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

11 In the Matter of:) NMLS NO.: 1512675
12)
13 THE CALIFORNIA COMMISSIONER OF) STATEMENT OF ISSUES IN SUPPORT OF
BUSINESS OVERSIGHT,) ORDER DENYING APPLICATION FOR
14) MORTGAGE LOAN ORIGINATOR LICENSE
Complainant,) (FINANCIAL CODE SECTION 50141)
15 v.)
16 JOSHUA SERRANO,)
17)
Respondent.)
18)
19)

20 The California Commissioner of Business Oversight (Commissioner) is informed and
21 believes, and based upon such information and belief, alleges and charges Joshua Serrano (Serrano
22 or Respondent) as follows:

23 **I.**
24 **INTRODUCTION**

25 The proposed order seeks to deny the issuance of a Mortgage Loan Originator License to
26 Respondent under Financial Code section 50141¹ because Respondent: (1) was previously convicted
27 of a felony involving an act of fraud, dishonesty, a breach of trust, or money laundering; (2) has not

28 _____
¹ All further statutory references are to the California Financial Code unless otherwise indicated.

1 demonstrated requisite financial responsibility as to command the confidence of the community and
2 to warrant a determination that the mortgage loan originator will operate honestly, fairly, and
3 efficiently, and (3) has not demonstrated the character and general fitness as to command the
4 confidence of the community and to warrant a determination that the mortgage loan originator will
5 operate honestly, fairly, and efficiently within the Mortgage Loan Originator Law of California.

6
7 **II.**
8 **THE APPLICATION**

9 On October 17, 2016, Respondent filed an application for a Mortgage Loan
10 Originator License with the Commissioner under the California Residential Mortgage Lending Act
11 (CRMLA) (Financial Code, § 50000 et seq.), pursuant to Financial Code section 50140. Respondent
12 submitted his application to the Commissioner by filing a Form MU4 through the Nationwide
13 Mortgage Licensing System.

14 Form MU4 at Question (A)(1) asked: "Have you filed a personal bankruptcy petition or been
15 the subject of an involuntary bankruptcy petition within the past 10 years?" Respondent answered,
16 "Yes."

17 Form MU4 at Question (D) asked: "Do you have any unsatisfied judgments or liens against
18 you?" Respondent answered "No."

19 Form MU4 at Question (F) (1) asked: "Have you ever been convicted or pled guilty or nolo
20 contendere ("no contest") in a domestic, foreign, or military court to any felony?" Respondent
21 answered "Yes." Respondent did not provide an explanation or supporting documentation for the
22 disclosure as required by the application.

23 Form MU4 at Question (H)(1) asked: "Have you ever been convicted of or pled guilty or
24 nolo contendere ("no contest") in a domestic, foreign, or military court to committing or conspiring
25 to commit a misdemeanor involving: (i) financial services or a financial services-related business,
26 (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery,
27 (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion?" Respondent answered "Yes."
28 Respondent did not provide an explanation or supporting documentation for the disclosure as
required by the application.

- 1 Form MU4 at Question (K) asked a series of questions, including:
- 2 (K) Has any State or federal regulatory agency or foreign financial regulatory
- 3 authority or self-regulatory organization (SRO) ever:
- 4 (1) found you to have made a false statement or omission or been dishonest,
- 5 unfair or unethical?
- 6 (2) found you to have been involved in a violation of a financial services-related
- 7 business regulation(s) or statute(s)?
- 8 ...
- 9 (5) revoked your registration or license?
- 10 ...
- 11 (9) entered an order concerning you in connection with any license or
- 12 registration?

13 To all the above-listed questions, Respondent answered, “No.”

14 Upon reviewing Respondent’s Form MU4, the Department discovered that in 2007, the

15 California Department of Real Estate (now Bureau of Real Estate) (BRE) suspended and revoked

16 Respondent’s BRE Salesperson License, contrary to the disclosures on Form MU4 Question (K).

17 On or about November 1, 2016, Respondent was instructed to revise his Form MU4 by

18 providing a detailed explanation and to upload supporting documentation in connection with the

19 criminal disclosure MU4 Form Questions (F)(1) and (H)(1). Respondent was further instructed to

20 revise his MU4 Form by amending the answers responsive to Form MU4 Question (K) to “yes,” to

21 provide a complete explanation for the events and reason for nondisclosure, and to provide

22 applicable documentation.

23 On November 1, 2016, Respondent filed an amended MU4 Form. The amended MU4 Form

24 provided further explanation of the criminal disclosure MU4 Form Questions (F)(1) and (H)(1),

25 providing, in short, that Respondent had been found guilty of Grand Theft on August 8, 2006, and

26 that the case was subsequently dismissed. The amended Form MU4 at Question (K) also asked a

27 series of questions, including:

- 28 (K) Has any State or federal regulatory agency or foreign financial regulatory
- authority or self-regulatory organization (SRO) ever:
- (1) found you to have made a false statement or omission or been dishonest,
- unfair or unethical?

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

3 ...

4 (5) revoked your registration or license?

5 ...

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

8 To all the above-listed questions, Respondent answered, "Yes," with supporting documentation.

9 On November 2, 2016, Responded filed a second amended MU4 Form, wherein Respondent
10 provided further documentation responsive to MU4 Form Questions (F)(1), (H)(1) and (K).

