

1 MARY ANN SMITH
Deputy Commissioner
2 DOUGLAS M. GOODING
Assistant Chief Counsel
3 MARISA I. URTEAGA-WATKINS (State Bar No. 236398)
4 Counsel
Department of Business Oversight
5 1515 K Street, Suite 200
Sacramento, California 95814
6 Telephone: (916) 445-9626
7 Facsimile: (916) 445-6985

8 Attorneys for Complainant

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

12 In the Matter of THE COMMISSIONER) MLO License No.: 389291
13 OF BUSINESS OVERSIGHT:)
14 Complainant,) ORDER REVOKING RESIDENTIAL
15) MORTGAGE LENDER LICENSE
16 v.)
17 JOHN JEFFREY STANGE,)
18 Respondent.)
19 _____)

20
21 The Commissioner of Business Oversight finds:

- 22 1. Respondent John Jeffrey Stange (“Stange” or Respondent”) is a residential mortgage
23 lender licensed by the Commissioner of Business Oversight (“Commissioner”) pursuant to the
24 California Residential Mortgage Lending Act (Financial Code §50000 et seq.) (“CRMLA”).
25 2. On March 28, 2011, Stange filed an application for a mortgage loan originator
26 (“MLO”) license with the Commissioner. The application was submitted to the Commissioner by
27 filing Form MU4 application through the Nationwide Mortgage Licensing System. Respondent
28 signed the Form MU4 swearing that the answers were true and complete to the best of Respondent’s

1 knowledge. On April 20, 2011, Respondent’s License application was approved. The Commissioner
2 granted Respondent MLO License No. 389291.

3 3. On January 23, 2013, Respondent filed an addendum disclosure to his original
4 application of March 28, 2011. NMLS Form MU4 at Section K(1), K(3), K(4), K(5) and K(8)
5 “Regulatory Action” of this January 23, 2013 disclosure specifically asked in relevant part:

6 *“Has any state or federal regulatory agency or foreign financial*
7 *regulatory authority or self-regulatory organization (SRO) ever: (1) found you*
8 *to have made a false statement or omission or been dishonest, unfair, or*
9 *unethical? ... (3) found you to have been a cause of a financial services-related*
10 *business having its authorization to do business denied, suspended, revoked or*
11 *restricted? ... (4) entered an order against you in connection with a financial*
12 *services-related activity ... (5) revoked your registration or license? And ... (8)*
13 *issued a final order against you based on violations of any law or regulations*
14 *that prohibit fraudulent, manipulative, or deceptive conduct?”*

15 Respondent answered “Yes” to each of these questions. The documentation received by the
16 Commissioner during the application process disclosed that Respondent was previously licensed
17 by the Bureau of Real Estate (“CBRE”) as a real estate salesperson (“CBRE License”) from
18 January 19, 2011 to December 14, 2012. The CBRE revoked the CBRE License on or about
19 October 23, 2012, effective November 15, 2012, pursuant to Business and Professions Code
20 section 10177. The CBRE License was revoked subsequent to: (1) The CBRE issuing an
21 Accusation setting forth allegations against Respondent on or about March 10, 2011; (2)
22 Respondent being granted an opportunity to be heard at an administrative hearing on the merits;
23 and (3) an order issued by Ann Elizabeth Sarli, Administrative Law Judge, Office of
24 Administrative Hearings, effective November 15, 2012 (“Order”).

25 4. According to the Order, the CBRE License was revoked because Respondent was
26 found to have engaged in activity (1) in violation of Business and Professions Code section 10177;
27 (2) constituting misrepresentation(s), fraud, deceit, and dishonest dealing; (3) constituting a willful
28 disregard of California Code of Regulations, title 10, section 2725; (4) in violation of Business and
Professions Code section 10085 and California Code of Regulations, title 10, section 2970; (5) in
violation of Business and Professions Code section 10117, subdivision (d), and 10130; and (6) in
violation of Business and Professions Code section 10131, subdivision (d).

1 5. In January 2009, Respondent was employed with HC Financial, a corporate real
2 estate broker located in Roseville, California. Stange was employed by HC Financial as a “Loan
3 Negotiation Specialist.” In January 2009, HC Financial and Stange undertook the real estate loan
4 modification of a California resident with CitiMortgage. Stange worked with the resident and with
5 CitiMortgage during the almost yearlong undertaking regarding the loan modification, submittal,
6 and approval process. Stange was determined to be the HC Financial agent who handled this
7 transaction and was the person most knowledgeable of the work completed on this transaction.

8 6. Stange was found to have engaged in the business of a real estate brokerage without
9 a license. Stange was also found to have made misrepresentations to this resident during the
10 modification. Moreover, Stange was found to have collected a fee of \$1,800 on behalf of HC
11 Financial from the resident based upon misrepresentations to induce the resident to pay the fee, but
12 did not place the fee in a trust account and the resident was never provided with an accounting of
13 these funds. Further, Stange was found to have engaged in fraud, deceit and dishonest dealing.
14 Finally, Stange represented to the resident that the loan modification had been approved when in
15 fact; CitiMortgage had not approved a loan modification and had not yet assigned a negotiator to
16 discuss a loan modification proposal with the resident at the time of Stange’s misrepresentation.

17 7. At the CBRE administrative hearing, the Administrative Judge categorized Stange’s
18 testimony throughout the hearing as evasive, and his efforts to characterize his activities as merely
19 clerical and administrative were readily impeached. The Administrative Judge also found that
20 Stange’s inability or unwillingness to acknowledge his violations of real estate laws and his
21 characterization of his conduct as appropriate unlicensed activity rendered him unsuitable for a
22 probationary license.

23 8. On April 15, 2015, the Commissioner issued an Accusation in Support of Revocation
24 of Mortgage Loan Originator License pursuant to Financial Code sections 50141, 50327, and 50513
25 and Notice of Intent to Revoke Mortgage Loan Originator License with accompanying documents
26 against Stange. Stange was served with those documents on April 20, 2015 via certified, return-
27 receipt mail at its licensed location on file with the Commissioner. The Department has received no
28 request for a hearing from Stange and the time to request a hearing has expired.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the residential mortgage lender license issued by the Commissioner to John Jeffrey Stange is hereby revoked. This order is effective as of the date hereof.

Dated: June 2, 2015

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division