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

12 In the Matter of:

CFLL APPLICATION NO.: 60DBO-73317

13 THE COMMISSIONER OF BUSINESS
14 OVERSIGHT,

STATEMENT OF ISSUES IN SUPPORT OF
ORDER DENYING CALIFORNIA FINANCE
LENDER LICENSE APPLICATION

15 Complainant,

16 v.

17 LUMEN SOLUTIONS, INC., a California
18 corporation,

19 Respondent.
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21 The Commissioner of Business Oversight (Commissioner) alleges and charges Respondent
22 Lumen Solutions, Inc. as follows:
23

24 **I.**

Background

25 1. Lumen Solutions, Inc. (Lumen) is a California corporation formed on May 31, 2013,
26 with a registered place of business at 1419 North Freeman Street, Santa Ana, California 92706.
27

28 2. Victor Melgoza Gallardo is Chief Executive Officer and one-hundred percent (100%)

1 owner of Lumen. Gallardo is also the Designated Officer for Lumen with the Bureau of Real Estate
2 (BRE), and holds a BRE broker license.

3 3. The Commissioner is authorized to administer and enforce the provisions of the
4 California Finance Lenders Law (CFL) (Financial Code § 22000, et seq.) and the regulations
5 thereunder at California Code of Regulations, title 10.

6 4. Pursuant to section Financial Code section 22109(a)(3), the Commissioner may deny
7 the application for a finance lender or broker license where, among other provisions, the applicant has
8 violated any provision of the CFL or similar regulatory scheme of the State of California.

9 5. On June 29, 2017, Gallardo, on behalf of Lumen, filed an application for a CFL
10 license with the Commissioner.

11 6. This Statement of Issues is submitted in support of the Commissioner’s Notice of
12 Intention to deny Lumen’s CFL license application pursuant to Financial Code section 22019(a)(3)
13 on the grounds that Gallardo has, as the person owning or controlling, directly or indirectly, ten
14 percent (10%) or more of the outstanding interests or equity securities of Lumen, violated provisions
15 of a similar regulatory scheme of the State of California.

16 **II.**

17 **CFL License Application**

18 7. On or about June 29, 2017, Lumen filed an application for a finance lending license
19 with the Commissioner and, as required for the application, submitted a Form MU1 and Form MU2
20 through the Nationwide Mortgage Licensing System (NMLS). Under the “Direct Owners and
21 Executive Officers” section of the MU1, the application identified Victor Gallardo as the one-
22 hundred percent owner of Lumen. Review of Gallardo’s MU2 on NMLS revealed that Gallardo
23 previously held a Mortgage Lender Originator (MLO) endorsement for his BRE broker license,
24 which expired on January 1, 2015, and held a MLO endorsement for his BRE salesperson license,
25 which expired on January 1, 2013. Both MLO license endorsements were classified by the BRE as
26 “restricted” prior to expiration.

27 8. The “restricted” classifications for Victor Gallardo’s MLO endorsements were the
28 result of two administrative proceedings before the Department of Real Estate, Case No. H-37542

1 and Case No. H-39026. The Statement of Issues in Case No. H-37542, filed on September 20, 2011,
2 alleged two bases for denial of Gallardo’s requested application for a MLO license endorsement: (1)
3 in 1995, in the Superior Court of the State of California for the County of Orange, Case No.
4 95CF2663, Gallardo was convicted of violating California Vehicle Code section 10851(a) (unlawful
5 taking of a vehicle) and section 496(a) (receiving stolen property), both felonies involving fraud,
6 dishonesty, a breach of trust, or money laundering; and (2) in response to question 8(D)(1) of the
7 BRE MLO license endorsement application, “Have you ever been convicted or pled guilty or nolo
8 contendre (“no contest”) in a domestic, foreign or military court to any felony?”, Gallardo failed to
9 reveal the prior felony criminal convictions described above.

10 9. On July 10, 2012, a Stipulation and Waiver in Case No. H-37542 was filed before the
11 Department of Real Estate, executed by Victor Melgoza Gallardo, in which Gallardo admitted that
12 the allegations in the BRE Statement of Issues filed against him were true.

13 **III.**

14 **Applicable Law**

15 10. Financial Code section 22109, subdivision (a), provides, in pertinent part:

16 Upon reasonable notice and opportunity to be heard, the commissioner may deny the
17 application for a finance lender or broker license for any of the following reasons:

- 18 ...
19 (3) The applicant or an officer, director, general partner, person responsible for the
20 applicant’s lending activities in this state, or person owning or controlling, directly or
21 indirectly, 10 percent or more of the outstanding interests or equity securities of the
22 applicant has violated any provision of this division or the rules thereunder or any
23 similar regulatory scheme of the State of California or a foreign jurisdiction.

24 11. The BRE found that Gallardo’s felony criminal convictions, and his failure to disclose
25 the convictions in the MLO endorsement application process, violated their consumer protection
26 regulatory scheme. Accordingly, under Financial Code section 22019, subdivision (a), Gallardo
27 violated a similar consumer protection regulatory scheme of the state of California.

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IV.

Conclusion

The Commissioner finds, due to the foregoing, that there are grounds under Financial Code section 22109, subdivision (a), to deny the issuance of a finance lender license to Respondent Lumen Solutions, Inc.

WHEREFORE, the Commissioner prays that the application for a finance lender license filed on June 29, 2017, by Respondent Lumen Solutions, Inc., by and through its one-hundred percent owner Victor Melgoza Gallardo, be denied.

Dated: October 23, 2017

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Robert R. Lux
Senior Counsel
Enforcement Division