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

12 In the Matter of the Statement of Issues of THE)
CALIFORNIA COMMISSIONER OF)
13 BUSINESS OVERSIGHT,) ORDER DENYING MORTGAGE LOAN
14) ORIGINATOR LICENSE APPLICATION
Complainant,)
15)
16 vs.)
17)
18 JEFFREY A. STERN)
19)
Respondent.)
20)

21 The Commissioner of Business Oversight (“Commissioner”) finds that:

- 22 1. On June 19, 2014, Jeffrey A. Stern (“Respondent”), filed an application for a mortgage loan
23 originator license with the Commissioner pursuant to the California Residential Mortgage Lending
24 Act (“CRMLA”) (Fin. Code § 50000 et. seq.), in particular, Financial Code section 50140. The
25 application was for employment with or working on behalf of Prospect Mortgage, LLC as a
26 mortgage loan originator, which employer has its principal place of business located at 15301
27 Ventura Blvd., Suite D300, Sherman Oaks, California. The application was submitted to the
28 Commissioner by filing Form MU4 through the Nationwide Mortgage Licensing System.

1 2. The Form MU4 at Question (F)(1) specifically asked: “Have you ever been convicted of or
2 pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to any felony?”
3 Respondent answered “Yes”.

4 3. Documents received by Complainant during the application process disclosed that
5 Respondent had been convicted of felony mail fraud in violation of 18 U.S.C. section 1341.
6 Respondent signed the Form MU4 swearing that the answers were true and complete to the best of
7 Respondent’s knowledge.

8 4. The documentation and information obtained by the Commissioner during the application
9 process revealed that Respondent, on or about October 28, 1996, in the United States District Court
10 for the Central District of California, pled guilty to felony mail fraud regarding a real estate loan
11 request submitted in an office Respondent managed. Respondent was subsequently convicted of
12 felony mail fraud in violation of 18 U.S.C. section 1341 and was sentenced to three months in
13 prison, three years’ probation, a fine, plus \$55,000.00 in restitution.

14 5. Financial Code section 50141 provides in relevant part:

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

18 . . .

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

27 6. Complainant finds, by reason of the foregoing, that Respondent has been convicted of felony
28 mail fraud, which constitutes a felony involving an act of fraud, dishonesty, and/or breach of trust.
Respondent’s above-mentioned felony conviction for mail fraud requires the Commissioner to deny
Respondent’s application under Financial Code section 50141, subdivision (a)(2)(A) because it is a
felony involving an act of fraud, dishonesty, breach of trust, or money laundering.

7. Financial Code section 50141 further provides in relevant part:

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

.....

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

8. Complainant further finds, by reason of the foregoing, that Respondent has failed to demonstrate such character and general fitness as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, and efficiently as a mortgage loan originator. The Commissioner is therefore required, under Financial Code section 50141, subdivision (a)(3), to deny Respondent’s application because by having been convicted of the above-mentioned felony, Respondent has failed to demonstrate such character and general fitness as to command the confidence of the community and to warrant a determination that he will operate honestly, fairly, and efficiently as a mortgage loan originator.

9. On December 5, 2014, the Commissioner issued a Notice of Intention to Issue Order Denying Mortgage Loan Originator License Application and accompanying documents based on the above findings. Respondent was served with those documents on December 24, 2014 via certified, return receipt mail at the address filed by Respondent on his application with the Department of Business Oversight. The Commissioner has received no request for a hearing and the time to request a hearing has expired.

NOW GOOD CAUSE APPEARING THEREFOR, it is hereby ordered that the mortgage loan originator license application of Jeffrey A. Stern, described in Paragraph 1 above, is denied. This order is effective as of the date hereof.

Dated: February 27, 2015
Sacramento, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner