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

12 In the Matter of:

NMLS NO.: 1580566

13 THE COMMISSIONER OF BUSINESS
14 OVERSIGHT,

STATEMENT OF ISSUES IN SUPPORT OF
ORDER DENYING MORTGAGE LOAN
ORIGINATOR LICENSE APPLICATION

15 Complainant,

16 v.

17 JAMES ADAM WHITE,

18 Respondent.
19

20
21 The Commissioner of Business Oversight (Commissioner) alleges and charges Respondent as
22 follows:

23 **I**
Introduction

24
25 1. The Commissioner seeks to deny the issuance of a mortgage loan originator (MLO)
26 license to James Adam White (White) under Financial Code section 22109.1 of the California
27 Financing Law (Fin. Code, § 22000 et seq.) (CFL) and Financial Code sections 50141 and
28 50327 of the California Residential Mortgage Lending Act (Fin. Code, § 50000 et seq.) (CRMLA) in

1 that White has: (1) made untrue statements during the course of licensure with the intent to impede,
2 obstruct, or influence the administration or enforcement of law governing mortgage loan originators
3 in California; and (2) has not demonstrated such financial responsibility, character, and general
4 fitness as to command the confidence of the community and to warrant a determination that White
5 will operate honestly, fairly, and efficiently within the purposes of the CRMLA.

6
7 **II**
Application

8 2. On or about January 23, 2017, White filed an application for a MLO license with the
9 Commissioner by submitting a Form MU4 (Application) through the Nationwide Mortgage
10 Licensing System (NMLS) under Financial Code section 50140.

11 3. White answered “Yes” to the following questions A and D, which ask, in pertinent
12 part:

13 (A)(1) Have you filed a personal bankruptcy petition or has been the
14 subject of an involuntary bankruptcy petition within the past ten years?

15 . . .

16 (D) Do you have any unsatisfied judgments or liens against you?
17

18 4. In his Application, White provided explanations for his unsatisfied judgment/liens and
19 past bankruptcy. However, White failed to provide supporting documentation to financial disclosure
20 questions A(1) and (D).

21 5. White answered “Yes” to Question F(1): “Have you ever been convicted of or pled
22 guilty or nolo contendere (‘no contest’) in a domestic, foreign, or military court to any felony?”
23 White provided an explanation: “In 2002 I was convicted of a felony for misappropriation of bank
24 funds under 18 USC 656 2(b) which occurred during my employment at Wells Fargo Bank.” White
25 failed to provide supporting documentation for this criminal disclosure.

26 6. In the Application, Question H(1) specifically asked: “Have you ever been convicted
27 or pled guilty or nolo contendere (“no contest”) in a domestic, foreign, or military court to
28 committing or conspiring to commit a misdemeanor involving: (i) financial services or financial

1 services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of
2 property” White answered “No” to Question H(1).

3 7. The Department reviewed the Judgment and Probation/Commitment Order
4 (Judgment) from *United States v. James Adam White*. The judgment showed White pled guilty to
5 two counts of misapplication of bank funds, in violation of 18 U.S.C. 656, on August 6, 2003.

6 8. White should have responded “Yes” to Question H(1) based on his criminal felony
7 conviction of misapplication of bank funds. White “Yes” response to Question F(1) contradicts
8 White’s “No” response to Question H(1).

9 9. Question Q(2) in the Application specifically asked: “Have you ever voluntarily
10 resigned, resigned, been discharged, or permitted to resign after allegations were made that accused
11 you of: (2) fraud, dishonesty, theft, or the wrongful taking of property?” White answered “Yes.”

12 10. White stated: “I resigned from the bank that I was employed by when the allegation
13 was made against me. I was asked to resign but the resignation was accepted.” White also failed to
14 provide documentation for his termination disclosure.

15 11. On or about March 9, 2017, White filed an amended MU4 (Amended Application).
16 White answered “Yes” to Question F(1): “Have you ever been convicted of or pled guilty or nolo
17 contendere (‘no contest’) in a domestic, foreign, or military court to any felony?” In the Amended
18 Application, White stated: “In 2002 I was convicted of a felony for misappropriation of bank funds
19 under 18 USC 656 2(b) which occurred during my employment at Wells Fargo Bank.”

20 12. In the Amended Application, Question H(1) asked: “Have you ever been convicted . . .
21 to committing or conspiring to commit a misdemeanor involving: (i) financial services or financial
22 services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of
23 property” White answered “No” to Question H(1).

24 13. White’s felony conviction for misapplication of bank funds required White to answer
25 “Yes” to Criminal Disclosure Questions F(1) and H(1). White provided a false statement to Question
26 H(1) in both his original and Amended Applications.

