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8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

11 In the Matter of the Statement of Issues of THE) NMLS ID: 441665
12 COMMISSIONER OF CORPORATIONS OF)
13 THE STATE OF CALIFORNIA,) STATEMENT OF ISSUES
14 Complainant,)
15 vs.)
16 TY EARL LAFFOON a.k.a.)
17 EARL HOWARD LAFFOON, JR.,)
18 Respondent.)

19
20 The Complainant is informed and believes, and based upon such information and belief,
21 alleges and charges Respondent as follows:

22 I
23 INTRODUCTION

24 The proposed order seeks to deny the issuance of a mortgage loan originator license to TY
25 EARL LAFFOON a.k.a. EARL HOWARD LAFFOON, JR. (“Respondent”) pursuant to Financial
26 Code section 50141 in that Respondent has been convicted of a felony involving an act of fraud,
27 dishonesty, or a breach of trust, or money laundering, by pleading guilty to a violation of Title 18,
28 United States Code (“U.S.C.”) section 371 (conspiracy), with the object of the offense being a

1 violation of Title 18, U.S.C. section 545 (to knowingly and willfully with intent to defraud, smuggle
2 merchandise, that is, pharmaceuticals, into the United States), and Title 21, U.S.C. sections 331(a),
3 333(a)(2) and 353(b) (to introduce into interstate commerce a misbranded drug with intent to defraud
4 and mislead).

5 II

6 APPLICATION

7 On or about May 4, 2012 Respondent filed an application for a mortgage loan originator
8 license with the Commissioner of Corporations (“Complainant” or “Commissioner”) pursuant to the
9 California Residential Mortgage Lending Act (“CRMLA”) (Financial Code sections 50000 *et. seq.*),
10 in particular, Financial Code section 50140. The application was submitted to the Commissioner by
11 filing Form MU4 through the Nationwide Mortgage Licensing System (“NMLS”). Respondent
12 subsequently updated the Form MU4 through NMLS on or about July 20, 2012 (“the Application”).

13 The Application at Question (F)(1) specifically asks: “Have you been convicted of or pled
14 guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to any felony?”
15 Respondent answered, “Yes.”

16 III

17 CONVICTION

18 Documents obtained by the Department of Corporations (“Department”) in connection with
19 the Application disclosed that Respondent pleaded guilty to Count 1 of the Information filed on or
20 about May 13, 2004 in *United States v. Earl Howard Laffoon, Jr., a.k.a. “Ty Laffoon,”* (Case No.
21 04-CR-1117-JM).

22 Count 1 states that on or about June 2002, and on or about March 22, 2004, Respondent
23 conspired with another defendant to (a) knowingly and willfully with the intent to defraud, smuggle
24 merchandise, that is, pharmaceuticals, into the United States, in violation of Title 18, U.S.C. section
25 545; and (b) to introduce into interstate commerce a misbranded drug with intent to defraud and
26 mislead, in violation of Title 21, U.S.C. sections 331(a), 333(a)(2) and 353(b), and thereafter
27 smuggled pharmaceuticals into the United States, in violation of Title 18, U.S.C. section 371.

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III

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:

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

IV

CONCLUSION

Complainant finds, by reason of the foregoing, that Respondent does not meet at least one of the six minimum requirements for issuance of a mortgage loan originator license, namely, Financial Code section 50141, subdivision (a)(1) requiring that Respondent has not pleaded guilty to a felony at any time preceding the date of the Application if such felony involved an act of fraud, dishonesty, a breach of trust, or money laundering. Therefore, pursuant to Financial Code section 50141, subdivision (a) the Commissioner shall deny Respondent’s application for a mortgage loan originator license.

WHEREFORE IT IS PRAYED that the mortgage loan originator application filed by Respondent be denied.

Dated: June 5, 2013
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Corporations

By _____
SOPHIA C. KIM
Corporations Counsel