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8 Attorneys for Complainant

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

11	In the Matter of)	NMLS No.: 290055
12)	
13	THE COMMISSIONER)	
14	OF BUSINESS OVERSIGHT,)	
15	Complainant,)	STATEMENT OF ISSUES IN SUPPORT
16	v.)	OF NON-ISSUANCE OF MORTGAGE
17	JEFFREY CHRISTOPHER SPRANKLE,)	LOAN ORIGINATOR LICENSE
18	Respondent.)	
19	_____)	

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

22 I.

23 INTRODUCTION

24 1. Complainant will deny the mortgage loan originator license application of Jeffrey Christopher
25 Sprankle (“Respondent” and/or “Sprankle”) pursuant to Financial Code section 50141 in that
26 Sprankle pled guilty to a felony involving an act of fraud, dishonesty, breach of trust or money
27 laundering, the Department of Real Estate (now known as the Bureau of Real Estate) revoked his
28 mortgage loan originator license, and the Respondent does not have the character or general fitness to

1 warrant a determination that he will operate with honesty as required by law.

2 2. Financial Code section 50141 provides in relevant part:

3 (a) The commissioner shall not issue a mortgage loan originator license unless the
4 commissioner makes at a minimum the following findings:

5 (1) The applicant has never had a mortgage loan originator license revoked in any
6 governmental jurisdiction...

7 (2A) The applicant has not been convicted of, or pled guilty or nolo contendere to,
8 a felony in a domestic, foreign, or military court during the seven-year period
9 preceding the date of the application for licensing or registration, or at any time
10 preceding the date of application if such felony involved an act of fraud,
11 dishonesty, a breach of trust, or money laundering...

12 (3) The applicant has demonstrated such financial responsibility, character, and
13 general fitness as to command the confidence of the community and to warrant a
14 determination that the mortgage loan originator will operate honestly, fairly, and
15 efficiently within the purposes of this division. [Emphasis added.]

16 II.

17 THE APPLICATION

18 3. On September 4, 2012, Respondent filed an application for a mortgage loan originator license.
19 The application has been amended six (6) times: September 27, 2012, October 24, 2012, October 30,
20 2012, October 30, 2012, November 9, 2012, and most recently on November 16, 2012. Respondent
21 filed the application and amendments with the California Commissioner of Corporations, now the
22 Commissioner of Business Oversight (“Complainant” and/or “Commissioner”) pursuant to the
23 California Residential Mortgage Lending Act (“CRMLA”) (Financial Code section 50000 et seq.), in
24 particular, Financial Code section 50140. Respondent submitted his application and the amendments
25 to the Commissioner by filing Form MU4 through the Nationwide Mortgage Licensing System
26 (“NMLS”).

27 4. Form MU4, Disclosure Question (F)(1), specifically asked, “have you ever been convicted of
28 or pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to any
felony?” Respondent answered “Yes” in in his application dated September 4, 2012. In his
September application, Respondent did not attach information to explain his felony conviction, but
merely stated that he “was working for a telemarketing company that required I sell vitamins and skin
care to keep my employment.” Nor did Respondent attach any conviction information to his

1 amendment dated September 27, 2012. Respondent waited until an amendment dated October 24,
2 2012 to provide details about his felony conviction, by submitting a copy of the seventeen-page
3 Consolidated Plea Agreement that he signed and in which he pled guilty to four felony counts of wire
4 fraud, and acknowledged under penalty of perjury that “the facts in the ‘factual basis’ paragraph [in
5 the plea agreement] are true.”

6 5. Form MU4, Disclosure Question (N), specifically asked, “is there a pending regulatory action
7 proceeding against you for any alleged violation described in (K) though (L) [including violations
8 involving false statements or omissions or that led to a registration or license being revoked]? In his
9 application dated September 4, 2012, Respondent answered “No” to this question. Respondent
10 answered “No” again to the same question posed in his September 27, 2012 amendment. In his
11 amendment dated October 24, 2012, Respondent answered “Yes” to this question. In providing
12 details about the regulatory action in this amendment, Respondent did not provide a copy of an
13 Accusation filed by the Department of Real Estate against the Respondent in which that Department
14 sought the revocation of Respondent’s mortgage loan originator license based on withholding
15 information and/or making misstatements in the license application. Instead, Respondent indicated
16 that the disposition of the action was pending and stated, “DRE documentation is uploaded in
17 NMLS.” In fact, the Department of Real Estate uploaded its Accusation in Respondent’s NMLS
18 record on March 16, 2012, nearly six months prior to the September application of Respondent.

19 III.

20 CRIMINAL CONVICTION

21 6. As set forth in section II above, Respondent stated in his Form MU4 that he pled guilty to four
22 felony counts of wire fraud. In the factual basis paragraph of the seventeen-page Consolidated Plea
23 Agreement that Respondent signed, Respondent admitted that from February 1994 to September
24 1994, he schemed with another individual to “obtain monies from individuals, primarily the elderly,
25 by contacting them over the interstate telephone wires and inducing them to send money through the
26 U.S. mail and by private carrier, by means of false and fraudulent misrepresentations and promises.”

