

1 MARY ANN SMITH
Deputy Commissioner
2 MIRANDA LEKANDER
Assistant Chief Counsel
3 JEREMY F. KOO (State Bar No. 300225)
Counsel
4 Department of Business Oversight
1515 K Street, Suite 200
5 Sacramento, California 95814
Telephone: (916) 327-2610
6 Facsimile: (916) 455-6985

7 Attorneys for Complainant

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

11 In the Matter of:) NMLS FILE NO. 1267062
12)
13 THE COMMISSIONER OF BUSINESS) STATEMENT OF ISSUES IN SUPPORT OF
OVERSIGHT,) NOTICE OF INTENTION TO ISSUE ORDER
14) DENYING MORTGAGE LOAN
Complainant,) ORIGINATOR LICENSE APPLICATION
15)
16 v.)
17)
18 JAME JAY HOLLOWAY,)
Respondent.)
_____)

19
20 The Complainant, the Commissioner of Business Oversight (Commissioner), alleges and
21 charges Respondent Jame Jay Holloway (Holloway) as follows:

22 I.
23 INTRODUCTION

24 1. The Commissioner licenses and regulates mortgage loan originators, finance lenders, and
25 brokers under the California Financing Law (Fin. Code, § 22000 et seq.) (CFL).¹

26
27 _____
28 ¹ Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the “California Financing Law.” (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this document, a reference to the California Finance Lenders Law means the California Finance Lenders Law before October 4, 2017 and the California Financing Law on and after that date. (Cal. Fin. Code, § 22000.)”

1 2. To become licensed by the Commissioner as a mortgage loan originator (MLO), an
2 individual must submit a uniform application form (known as the MU2 or MU4 form) through the
3 Nationwide Mortgage Licensing System & Registry (NMLS). The NMLS contains a detailed set of
4 instructions for filing license applications, including a checklist of items to be completed by the
5 applicant, who is fully responsible for all the requirements of the license.

6 3. On December 29, 2016, Holloway applied to the Commissioner for a MLO license by
7 submitting a form MU4 through the NMLS. (“Application”)

8 4. The Commissioner intends to issue an order denying Application pursuant to Financial Code
9 sections 22109.1 and 22172 because Holloway: (1) has been convicted of a felony involving an act
10 of fraud, dishonesty, a breach of trust, or money laundering; (2) is not employed by, and subject to
11 the supervision of, a finance lender or broker that has obtained a license from the Commissioner
12 pursuant to the CFL; (3) withheld information or made a material misstatement in his application for
13 a license; and (4) has not demonstrated such financial responsibility, character, and general fitness as
14 to command the confidence of the community and to warrant a determination that the mortgage loan
15 originator will operate honestly, fairly, and efficiently within the purposes of the CFL.

16 **II.**

17 **HOLLOWAY’S 1995 EMBEZZLEMENT PLEA AND CONVICTION**

18 5. On or about June 23, 1995, Holloway pled nolo contendere to a charge of felony
19 embezzlement in a Michigan criminal court for an incident that occurred on or about December 7,
20 1994. Holloway was subsequently convicted of the felony embezzlement charge.

21 6. In 1994, former Michigan Compiled Laws section 750.174, as amended (1957 PA 169,
22 subsequently amended by 1998 PA 312, 2006 PA 573) read in pertinent part:

23 Any person who as the agent, servant or employee of another, or as the
24 trustee, bailee or custodian of the property of another . . . shall
25 fraudulently dispose of or convert to his own use, or take or secrete
26 with intent to convert to his own use without the consent of his
27 principal, any money or other personal property of his principal which
28 shall have come to his possession or shall be under his charge or
control by virtue of his being such agent, servant, employee, trustee,
bailee or custodian, as aforesaid, shall be guilty of the crime of
embezzlement, and upon conviction thereof . . . if the money or
personal property so embezzled be of the value of more than \$ 100.00 ,
such person shall be guilty of a felony, punishable by imprisonment in

1 the state prison not more than 10 years or by a fine not exceeding \$
2 5,000.00. . . .

