$\begin{bmatrix} 1 \\ 2 \end{bmatrix}$	MARY ANN SMITH Deputy Commissioner DANIEL P. O'DONNELL		
3	Assistant Chief Counsel WILLIAM HORSEY (State Bar No. 136087) Senior Enforcement Counsel		
4	Department of Business Oversight One Sansome Street, Suite 600		
5	San Francisco, California 94105 Telephone: (415) 972-8547		
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7	Attorneys for Complainant		
8	BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT OF THE STATE OF CALIFORNIA		
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11		CDM 4 NO. 1740110	
12	In the Matter of:) CRMLA NO.: 1749119	
13	THE COMMISSIONER OF BUSINESS OVERSIGHT,) ACCUSATION IN SUPPORT OF ORDER) REVOKING MORTGAGE LOAN) ORIGINATOR LICENSE OF PATRICK B.	
14	Complainant,) MCGEE	
15))	
16	V.))	
17	PATRICK B. MCGEE))	
18	Respondent.))	
19)	
20	Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), alleges and		
21	charges as follows:		
22	I.		
23	JURISDICTION AND VENUE		
24	1. The Commissioner brings this acti	1. The Commissioner brings this action pursuant to California Residential Mortgage	
25	Lending Act (CRMLA) (Fin. Code sections 50140, et seq.) and the rules and regulations enacted		
26	thereunder.		
27	2. This action is brought to revoke the Mortgage Loan Originator license issued to		
28	Respondent Patrick Brian McGee (McGee) pursuant Financial Code sections 50327 and 50513.		

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- 3. The Commissioner is authorized to administer and enforce the provisions of the CRMLA and the regulations promulgated thereunder which include the licensing and regulation of investment advisers in California.
 - 4. Respondent received a Mortgage Loan Originator license on June 27, 2018.

II.

FACTUAL BACKGROUND

- 5. On June 5, 2018, McGee submitted through the Nationwide Multistate Licensing System (NMLS) an individual MU4 Form.
- 6. A review of McGee's MU4 on June 19, 2018 showed that McGee has provided affirmative responses to the Financial Disclosure Questions (A)(1) and (A)(3). Those questions are as follows:

(A)

- (1) Have you filed a personal bankruptcy petition or been the subject of an involuntary bankruptcy petition within the past ten years?
- (3) Have you been the subject of a foreclosure action within the past ten years?
- 7. Regulatory Action Disclosure Question (K)(5) asked:

"Has any State of federal regulatory agency of foreign financial regulatory authority or self-regulatory organization ever:

- (5) revoked your registration or license?
- 8. In response to Question (K)(5), McGee answered "yes," and explained that the Department of Real Estate (DRE) (then named the Bureau of Real Estate) had revoked his salesperson license in 2011. McGee did not state the DRE had denied a subsequent petition for reinstatement of the license. McGee also failed to provide supporting documentation for this disclosure.
- 9. Question (P)(3) asks "Have you ever been named as a respondent/defendant in a financial services-related or consumer-initiated arbitration or civil litigation which (3) was settled for any amount?
- 10. In response to Question (P)(3), McGee answered "Yes," but provided no explanation or documentation for this response.

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- 11. On February 2, 2017, McGee was named as a defendant in a civil lawsuit arising out of the sale or unregistered or exempt securities as well as fraudulent representations that were allegedly made in connection with the sale of those securities. McGee never provide a copy of the complaint in this case nor did he advise that the subject of this complaint alleged fraud against him.
- 12. Question (N) asks "Is there a pending regulatory action proceeding against you for any alleged violation as described in (K) through (L)?"
- 13. Although McGee was aware that he was under investigation by the Department of Business Oversight by December 2017, McGee did not disclose this pending action.
- 14. On July 5, 2018, the Commissioner issued a Desist and Refrain Order against McGee for the following violations: (1) violations of Corporations Code section 25110 for the sale of securities that are not qualified or exempt from qualification, (2) violations of Corporations Code section 25401 for the sale of securities by means of written or oral communications which include untrue statements or omissions of material facts, and (3) violations of Corporations Code section 25403 against any person who provides substantial assistance to another person in the violation of the Corporate Securities Law of 1968.
- 15. On June 19, 2019, a license deficiency was set on the MU4 application requesting supporting documentation for the (K)(5) response, and an explanation and documentation for the (P)(3) response.
- 16. On June 22, 2019, McGee submitted an amended MU4 filing which included an explanation and documentation for the (K)(5) response and for the (P)(3) response.
- 17. On June 20, 2019, McGee submitted an amended MU4 filing and provided additional explanation and documentation for his 2009 bankruptcy.
- 18. A "license item" is a part of an application which is identified as an issue which requires additional information from the applicant for processing before a decision on the application can be processed.