27 7. Respondent also admitted in the Consolidated Plea Agreement that the scheme he participated
28 in involved contacting former victims of fraudulent telemarketers and falsely representing that the

1 victims could recover money lost to those prior fraudulent telemarketers by paying a fee for services
2 or taxes allegedly owed so that the recovered funds could be released.

3 8. Respondent further admitted to leasing mailboxes under a variety of business names and
4 inducing victims to send the money to the mail drop locations he leased.

5 9. Respondent admitted that \$44,017 was generated by these fraudulent activities.

6 10. On December 6, 1996, in the United States District Court for the Southern District of
7 California, in case number 95-1808-IEG, Respondent was sentenced on four counts of wire fraud (18
8 U.S.C. 1343). In exchange for his plea to four counts in the indictment, an additional eight counts
9 were dismissed. Respondent was placed on three years of probation with certain terms and
10 conditions including the requirement that he reside in a Community Correction Center for six months
11 and participate in a program of drug or alcohol abuse treatment. Respondent was further ordered to
12 pay fines and fees of approximately \$2,200. Due to Respondent's failure to complete a residential
13 drug treatment program, Respondent's probation was revoked on November 24, 1997, and
14 Respondent was sentenced to serve eight months of incarceration.

15 IV.

16 LICENSE REVOCATION

17 11. As indicated in section II above, Respondent waited until October 24, 2012 to disclose on the
18 Form MU4 that there was a pending regulatory action against him. However, Respondent waited
19 until November 9, 2012 in filing his fifth amendment to the application, to provide a copy of the
20 Accusation of the Department of Real Estate. Based on the Accusation of the Department of Real
21 Estate dated February 15, 2012, Respondent failed to reveal the existence of his felony conviction on
22 the mortgage loan originator application. Specifically, in response to a question of whether
23 Respondent had ever been convicted of or pled no contest to any felony, as specified in the
24 application, the Respondent answered, "No." The Respondent's failure to reveal the existence of the
25 felony conviction constitutes withholding information and/or making a material misstatement in an
26 application, as explained by the Accusation. Accordingly, in the Accusation, the Department of Real
27 Estate requested disciplinary action against the mortgage loan originator license.

28 12. Following the Accusation of the Department of Real Estate, a proposed administrative law

1 decision was rendered on October 3, 2012. In that proposed decision, the mortgage loan originator
2 license of the Respondent was revoked. The proposed decision was adopted as the decision of the
3 Real Estate Commissioner effective November 14, 2012. Following a stay of the effective date of the
4 decision, to allow and consider the Respondent's petition for reconsideration, the decision to revoke
5 Respondent's mortgage loan originator license became final on December 14, 2012. Respondent's
6 application has not been amended since November 16, 2012 and therefore does not disclose this
7 revocation.

8 V.

9 LACK OF HONESTY

10 13. As indicated in section IV above, Respondent failed to reveal the existence of a felony
11 conviction when he answered "No" to a question that asked whether he had ever been convicted or
12 pled no contest to a felony, as specified in the mortgage loan originator license application of the
13 Department of Real Estate. Not only did the Respondent fail to disclose the felony conviction on his
14 Department of Real Estate application, but Respondent continued to make misstatements and
15 omissions when he failed to disclose the Department of Real Estate's regulatory action on the
16 September 4, 2012 application filed with the Commissioner. On this application, Respondent was
17 asked whether there was a pending regulatory action proceeding against him for any alleged violation
18 described in (K) though (L) [including violations involving false statements or omissions or that led
19 to a registration or license being revoked]. Respondent answered "No" to this question even though
20 an accusation involving these violations had been issued by the Department of Real Estate nearly
21 seven months prior to the application on February 15, 2012, and uploaded on Respondent's NMLS
22 record on March 16, 2012. Respondent did not correct the misstatement and omission until he
23 amended his application on October 24, 2012. In addition, Respondent has not amended his
24 application to reflect the revocation of his license on December 14, 2012. For example, Respondent
25 has not answered "Yes" to Question (K)(5) which reads: "(K) Has any State or federal regulatory
26 agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever...(5)
27 revoked your registration or license?" This lack of prompt and accurate disclosure by the
28 Respondent demonstrates a lack of honesty that is inconsistent with the CRMLA which governs

1 truthful statements made to customers of residential mortgage loans.

2 VI.

3 CONCLUSION

4 14. Complainant finds, by reason of the foregoing, that Respondent pled guilty to a felony
5 involving an act of fraud or dishonesty, and that the Respondent had his mortgage loan originator
6 license revoked by another governmental jurisdiction, and that Respondent does not have the
7 character or general fitness to warrant a determination that he will act honestly under the CRMLA.

8 THEREFORE, Complainant asserts that Financial Code section 50141 mandates that
9 Complainant deny the mortgage loan originator license application of Respondent under the
10 CRMLA.

11 WHEREFORE IT IS PRAYED that the determination of the Complainant to deny a mortgage
12 loan originator license to Respondent, in connection with Respondent’s application dated September
13 4, 2012 and all subsequent amendments, be upheld.

14 Dated: July 29, 2013
15 Sacramento, CA

JAN LYNN OWEN
Commissioner of Business Oversight

17 By _____
18 TIMOTHY L. Le BAS
19 Senior Corporations Counsel
20 Enforcement Division
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