3 7. The Commissioner finds that Holloway has been convicted of or pled nolo contendere
4 to a felony in a domestic court and that felony involved an act of fraud, dishonesty, a breach
5 of trust, or money laundering, failing to meet the requirement for licensure provided by
6 Financial Code section 22109.1, subdivision (a)(2)(A).

7 **III.**

8 **HOLLOWAY IS NOT EMPLOYED BY A CFL LICENSEE**

9 8. From December 29, 2016 to March 29, 2017, Holloway was sponsored and employed by
10 Cardinal Financial Company, Limited Partnership (“Cardinal Financial”), which is licensed under
11 the CFL, license number 603K498.

12 9. On or about March 29, 2017, Holloway’s sponsorship by and employment with Cardinal
13 Financial ended. Holloway has not been sponsored and employed by any other CFL licensee since.

14 10. The Commissioner finds that Holloway is not employed by, nor subject to the supervision of,
15 a finance lender or broker that has obtained a license from the commissioner pursuant to the CFL, a
16 requirement for licensure under Financial Code section 22109.1, subdivision (a)(6).

17 **IV.**

18 **HOLLOWAY’S UNTRUE STATEMENT ON HIS MLO APPLICATION**

19 11. In Holloway’s Application for a MLO license, Holloway was asked Criminal Disclosure
20 Question (F)(1), “Have you ever been convicted of or pled guilty or nolo contendere (“no contest”)
21 in a domestic, foreign, or military court to any felony?” Holloway answered, “No.”

22 12. The Commissioner determined pursuant to its own investigation of Holloway’s application
23 that in 1995, Holloway was convicted of felony embezzlement by the State of Michigan. After being
24 instructed by the Commissioner to amend his response to Question (F)(1), Holloway changed his
25 answer to “Yes,” uploaded documentation disclosing the 1995 embezzlement judgment and admitted
26 that he had pled nolo contendere to the crime. Holloway did not offer an explanation for why he
27 initially answered “No” to Question (F)(1).

28

1 13. The Commissioner finds that Holloway has withheld information or made a material
2 misstatement in an application for a license, in violation of Financial Code section 22172,
3 subdivision (a)(2).

4 14. The Commissioner finds that Holloway has failed to demonstrate such financial
5 responsibility, character, and general fitness as to command the confidence of the community and to
6 warrant a determination that the mortgage loan originator will operate honestly, fairly, and
7 efficiently within the purposes of the CFL, a requirement for licensure under Financial Code section
8 22109.1, subdivision (a)(3).

9 **V.**

10 **GROUNDS TO DENY HOLLOWAY’S APPLICATION**

11 15. Financial Code section 22109.1, subdivision (a), provides, in pertinent part:

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

14 ...

15 (2) (A) The applicant has not been convicted of, or pled guilty or nolo
16 contendere to, a felony in a domestic, foreign, or military court during
17 the seven-year period preceding the date of the application for
18 licensing and registration, or at any time preceding the date of
19 application, if the felony involved an act of fraud, dishonesty, or a
20 breach of trust, or money laundering. Whether a particular crime is
21 classified as a felony shall be determined by the law of the jurisdiction
22 in which an individual is convicted.

19 ...

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

23 ...

24 (6) The applicant is employed by, and subject to the supervision of, a
25 finance lender or broker that has obtained a license from the
26 commissioner pursuant to this division.

26 16. Financial Code section 22172, subdivision (a) provides, in pertinent part:

27 The commissioner may do one or more of the following:

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(2) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license if an applicant or licensee fails at any time to meet the requirements of Section 22109.1 or 22109.4, or withholds information or makes a material misstatement in an application for a license or license renewal.

VI.

CONCLUSION

Based on the foregoing, the Commissioner is required under Financial Code sections 22109.1, subdivisions (a)(2)(A), (a)(3), and (a)(6), and 22172, subdivision (a)(2), to deny the issuance of a mortgage loan originator license to Jame Jay Holloway.

WHEREFORE, the Commissioner prays that the application for a mortgage loan originator license filed by Jame Jay Holloway on December 29, 2016 be denied.

Dated: December 21, 2017
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
JEREMY F. KOO
Counsel
Enforcement Division