(1) violating statute(s), regulation(s), rule(s), or industry standards of*  
*conduct?”*

27 Respondent answered “Yes” to each of these questions. The Respondent failed to disclose this  
28 information when submitting the application on April 27, 2016. The documentation received by the

1 Commissioner during the application process disclosed that Respondent was previously licensed by  
2 the California Bureau of Real Estate (“CBRE”) as a real estate broker (“CBRE License”) from  
3 March 29, 2004 to August 29, 2013. Respondent surrendered the CBRE License on July 16, 2013,  
4 effective August 29, 2013 pursuant to Business and Professions Code section 10100.2. The CBRE  
5 License was suspended subsequent to: (1) The CBRE issuing an Accusation setting forth  
6 allegations against Respondent on September 12, 2012 (“Accusation”); (2) Respondent being  
7 granted an opportunity to be heard at an administrative hearing on the merits; and (3) an Order  
8 Accepting Voluntary Surrender of Real Estate License, effective August 29, 2013 (“Order”). True  
9 and correct copies are attached hereto collectively as “**Exhibit 1.**”

10 Pursuant to the Accusation, and Order, the CBRE License was suspended because Harboyan  
11 engaged in activity in violation of the Business and Professions Code and California Code of  
12 Regulations, title 10. Specifically, in addition to holding the CBRE License, Respondent was the  
13 Vice President of Global Lending, Inc., d.b.a. Home Search Realty, a corporate real estate broker  
14 (“Global”). Respondent was the broker-officer designated pursuant to Business and Professions  
15 Code section 10159.2 to be responsible for ensuring Global’s compliance with the Real Estate Law.

16 In January 13, 2012, the Department completed an audit examination of Respondent and  
17 Global’s books and records pertaining to mortgage lending activities. The examination revealed a  
18 significant number of statutory violations, including, but not limited to the failure to: (1) maintain  
19 trust accounts for receipt of funds in the form of advance fees collected for loan modification  
20 services; (2) deposit trust funds in designated trust accounts, rather than place them in a general  
21 business account; (3) maintain control records for trust funds deposited; (4) maintain separate  
22 records for each beneficiary or transaction for trust funds received; (5) maintain monthly  
23 reconciliation of records and accounts; (6) prevent the commingling of general funds with trust  
24 funds; (7) account for advance fees received from borrowers for loan modifications; and (8) provide  
25 Mortgage Loan Disclosure Statements to borrowers.

26 Also, the corporate rights and privileges of Global were suspended by the Franchise Tax  
27 Board on January 3, 2012, pursuant to Revenue and Taxation Code section 23301. Pursuant to  
28 Revenue and Tax code section 23301, the corporate powers, rights and privileges of a taxpayer may

1 be suspended, and the exercise of the corporate powers, rights and privileges of a foreign taxpayer  
2 may be forfeited in California, if the taxpayer fails to pay taxes or fails to pay California taxes on a  
3 timely basis. *Cal. Rev & Tax Code §23301*. This suspension occurred during Respondent’s direction  
4 and supervision as vice president. This suspension was grounds for the suspension or revocation of  
5 Global’s real estate license and Respondent’s CBRE license pursuant to Business and Professions  
6 Code section 10177 and California Code of Regulations, title 10, section 2742.

7 Finally, the CBRE determined that, because of the foregoing, Respondent failed to  
8 adequately supervise the actions of Global in violation of Business and Professions Code section  
9 10159.2 and California Code of Regulations, title 10, section 2725.

10 **III.**

11 **APPLICABLE LAW**

12 Financial Code section 50141 provides in pertinent part:

13 (a) The commissioner shall deny an application for a mortgage loan  
14 originator license unless the commissioner makes, at a minimum,  
15 the following findings:

16 (3) The applicant has demonstrated such financial responsibility,  
17 character, and general fitness as to command the confidence of  
18 the community and to warrant a determination that the mortgage  
19 loan originator will operate honestly, fairly, and efficiently  
20 within the purposes of this division.

21 **IV.**

22 **CONCLUSION**

23 Complainant finds, by reason of the foregoing, that Respondent has failed to demonstrate  
24 such financial responsibility, character, and general fitness as to command the confidence of the  
25 community and warrant a determination that he will operate honestly, fairly, and efficiently as a  
26 MLO in light of his actions under the meaning of Financial Code section 50141. Complainant finds  
27 that each and every above stated act by Respondent Vic Harboyan is sufficient grounds to not issue  
28 a MLO license to Respondent Vic Harboyan, pursuant to Financial Code section 50141.

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THEREFORE, Complainant asserts that Financial Code section 50141 mandates that the Commissioner deny Respondent’s application for a MLO license. WHEREFORE IT IS PRAYED that the determination of the Commissioner to deny Respondent’s application for a MLO license be upheld.

Dated: July 5, 2016

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARISA I. URTEAGA-WATKINS  
Counsel