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

11	In the Matter of:	)	NMLS NO.: 1444841
12	THE COMMISSIONER OF BUSINESS	)	STATEMENT OF ISSUES
13	OVERSIGHT,	)	
14	Complainant,	)	
15	v.	)	
16	LOUIS MARTIN BORGES,	)	
17	Respondent.	)	

18  
19 The Commissioner of Business Oversight (Commissioner) is informed and believes, and  
20 based upon such information and belief, alleges and charges Respondent as follows:

21 **I.**

22 **Jurisdiction**

23 1. The Commissioner has jurisdiction over the licensing and regulation of persons  
24 engaged in the business of making or brokering residential mortgage loans, including mortgage loan  
25 originators, under the California Financing Law (CFL) (Fin. Code, § 22000 et seq.). The  
26 Commissioner also has jurisdiction over the licensing and regulation of persons engaged in the  
27 business of making or servicing residential mortgage loans, including mortgage loan originators,  
28 under the California Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.).



1           11.     According to a records search, however, Borges had eight unsatisfied judgments or  
2 liens against him, as follows.

3           12.     On April 14, 2010, the Franchise Tax Board filed a notice of state tax lien in the  
4 amount of \$24,284.44 for tax years 2000, 2003, 2004, and 2006 with the Los Angeles County  
5 recorder under record number 20100507007. No certificate of release for this tax lien appears to  
6 exist.

7           13.     On March 11, 2015, the Franchise Tax Board filed a notice of state tax lien in the  
8 amount of \$2,164.20 for tax year 2013 with the Los Angeles County recorder under record number  
9 20150261269. No certificate of release for this tax lien appears to exist.

10          14.     On May 18, 2015, the Internal Revenue Service filed a notice of federal tax lien in  
11 the amount of \$26,447.34 for tax years 2010, 2011, and 2013 with the Los Angeles County recorder  
12 under record number 20150573401. No certificate of release for this tax lien appears to exist, and  
13 the lien has not been released by operation of the self-releasing language on the face of the notice of  
14 the lien.

15          15.     On June 6, 2018, the Franchise Tax Board filed a notice of state tax lien in the  
16 amount of \$2,418.04 for tax year 2016 with the Los Angeles County recorder under record number  
17 20180558991. No certificate of release for this tax lien appears to exist.

18          16.     On June 17, 1998, the Los Angeles County Department of Child Support Services  
19 recorded a judgment lien against Borges by filing an abstract of support judgment with the Santa  
20 Barbara County recorder under record number 98-044609. No certificate of satisfaction of judgment  
21 for this judgment lien appears to exist.

22          17.     On February 13, 2003, the Placer County Department of Child Support Services  
23 recorded a judgment lien against Borges by filing an abstract of support judgment with the Santa  
24 Barbara County recorder under record number 2003-0018533. No certificate of satisfaction of  
25 judgment for this judgment lien appears to exist.

26          18.     On July 14, 2003, the Santa Barbara County Department of Child Support Services  
27 recorded a judgment lien against Borges by filing an abstract of support judgment with the Santa  
28

1 Barbara County recorder under record number 2003-0093242. No certificate of satisfaction of  
2 judgment for this judgment lien appears to exist.

3 19. On July 8, 2010, the Los Angeles County Superior Court issued an abstract of  
4 judgment in the amount of \$1,008.00 against Borges in *Robert A. McClintock II v. Louis M. Borges*,  
5 case number 08C04564. No acknowledgment of satisfaction of judgment was filed in the case.

6 20. By failing to disclose these eight unsatisfied judgments or liens in his initial Form  
7 MU4 and all eight subsequent amended Form MU4s, Borges withheld information and made  
8 material misstatements in his application. Under Financial Code sections 22172, subdivision (a)(2),  
9 and 50513, subdivision (a)(2), Borges’s application should be denied.

10 **Misdemeanor theft conviction**

11 21. Form MU4 question (H)(1) asked: “Have you ever been convicted of or pled guilty  
12 or nolo contendere (‘no contest’) . . . to committing or conspiring to commit a misdemeanor  
13 involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false  
14 statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii)  
15 forgery, (viii) counterfeiting, or (ix) extortion?”

16 22. Borges answered “No” to question (H)(1) in his initial Form MU4 on June 26, 2018,  
17 and in all eight of his amended Form MU4s.

18 23. Form MU4 question (F)(1) asked: “Have you ever been convicted of or pled guilty  
19 or nolo contendere (‘no contest’) . . . to any felony?”

20 24. Borges answered “Yes” to question (F)(1) in his initial Form MU4 on June 26, 2018,  
21 and in all eight of his amended Form MU4s.

22 25. In his initial Form MU4 on June 26, 2018, Borges explained that he “[g]ot busted  
23 with intent to sell of ecstasy back around 2000-2001 . . . I was young and dumb and partying too  
24 much.”

