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

11	In the Matter of:)	
)	
12	THE COMMISSIONER OF BUSINESS)	ACCUSATION IN SUPPORT OF NOTICE OF
13	OVERSIGHT,)	INTENT TO BAR DAVID LEE HARDIN, JR.
)	FROM EMPLOYMENT, MANAGEMENT, OR
14	Complainant,)	CONTROL OF ANY FINANCE LENDER,
)	BROKER, MORTGAGE LOAN
15	v.)	ORIGINATOR, OR PROGRAM
16	DAVID LEE HARDIN, JR.,)	ADMINISTRATOR PURSUANT TO
17)	FINANCIAL CODE SECTION 22169
)	
18	Respondent.)	
)	
19)	

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22 The Commissioner of Business Oversight (Commissioner) is informed and believes, and
23 based upon such information and belief, alleges and charges as follows:

24 **I.**

25 **Introduction**

26 1. The Commissioner is authorized to administer and enforce the provisions of the
27 California Financing Law (Fin. Code, § 22000 et seq.) (CFL) and the rules and regulations
28 promulgated thereunder.

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through the sale of the homes, the origination of mortgages and the fees from the debt settlement services. Defendant did not tell investors that their funds would be used for the Business Entities’ operational costs or defendant’s personal expenses.

In fact, a large percentage of the investors’ funds were used for purposes other than those defendant had represented to the investors. A substantial portion of the investors’ funds was used to fund the Business Entities’ operational costs, including salaries of employees, advertising, and repayment of principal and/or interest on loans from earlier investors, who were falsely told that the payments came from the business entities profits. Some of the investors’ funds were used for defendant’s personal expenses, including rent and car payments. Defendant did not disclose to investors that their funds were being used in this manner, nor that the Business Entities were losing money in their business activities. Instead, investors received statements in the mail indicating that their investments were making a profit.

In total, defendant raised more than \$2,990,283 in loans from investors to the Business Entities. Of that amount, investors lost more than \$1.2 million.

On or about the following date, defendant, for the purpose of executing and attempting to execute the above-described scheme to defraud, willfully caused the transmission, and aided and abetted the transmission, of the following items, among others, by means of the U.S. mails in interstate and foreign commerce: May 14, 2008 mailing of a \$25,000 check from R.H. to one of the Business Entities.

7. According to the plea agreement, Hardin understood that the mail fraud conviction could result in collateral consequences, including revocation of a professional license.

B. Hardin’s Sentencing

8. On July 1, 2013, the Court imposed the following sentence enhancements: a 16-level enhancement based on the amount of loss (\$1.6 million), and a 2-level enhancement based on the number of victims (in excess of 10-49). Hardin was entitled to a 3-level reduction for accepting responsibility for his actions.

9. On July 3, 2013, the court entered a judgment and commitment order. The court adjudged Hardin guilty of mail fraud, ordered him to spend 41 months in prison, and to pay \$1,504,700.30 in restitution.

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III.

Law

10. Financial Code section 22169 provides in pertinent part:

(a) The commissioner may, after appropriate notice and opportunity for hearing, by order . . . bar a person, including a mortgage loan originator, from any position of employment with, or management or control of, any finance lender, broker, program administrator, or any other person, if the commissioner finds either of the following:

* * * *

(2) That the person has been convicted of or pleaded nolo contendere to any crime, or has been held liable in any civil action by final judgment, or any administrative judgment by any public agency, if that crime or civil or administrative judgment involved any offense involving dishonesty, fraud, or deceit, or any other offense reasonably related to the qualifications, functions, or duties of a person engaged in the business in accordance with the provisions of this division.

IV.

Conclusion

11. The Commissioner finds that, by reason of the foregoing, Hardin has been convicted of a crime involving dishonesty, fraud, or deceit, and based thereon grounds exist to bar Hardin from any position of employment, management, or control of any finance lender, broker, mortgage loan originator, or program administrator.

WHEREFORE IT IS PRAYED that pursuant to Financial Code section 22169, subdivision (a)(2), David Lee Hardin, Jr. be barred from any position of employment, management, or control of any finance lender, broker, mortgage loan originator, or program administrator.

Dated: January 16, 2019
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Danielle A. Stoumbos
Senior Counsel