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

10
11 In the Matter of:) NMLS ID: 254895
)
12 THE COMMISSIONER OF BUSINESS) STATEMENT OF ISSUES IN SUPPORT OF
13 OVERSIGHT,) DENIAL OF RESIDENTIAL MORTGAGE
) LENDER LICENSE
14 Complainant,)
 vs.)
) (FINANCIAL CODE SECTION 50126)
16 GENERAL MORTGAGE CAPITAL)
17 CORPORATION,)
)
18 Respondent.)
)
19)

20
21 The Complainant, the Commissioner of Business Oversight (Commissioner) of the
22 Department of Business Oversight (Department) is informed and believes, and based upon such
23 information and belief, alleges and charges Respondent as follows:

24 **I**
Introduction

25 1. General Mortgage Capital Corporation (General Mortgage) is a California
26 corporation formed on or around February 24, 2005, with a principal place of business located at
27 1350 Bayshore Highway, Suite 740, Burlingame, California 94010.
28

1 2. At all relevant times, Raymond Chou is the CEO of General Mortgage with a
 2 business address located at 1350 Bayshore Highway, Suite 740, Burlingame, California 94010.

3 3. The Commissioner seeks to deny the application of General Mortgage for a
 4 residential mortgage lender license pursuant to Section 50126, subdivision (a) of the California
 5 Residential Mortgage Lending Act, commencing at Fin. Code, § 50000 *et seq.* (CRMLA) on the
 6 grounds that General Mortgage made a false statement of a material fact in its application.

7
 8 **II**
The Application

9 4. On or around June 6, 2018, General Mortgage submitted an application to the
 10 Commissioner for a California residential mortgage lender license through the Nationwide
 11 Mortgage Licensing System and Registry (NMLS) pursuant to Section 50140 of the CRMLA
 12 (Application).

13 5. Question (C)(3) of the Disclosure Questions in the Application under the subsection,
 14 “Regulatory Action Disclosure,” asks in relevant part, “In the past 10 years, has any State or federal
 15 regulatory . . . ever: . . . (5) denied, suspended, or revoked the entity’s or a control affiliate’s
 16 registration or license or otherwise, by order, prevented it from associating with a financial
 17 services-related business or restricted its activities?” General Mortgage answered, “No.”

18 **III**
April 11, 2018 Revocation of CFL Lender and Broker License

19 6. On or around January 13, 2017, General Mortgage submitted an application to the
 20 Commissioner for a California finance lender and broker license through NMLS pursuant to the
 21 California Financing Law, commencing at Fin. Code, § 22000 *et seq.* (CFL),¹ file numbers 60DBO-
 22 66060, 60DBO-70284, 60DBO-70285, 60DBO-70511, 60DBO-70512, and 60DBO-70513 (CFL
 23 Application).

24 7. On or around May 15, 2017, General Mortgage’s CFL Application was approved.
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28 ¹ Effective October 4, 2017, the name of the “California Finance Lenders Law” changed to the “California Financing Law.” (Assem. Bill No. 1284 (2017-2018 Reg. Sess.) § 4.) For purposes of this document, a reference to the California Financing Law means the California Finance Lenders Law before October 4, 2017 and the California Financing Law on and after that date. (Fin. Code, § 22000.)

1 8. Pursuant to Financial Code section 22159, CFL licensees must file an annual report
2 with the Commissioner by March 15 of each year (Annual Report).

3 9. General Mortgage failed to file its Annual Report for the year ended December 31,
4 2017 by the deadline of March 15, 2018.

5 10. On or around March 19, 2018, the Commissioner issued a notice letter to General
6 Mortgage advising it to file its Annual Report by on or before April 6, 2018 or else its license
7 would be summarily revoked pursuant to Financial Code section 22715 (Notice Letter). The Notice
8 Letter also stated in relevant part:

9 If you wish to surrender your license in lieu of filing the annual report,
10 you may surrender your license(s) by returning it to the DBO . . . To
11 surrender your license(s) in lieu of filing the Annual Report, execute the
12 surrender form on the reverse side of this page and return it to the DBO.
13 You will receive a written confirmation of the surrender of the license(s).
NMLS-registered licensees must file their surrender through the
NMLS and submit the required documents to the DBO (Emphasis
14 in original.)

15 11. As of April 6, 2018, General Mortgage had not filed its Annual Report with the
16 Commissioner as directed in the Notice Letter. Thus, on April 11, 2018, the Commissioner issued
17 an Order Summarily Revoking California Finance Lenders License Pursuant to Financial Code
18 Section 22715 for the following CFL License Numbers: 60DBO-66060, 60DBO-70284, 60DBO-
19 70285, 60DBO-70511, 60DBO-70512, and 60DBO-70513 (April 11, 2018 Revocation Orders).

20 12. On April 12, 2018, the Department received from General Mortgage a copy of the
21 Notice Letter and an executed surrender form, dated and postmarked April 9, 2018. The surrender
22 form was not submitted timely nor filed through the NMLS as required.

23 **IV**

24 **False Statements of Material Fact in the Application**

25 13. On or around July 25, 2018, General Mortgage amended its Application for a
26 CRMLA license by uploading to NMLS the following documents under the section, “Certificate of
27 Authority/Good Standing Certificate:” (i) a letter dated July 9, 2018 from Raymond Chou, CEO,
28 stating: “General Mortgage Capital Corporation surrendered the CFL license due to non-usage.

1 Please see attached document to support . . .” (ii) a copy of the executed surrender form, dated
2 April 9, 2018; and (iii) a copy of the Notice Letter (July 25, 2018 Amended Application).

3 14. Despite the April 11, 2018 Revocation Orders, General Mortgage’s July 25, 2018
4 Amended Application answered “No” to Question (C)(3) of the Disclosure Questions section
5 regarding past Regulatory Actions.

6 15. On or around August 29, 2018, General Mortgage amended its Application by
7 changing its answer from “No,” to “Yes,” in response to Question (C)(3) of the Disclosure
8 Questions section regarding past Regulatory Actions (August 29, 2018 Amended Application). In
9 the Disclosure Explanations section of the August 29, 2018 Amended Application, General
10 Mortgage stated, “GMCC surrendered the CFL license due to non-usage. Supporting
11 documentation attached in Document Uploads on 7/9/18.” No additional documents were uploaded
12 to NMLS regarding General Mortgage’s purported surrender other than those previously uploaded
13 on July 25, 2018 in the section, “Certificate of Authority/Good Standing Certificate.”

14 16. To date, General Mortgage’s most recent version of the Application, including its
15 latest amendment submitted on September 26, 2018, continues to state in the Disclosure
16 Explanations section, that “GMCC surrendered the CFL license due to non-usage. Supporting
17 documentation attached in Document Uploads on 7/9/18.”

18 **V**
19 **Applicable Law**

20 17. Financial Code section 50126, subdivision (a)(1) provides:

21 (a) Upon reasonable notice and opportunity to be heard, the commissioner
22 may deny an application for any of the following reasons: . . .

23 (1) A false statement of a material fact has been made in the application. .
24 ..

25 **VI**
26 **Conclusion**

27 The Commissioner finds, by reason of the foregoing, that General Mortgage Capital
28 Corporation made a false statement of a material fact in its Application for a California residential
mortgage lender license, which is grounds under Section 50126, subdivision (a)(1) of the CRMLA

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to deny the Application of General Mortgage Capital Corporation for a California residential mortgage lender license.

WHEREFORE, the Commissioner prays that the application of General Mortgage Capital Corporation be denied.

Dated: April 25, 2019
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Sophia C. Kim
Senior Counsel
Enforcement Division