25 26. On July 26, 2018, the Commissioner placed a license item on Borges’s NMLS  
26 account, noting that Borges “did not provide a detailed explanation or supporting documentation”  
27 for his “yes” response to question (F)(1) and asking him to provide “a detailed explanation of the  
28 circumstances . . . and upload applicable court/police department documents” in an amended Form

1 MU4. The Commissioner also noted that Borges had not disclosed a 1999 conviction for  
2 misdemeanor theft by use of credit card in violation of Penal Code section 484g and asked him to  
3 explain why he did not disclose that conviction.

4 27. On July 30, 2018, Borges filed an amended Form MU4. Borges amended his  
5 explanation for question (F)(1) by deleting the previous information and adding new information. In  
6 the amended explanation, Borges stated that at “the end of College” he was involved in using and  
7 dealing MDMA, also known as Ecstasy, and “got busted” when police found Ecstasy in his room.  
8 He did not explain whether he was convicted by jury trial or guilty plea, nor did he upload any  
9 applicable court or police records as requested by the Commissioner.

10 28. In a new, second event explanation for question (F)(1), Borges stated that he was  
11 “busted” for “[p]etty theft” involving fraudulent use of a credit card at a Nordstrom department  
12 store. In explaining why he had not disclosed the misdemeanor theft conviction, Borges stated, “I  
13 totally forgot about this, it was dealt with so quick that I forgot.”

14 29. Despite admitting the misdemeanor theft conviction, Borges did not change his “No”  
15 answer to question (H)(1), the question regarding misdemeanor convictions.

16 30. On August 31, 2018, Borges filed an amended Form MU4, which included, for the  
17 first time, an upload of court records related to his felony drug conviction and misdemeanor theft  
18 conviction.

19 31. The records showed that on March 29, 2001, Borges pleaded no contest to and was  
20 convicted of felony possession for sale of a controlled substance in violation of Health and Safety  
21 Code section 11378.

22 32. The record for the misdemeanor theft conviction listed only basic information such  
23 as the case number, defendant’s name and date of birth, filing date, and “Charge(s).” The  
24 “Charge(s)” field listed “PC 484G,” denoting Penal Code section 484g.

25 33. Penal Code section 484g provides that “[e]very person who, *with the intent to*  
26 *defraud*, (a) uses, for the purpose of obtaining money, goods, services, or anything else of value, an  
27 access card or access card account information that has been altered, obtained, or retained in  
28 violation of Section 484e or 484f, or an access card which he or she knows is forged, expired, or

1 revoked, or (b) obtains money, goods, services, or anything else of value by representing without  
2 the consent of the cardholder that he or she is the holder of an access card and the card has not in  
3 fact been issued, *is guilty of theft*” (emphases added).

4 34. Despite admitting the misdemeanor theft conviction and providing documentation of  
5 it, Borges did not change his “No” answer to question (H)(1), which asked if Borges had ever been  
6 convicted of a misdemeanor involving theft or fraud.

7 35. On September 27, 2018, Borges filed an amended Form MU4, which included an  
8 upload of additional court records for other misdemeanor convictions.

9 36. Despite admitting the misdemeanor theft conviction and providing documentation of  
10 it, Borges did not change his “No” answer to question (H)(1).

11 37. On October 5, 2018, Borges filed an amended Form MU4.

12 38. In the October 5, 2018 Form MU4, Borges amended his second event explanation  
13 for question (F)(1), regarding his felony convictions. In the amended explanation, Borges stated that  
14 he was “convicted of misdemeanor for use of a stolen credit card.” He stated that there “were no  
15 other charges but was convicted for charge 484G PC in the beginning of 1999.” He stated that he  
16 was caught “returning some shoes that were purchased under someone else [sic] name and credit  
17 card” by a friend.

18 39. On October 22, 2018, Borges filed an amended Form MU4 adding a new, third event  
19 explanation for question (F)(1). Borges stated that on February 1, 1999, he pleaded no contest to the  
20 Penal Code section 484g charge. Again, he stated that “[t]here was no other arrest or charges.”

21 40. But the docket from that criminal proceeding indicates that Borges was charged with  
22 three other counts in addition to Penal Code section 484g: one count of burglary in violation of  
23 Penal Code section 459 and two counts of credit-card forgery in violation of Penal Code section  
24 484(f), subdivision (b).

25 41. Thus, Borges failed to disclose his misdemeanor theft conviction in response to  
26 question (H)(1) in all nine filings of his application. He also falsely stated in his application that he  
27 was not arrested or charged for any other counts in the proceeding for that theft conviction. By  
28 doing so, Borges withheld information and made material misstatements in his application. Under

1 Financial Code sections 22172, subdivision (a)(2), and 50513, subdivision (a)(2), Borges’s  
2 application should be denied.