27 14. Question Q(2) in the Amended Application asked: “Have you ever voluntarily
28 resigned, resigned, been discharged, or permitted to resign after allegations were made that accused

1 you of: (2) fraud, dishonesty, theft, or the wrongful taking of property?” White answered “Yes.”

2 15. White stated in his Amended Application: “I resigned from Wells Fargo Bank in
3 connection with and during the investigation of the fraud that I was being accused of in January 1997.
4 I do not have any documentation surrounding the resignation as it has been over 20 years ago. I was
5 not ordered to resign nor was I terminated from my position. . . .”

6 16. In the original Application, White states “I resigned from the bank that I was
7 employed by when the allegation was made against me. I was asked to resign but the resignation was
8 accepted.” White’s resignation disclosure in his Amended Application contradicts his statements in
9 his original Application.

10 **III**

11 **Failure to Demonstrate Requisite Financial Responsibility, Character, and General Fitness**

12 17. White provided false responses to Criminal Disclosure Questions F(1) and H(1) in his
13 Application and Amended Application. White’s failure to disclose his felony conviction of
14 misappropriation of bank funds under 18 U.S.C 656 2(b) shows White does not meet the
15 requirements for licensure as a MLO under Financial Code sections 50141 and 22109.1, wherein the
16 applicant must demonstrate “financial responsibility, character, and general fitness as to command
17 the confidence of the community and to warrant a determination that the mortgage loan originator
18 will operate honestly, fairly, and efficiently within purposes of this division.”

19 18. Based upon White’s contradictory statements and his failure to disclose his
20 termination, White does not meet the requirements for licensure as a MLO under Financial Code
21 sections 50141 and 22109.1, wherein the applicant must demonstrate “financial responsibility,
22 character, and general fitness as to command the confidence of the community and to warrant a
23 determination that the mortgage loan originator will operate honestly, fairly, and efficiently within
24 purposes of this division.”

25 19. White’s felony conviction of misapplication of bank funds, outstanding judgments and
26 liens, and bankruptcy filing proves White does not meet the requirements for licensure as a MLO
27 under Financial Code sections 50141 and 22109.1, wherein the applicant must demonstrate “financial
28 responsibility, character, and general fitness as to command the confidence of the community and to

1 warrant a determination that the mortgage loan originator will operate honestly, fairly, and efficiently
2 within purposes of this division.”

3 **IV**
4 **Applicable Law**

5 20. Section 22109.1 of the CFL and section 50141 of the CRMLA, contain substantial
6 similar language and provide in relevant part:

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

10 . . .
11 (2)(A) The applicant has not been convicted of, or pled guilty or nolo
12 contendere to, a felony in a domestic, foreign, or military court during
13 the seven-year period preceding the date of the application for licensing
14 and registration, or at any time preceding the date of application, if the
15 felony involved an act of fraud, dishonesty, or a breach of trust, or money
16 laundering. Whether a particular crime is classified as a felony shall be
17 determined by the law of the jurisdiction in which an individual is
18 convicted.

19 . . .
20 (3) The applicant has demonstrated such financial responsibility,
21 character, and general fitness as to command the confidence of the
22 community and to warrant a determination that the mortgage loan
23 originator will operate honestly, fairly, and efficiently within the
24 purposes of this division.

25 (Fin. Code, §§ 22109.1 & 50141.)

26 21. Financial Code section 50327 provides in relevant part:

27 (a) The commissioner may, after notice and a reasonable opportunity
28 to be heard, deny, decline to renew, suspend, or revoke any license if
the commissioner finds that:

(1) The licensee has violated any provision of this division or any rule
or order of the commissioner thereunder.

(2) Any fact or condition exists that, if it had existed at the time of the
original application for the license, reasonably would have
warranted the commissioner in refusing to issue the license
originally

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22. Financial Code section 50512 provides in relevant part:

(b) It is unlawful for any person to knowingly make an untrue statement to the commissioner during the course of licensing, investigation, or examination, with the intent to impede, obstruct, or influence the administration or enforcement of any provision of this division.

V
Conclusion

The Commissioner finds that White has made untrue statements during the course of licensure with the intent to impede, obstruct, or influence the administration or enforcement of the law governing mortgage loan originators, in violation of Financial Code section 50512, by providing false statements in his original Application and Amended Application.

White also fails to demonstrate “. . . 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,” required under Financial Code sections 50141 and 22109.1 based upon his felony conviction of misappropriation of bank funds, bankruptcy filing, and outstanding judgments and liens.

The findings set forth above constitute grounds under Financial Code sections 22109.1, 50141, and 50327 to deny the issuance of a MLO license to James Adam White.

WHEREFORE IT IS PRAYED, by reason by the foregoing, under Financial Code sections 22109.1, 50141, and 50327 that the mortgage loan originator application filed by James Adam White be denied.

Dated: December 11, 2017
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Vanessa T. Lu
Counsel
Enforcement Division