- 19. After review of the amendments described above to the MU4, the license items relating to Questions (K)(5) and (P)(3) were cleared and the license was placed in Approved-Inactive status, pending employment by a sponsoring company.
- 20. On April 12, 2019, McGee filed another MU4 wherein he changed his response to Question (K)(5) to a "No" response, removed the supporting documentation for the previous response and provided an explanatory statement.
- 21. On April 15, 2019, a license item was placed on McGee's record requiring documentation to support the changed response. Also, on April 15, 2019, McGee submitted an amended MU4 with a new employment history related to employment with Obsidian.
- 22. On April 18, 2019, McGee submitted two MU4 filings. The first filing changed the Regulatory Action Disclosure Question (K)(5) to a "Yes," and explained there had been confusion as to the proper answer which caused McGee to make the changed and erroneous response.
- 23. The second MU4 response changed the Disclosure Explanation section by removing the last explanation and changing it to state only: "Real Estate License revoked in 07/2011 because of failure to appear at the hearing.
- 24. At no time during the application process did McGee ever disclose to the Commissioner that the reasons for the revocation of his real estate license which were stated in the order as violations related to making false promises, fraud or dishonest dealings, advanced fee violations related to loan modifications and substantial misrepresentations. The failure to disclose the circumstances of the revocation of the real estate license was false and misleading.
- 25. On April 19, 2019, the license item was removed, and the license was placed in Approved Status.

III.

THE COMMISSIONER HAS AUTHORITY TO REVOKE MCGEE'S THE MLO LICENSE

- 26. Financial Code section 50513 provides, in pertinent part:
- (a) The commissioner may do one or more of the following:

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- (1) Deny, suspend, revoke, condition or decline to renew a mortgage loan originator license for a violation of this division, or any rules or regulations adopted thereunder.
- (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.
- 27. Financial Code section 50141, subdivision (a)(3) provides:
- (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 that the mortgage loan originator will operate honestly, fairly, and efficiently within the purposes of this division.
- 28. Title 10 of the California Code of Regulations, section 1409.1, subdivisions (a) and (c) require a licensee to file timely amendments to his or her application as follows:
 - (a) Each licensed mortgage lender, mortgage broker, mortgage lender and broker, and mortgage loan originator shall, upon any change in the information contained in its license application (other than financial information contained therein) promptly file an amendment to such application setting forth the changed information.

- (c) A mortgage loan originator shall file changed information contained in its Form MU4, and any exhibits thereto, through NMLS in accordance with its procedures for transmission to the Commissioner within twenty (20) days of changes to the information as provided in Section 1422.6 of Subchapter 6 of these rules. Any change that cannot be submitted through NMLS shall be filed directly with the Commissioner. A mortgage loan originator may not renew his or her license under Section 1422.6.3 of Subchapter 6 of these rules until all changes to the information contained in his or her Form MU4 are filed with the Commissioner as provided in this section.
- 29. Title 10 of the California Code of Regulations, section 1950.122.5 subdivision (g) provides:

A residential mortgage lender, mortgage servicer, or residential mortgage lender and servicer shall require every sponsored mortgage loan originator to file an amendment to his or her MU4 through NMLS within (20) days of any change to the information contained in the MU4.

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IV.

MCGEE'S MLO LICENSE SHOULD BE REVOKED FOR FAILING TO TIMELY AMEND HIS MORTGAGE LOAN ORIGINATOR LICENSE

- 30. The Commissioner finds that Respondent failed to timely amend his MU4 after changes to the information by failing to report the issuance of a Desist and Refrain Order against McGee on July 5, 2018. This failure to amend the MU4 in a timely manner constitutes a violation of Title 10 of the California Code of Regulations, section 1950.122.9, subdivision (g) and section 1409.1, subdivisions (a) and (c).
- 31. The Commissioner further finds that Respondent provided false or misleading information with regard to his application by (1) failing to provide information concerning the allegations of the Alameda County civil action to report that this case involved allegations of fraud and (2) failed to report that the revocation of his real estate license was for violations related to the making of false promises, fraud or dishonest dealings, advanced fee violations related to loan modifications and substantial misrepresentations. Respondent falsely represented that the reason for the revocation of the real estate license was merely because he had failed to appear for the hearing.
- 32. The Commissioner further finds that Respondent fails to meet the minimum standards for the issuance of a mortgage loan originator license under Financial Code section 50141, subdivision (a)(3) in that Respondent has failed to demonstrate such character and general fitness to command the confidence of the community to warrant a determination that Respondent will operate honestly, fairly and efficiently within the purposes of the CRMLA.

WHEREFORE, good cause showing, the Commissioner prays for an order, pursuant to

1	Einensiel Code sections 50512 subdivisions (a)(1) and (a) (2) and section 50227 revelving the		
	Financial Code sections 50513, subdivisions (a)(1) and (a) (2), and section 50327, revoking the		
2	Mortgage Loan Originator License of Patrick Brian McGee.		
3	Dated: June 14, 2019		
4	San Francisco, California	MANUEL P. ALVAREZ Commissioner of Business Oversight	
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7		By: WILLIAM HORSEY	
8		Senior Counsel	
9		Enforcement Division	
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