11 **III.**
12 **APPLICABLE LAW**

13 Section 50141 provides in relevant part:

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

16 ...

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

24 ...

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

29 **IV.**
30 **FELONY**

31 Form MU4 at Question (F) (1) asked: "Have you ever been convicted or pled guilty or nolo
32 contendere ("no contest") in a domestic, foreign, or military court to any felony?" Respondent
33 answered, "Yes."

34 Form MU4 at Question (H)(1) asked: "Have you ever been convicted of or pled guilty or
35 nolo contendere ("no contest") in a domestic, foreign, or military court to committing or conspiring
36 to commit a misdemeanor involving: (i) financial services or a financial services-related business,

1 (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery,
2 (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion?” Respondent answered, “Yes.”

3 Documents obtained by the Commissioner in connection with the application reveal that
4 Respondent pled guilty to one count of grand theft by embezzlement, in violation of California Penal
5 Code section 487, subdivision (a), a felony, on or about August 15, 2006. (*People v. Serrano,*
6 *Joshua*, Case No. RIF128366). On March 12, 2010, the Superior Court reduced the felony to a
7 misdemeanor charge of Penal Code M487(A) pursuant to Penal Code 1203.4/1203.4(a).

8 Respondent’s grand theft felony involved an act of fraud, dishonesty, a breach of trust, or
9 money laundering, as described in Financial Code section 50140, subsection (a)(2)(A).

10 **V.**
11 **FINANCIAL RESPONSIBLITIY**

12 Form MU4 at Question (A)(1) asked: “Have you filed a personal bankruptcy petition or been
13 the subject of an involuntary bankruptcy petition within the past 10 years?” Respondent answered,
14 “Yes.” Public records reveal that on August 7, 2013, Respondent filed for Chapter 7 Bankruptcy.
15 Respondent received a discharge on December 17, 2013.

16 Form MU4 at Question (D) asked: “Do you have any unsatisfied judgments or liens against
17 you?” Respondent answered, “No.” To the contrary, records from the Riverside County Recorder
18 reveal that California filed a state tax lien against Respondent in the amount of \$1,095.83 on May 5,
19 2010. This state tax lien does not appear to have been satisfied.

20 Respondent’s 2013 bankruptcy and the 2010 state tax lien filed against him fail to
21 demonstrate the requisite financial responsibility as described in Financial Code section 50140,
22 subsection (a)(3).

23 **VI.**
24 **CHARACTER AND GENERAL FITNESS**

25 Form MU4 at Question (K) asked:

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

28 (1) found you to have made a false statement or omission or been dishonest,
unfair or unethical?

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

3 ...
4 (5) revoked your registration or license?

5 ...
6 (9) entered an order concerning you in connection with any license or
7 registration?

8 To all the above-listed questions, Respondent answered, "No." To the contrary, a review of the BRE
9 public license information on its website revealed that on August 30, 2007, the BRE revoked a
10 license issued to Respondent. Respondent was instructed to amend his response and provide a
11 detailed explanation with supporting documentation. Thereafter, on November 1, 2016, Respondent
12 amended his response to the above-referenced questions from "no" to "yes." The next day on
13 November 2, 2016, Respondent provided the supporting documentation regarding his license
14 revocation.

15 The information received by the Commissioner revealed that Respondent was previously
16 licensed by the BRE as a real estate broker. On December 8, 2006, the BRE issued an Accusation
17 against Joshua Serrano. On August 30, 2007, after failing to respond to the BRE's Accusation and
18 declining to enter a Notice of Defense, the BRE entered an order revoking Respondent's real estate
19 license. The BRE determined that cause for disciplinary action was based upon Respondents August
20 15, 2006 criminal conviction.

21 Note that in submitting his application and subsequent amendments, Respondent signed the
22 Form MU4 swearing, under penalty of perjury, that the answers were "current, true, accurate and
23 complete[.]" Therefore, Respondent made, or caused to be made, a material misrepresentation to the
24 Commissioner. Making a misrepresentation during the mortgage loan originator license and the
25 conduct leading to the revocation of his real estate license process casts doubt on Respondent's
26 character and general fitness to command the confidence of the community and operate honestly and
27 fairly as a mortgage loan originator, as described in Financial Code section 50140, subsection (a)(3).

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VII.
CONCLUSION

The Commissioner finds, by reason of the foregoing, that Respondent does not meet the requirements for issuance of a mortgage loan originator license. Pursuant to Financial Code 50141, subdivisions (a)(2)(A) and (a)(3), Respondent: (1) pled guilty to a felony in 2006 that involved an act of fraud, dishonesty, a breach of trust, or money laundering; (2) has not demonstrated financial responsibility as to warrant a determination that Respondent will operate honestly, fairly, and efficiently as a mortgage loan originator based on a state tax lien dated May 5, 2010 and a 2013 bankruptcy filing; and (3) has not demonstrated such character and general fitness as to command the confidence of the community to warrant a determination that he will operate honestly, fairly, and efficiently within the purposes of this division based on the facts underlying a 2006 felony conviction, the facts underlying the revocation of his BRE license, and the misrepresentations on the original Form MU4. Therefore, pursuant to 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: April 11, 2017
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
KELLY SUK
Counsel
Enforcement Division