3 **Financial Responsibility, Character, and General Fitness**

4 42. Under Financial Code sections 22109.1 and 50141, the Commissioner “shall deny”  
5 an application for an MLO license unless he makes, at a minimum, specified findings, including  
6 that the applicant “has demonstrated such financial responsibility, character, and general fitness as  
7 to command the confidence of the community and to warrant a determination that the mortgage  
8 loan originator will operate honestly, fairly, and efficiently.” (§§ 22109.1, subd. (a)(3), 50141, subd.  
9 (a)(3).)

10 43. As described in paragraphs 9 to 20, Borges had eight unsatisfied judgments or liens  
11 against him, including tax liens spanning nearly two decades and totaling over \$55,000.00. (See  
12 Cal. Code Regs., tit. 10, § 1422.6.2, subd. (c)(2) [MLO license may be denied when applicant’s  
13 personal history includes “liens, judgments, or financial or professional conditions that indicate a  
14 pattern of dishonesty”].)

15 44. As described in paragraphs 9 to 20, Borges failed to disclose the existence of any of  
16 these unsatisfied judgments and liens in any of his nine application filings.

17 45. As described in paragraphs 21 to 41, Borges was convicted of theft for his conduct in  
18 a scheme involving fraudulent and dishonest use of a credit card—a financial product—in a retail  
19 transaction. (See Pen. Code, § 484g [crime involves “intent to defraud”].)

20 46. As described in paragraphs 21 to 41, Borges disclosed the theft conviction in his  
21 application only after the Commissioner discovered the conviction and required more information  
22 from Borges. And even after admitting the theft conviction in an event explanation in his July 30,  
23 2018 Form MU4, Borges did not change his “No” answer to question (H)(1), nor did he change his  
24 answer in his amended Form MU4s filed on August 13, August 31, September 18, September 27,  
25 October 5, and October 22, 2018.

26 47. As described in paragraphs 21 to 41, Borges misrepresented the circumstances  
27 leading to his theft conviction. After uploading a Santa Barbara County Superior Court document  
28 that listed only “PC 484G” in the “Charge(s)” field, Borges stated that he was not arrested for or

1 charged with any other counts in that criminal proceeding. In fact, he was charged with three other  
2 counts.

3 48. Thus, Borges has not demonstrated such financial responsibility, character, and  
4 general fitness as to command the confidence of the community and to warrant a determination that  
5 he will operate honestly, fairly, and efficiently as a mortgage loan originator. Under Financial Code  
6 sections 22109.1, subdivision (a)(3), and 50141, subdivision (a)(3), Borges’s application must be  
7 denied.

8 **III.**

9 **Commissioner’s Authority to Deny Application**

10 49. Financial Code section 22109.1, subdivision (a) provides in relevant part:

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

13 . . .

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

19 50. Financial Code section 22172, subdivision (a) provides in relevant part:

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

21 . . .

22 (2) Deny, suspend, revoke, condition, or decline to renew a mortgage  
23 loan originator license if an applicant or licensee fails at any time to  
24 meet the requirements of Section 22109.1 or 22109.4, or withholds  
25 information or makes a material misstatement in an application for a  
26 license or license renewal.

27 51. Financial Code section 50141, subdivision (a) provides in relevant part:

28 (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.



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52. Financial Code section 50513, subdivision (a) 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.

53. California Code of Regulations, title 10, section 1422.6.2, provides in relevant part:

(a) The Commissioner’s finding required by Section 22109.1[(a)(3)] of the California Financing Law relates to any matter, personal or professional, that may impact upon an applicant’s propensity to operate honestly, fairly, and efficiently when engaging in the role of a mortgage loan originator.

...

(c) An applicant may be precluded from obtaining a mortgage loan originator license where his or her personal history includes:

(1) Any liens or judgments for fraud, misrepresentation, dishonest dealing, and/or mishandling of trust funds, or

(2) Other liens, judgments, or financial or professional conditions that indicate a pattern of dishonesty on the part of the applicant.

**IV.**

**Prayer**

For the foregoing reasons, the Commissioner finds that Louis Martin Borges withheld information and made material misstatements in his application within the meaning of Financial Code sections 22172, subdivision (a)(2), and 50513, subdivision (a)(2).

The Commissioner also finds that Borges has not demonstrated the financial responsibility, character, and general fitness required under Financial Code sections 22109.1, subdivision (a)(3), and 50141, subdivision (a)(3). Accordingly, the Commissioner must deny Borges’s application for a

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1 mortgage loan originator license.

2 WHEREFORE, IT IS PRAYED that Borges’s application for a mortgage loan originator  
3 license be denied.

4 Dated: June 11, 2019  
5 Los Angeles, California

MANUEL P. ALVAREZ  
Commissioner of Business Oversight

6  
7 By: \_\_\_\_\_  
8 SAMUEL J. PARK  
9 Counsel  
10 Enforcement Division  
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