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California Corporations Commissioner
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6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

11	In the Matter of the Statement of Issues of THE)	NMLS ID.: 263565
12	CALIFORNIA CORPORATIONS)	
12	COMMISSIONER,)	Sponsor File No.: 413-0556
13)
13	Complainant,)	STATEMENT OF ISSUES IN SUPPORT OF
14) NON-ISSUANCE OF MORTGAGE LOAN
15	vs.)	ORIGINATOR LICENSE
15)
16	Greg Lee Townsend,)	
16)
17	Respondent.)	
17)
18	_____)	

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

21 I.

22 INTRODUCTION

23 On or about September 9, 2010, Complainant had determined not to issue a mortgage loan
24 originator license to Greg Lee Townsend ("Respondent") pursuant to Financial Code sections 50141
25 and 50513 in that: (1) Respondent has been convicted of or pled guilty or nolo contendere to a felony
26 involving an act of fraud, dishonesty, or a breach of trust, or money laundering; (2) Respondent has
27 not demonstrated such financial responsibility, character, and general fitness as to command the
28 confidence of the community and to warrant a determination that the mortgage loan originator will

1 operate honestly, fairly, and efficiently within the purposes of the Mortgage Loan Originators
2 (“MLO”) provision of the California Residential Mortgage Lending Act (“CRMLA”) (California
3 Financial Code section 50000 *et seq.*); and, (3) Respondent withheld information or made a material
4 misstatement in his mortgage loan originator application when he failed to fully disclose his criminal
5 history.

6 II.

7 THE APPLICATION

8 On July 29, 2010, Respondent filed an application for a mortgage loan originator license
9 with the California Corporations Commissioner (“Complainant” or “Commissioner”) pursuant to
10 the CRMLA, in particular, Financial Code section 50140. The application was for employment
11 or working on behalf of Fisher Financial Group, Inc. as a mortgage loan originator, which has its
12 principal place of business located at 3303 East Baseline Road, Suite 118, Gilbert, Arizona,
13 85234. The application was submitted to the Commissioner by filing Form MU4 through the
14 Nationwide Mortgage Licensing System (“NMLS”)

15 III.

16 CRIMINAL CONVICTIONS

17 Respondent stated in the Form MU4 that he had not been convicted or pled guilty or nolo
18 contendere to a felony involving an act of fraud or dishonesty. The documentation obtained by the
19 Commissioner during the application process disclosed that Respondent, on or about February 17,
20 1999, in the United States District Court of the District of Arizona, had been convicted of violating
21 section 1708 (Possession of Stolen Mail, a felony) and section 1707 (Theft of U.S. Postal Service
22 Property, a misdemeanor) of Title 18 of the United States Code.

23 Additionally, the documentation obtained by the Commissioner during the application
24 process disclosed that Respondent had been convicted of misdemeanor theft in 1993 and 1995; and,
25 as recently as 2004, Respondent was convicted of misdemeanor assault with injury and misdemeanor
26 criminal damage.

27 Financial Code section 50141 provides in relevant part:

28 The commissioner shall not issue a mortgage loan originator license
unless the commissioner makes at a minimum the following findings:

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

(c) 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. . . .

IV.

MATERIAL MISSTATEMENT IN APPLICATION

Form MU4 at Question 8. (F)(1) specifically asked: “Have you been convicted of or pled nolo contendere (“no contest”) in a domestic, foreign, or military court to committing or conspiring to commit a misdemeanor involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion? Respondent answered “No.” Documents received by the Department during the application process disclosed that in fact Respondent had been convicted of or pled guilty or nolo contendere to felony possession of stolen mail and misdemeanor theft of U.S. Postal Service property on February 17, 1999. Respondent signed the Form MU4 swearing that the answers were true and complete to the best of Respondent’s knowledge.

Financial Code section 50513 provides in relevant part:

(a) The commissioner may do one or more of the following:

...

(2) Deny, suspend, revoke, condition, or decline to renew a mortgage loan originator license if an applicant or licensee fails at any time to meet the requirements of Section 50141 or 50144, or withholds information or makes a material misstatement in an application for a license or license renewal. . . .

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V.

CONCLUSION

Complainant finds, by reason of the foregoing, that Respondent has been convicted or pled guilty or nolo contendere to felony possession of stolen mail and misdemeanor theft of U.S. Postal Service property on February 17, 1999, which constitutes a felony involving an act of fraud or dishonesty under the meaning of Financial Code section 50141.

Complainant further finds that Respondent has failed to demonstrate such financial responsibility, character, and general fitness as to command the confidence of the community and warrant a determination that he will operate honestly, fairly, and efficiently as a mortgage loan originator in light of his multiple convictions for felony mail fraud and misdemeanor theft, assault, and criminal damage.

Finally, Complainant finds that denial of Respondent’s mortgage loan originator license is supported by evidence that Respondent withheld information or made a material misstatement in his application when he failed to fully disclose his criminal history.

THEREFORE, Complainant asserts that Financial Code sections 50141 and 50513 mandate that the Commissioner not issue a mortgage loan originator license to Respondent under the California Residential Mortgage Lending Act.

WHEREFORE IT IS PRAYED that the determination of the Commissioner to not issue a mortgage loan originator license to Respondent in connection with Respondent’s July 29, 2010 application be upheld.

Dated: December 2, 2010
Sacramento, CA

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
Miranda L. Maison
Senior Corporations Counsel