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

11	In the Matter of:)	NMLS NO.: 1667989
12	THE COMMISSIONER OF BUSINESS)	
13	OVERSIGHT,)	ORDER DENYING APPLICATION FOR
14	Complainant,)	MORTGAGE LOAN ORIGINATOR LICENSE
15	v.)	
16	SOCRATES BENSON DELACRUZ)	
17	VILLAR,)	
	Respondent.)	

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19 The Commissioner of Business Oversight (Commissioner) finds:

20 1. On September 7, 2018, Respondent Socrates Benson DelaCruz Villar (Villar)
21 applied to the Commissioner for a mortgage loan originator (MLO) license under the California
22 Residential Mortgage Lending Act (CRMLA) (Fin. Code, § 50000 et seq.). Villar applied by filing a
23 Form MU4 through the Nationwide Mortgage Licensing System and Registry (NMLS).

24 2. As described in more detail below, the Commissioner denies the issuance of an MLO
25 license Villar under Financial Code sections 50141 and 50513 because Villar: (1) was convicted of
26 felonies involving an act of fraud, dishonesty, a breach of trust, or money laundering; (2) withheld
27 information and made material misstatements in his application for a license; and (3) has not
28 demonstrated such financial responsibility, character, and general fitness as to command the

1 confidence of the community and to warrant a determination that he will operate honestly, fairly,
2 and efficiently as an MLO.

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

5 4. In his initial Form MU4 on September 7, 2018, Villar answered “No” to question
6 (F)(1).

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

12 6. In his initial Form MU4 on September 7, 2018, Villar answered “No” to question
13 (H)(1).

14 7. On October 4 and 8, 2018, Villar filed amended Form MU4s but did not change his
15 “No” answers to questions (F)(1) and (H)(1).

16 8. On October 17, 2018, the Commissioner placed license items on Villar’s NMLS
17 account, noting that Villar should have answered yes to questions (F)(1) and (H)(1) and asking him
18 to provide “a detailed explanation of the circumstances” and “upload any applicable legal
19 documentation” in an amended Form MU4. The Commissioner also asked Villar to explain why he
20 did not disclose several criminal convictions that were discovered during a background check.

21 9. On October 22, 2018, Villar filed an amended Form MU4 in which he changed his
22 answers to questions (F)(1) and (H)(1) from “No” to “Yes.” In the event explanation for question
23 (F)(1) concerning felonies, Villar stated that he was charged with committing felonies in two
24 criminal cases in 2001—in one case, with drug possession and burglary “with intent to commit
25 theft,” and in the other case, with grand theft. Villar also disclosed a 2005 felony charge for
26 criminal threats. In the event explanation for question (H)(1) concerning misdemeanors, Villar
27 stated that in 1998 he was convicted of petty theft for shoplifting. He also disclosed a 1999

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1 misdemeanor conviction for a Vehicle Code offense. In neither of the event explanations did Villar
2 explain why he initially failed to disclose the criminal convictions.

3 10. Villar’s October 22, 2018 Form MU4 included an upload of court records related to
4 his criminal convictions. Records obtained from Villar and the Commissioner’s investigation show
5 the following:

6 a. On March 9, 1998, Villar pleaded guilty to misdemeanor petty theft in
7 violation of Penal Code section 484, subdivision (a).

8 b. On November 12, 1999, Villar pleaded guilty to misdemeanor driving
9 without a license in violation of Vehicle Code section 12500, subdivision (a).

10 c. On August 16, 2001, Villar pleaded guilty to felony burglary in violation of
11 Penal Code section 459.

12 d. On July 8, 2002, Villar pleaded no contest to felony grand theft of credit card
13 account information in violation of Penal Code section 484e, subdivision (d).

14 e. On February 16, 2006, Villar pleaded guilty to felony criminal threats in
15 violation of Penal Code section 422.

16 11. On November 16 and 20, 2018, Villar filed amended Form MU4s with minor
17 changes.

18 12. On December 19, 2018, Villar filed an amended Form MU4 in which he revised his
19 explanations for questions (F)(1) and (H)(1). In his amended explanations, Villar stated that he
20 initially answered “No” to questions (F)(1) and (H)(1) because he thought his convictions were
21 expunged based on conversations with the attorney that represented him in the proceedings
22 resulting in the 2006 conviction. However, none of the court records uploaded by Villar on October
23 22, 2018, mentioned expungement.

24 **Felony Convictions**

25 13. The Commissioner “shall deny” an application for an MLO license unless he makes,
26 at a minimum, specified findings, including that the applicant has not been convicted of, or pleaded
27 guilty or no contest to, a felony during the seven-year period preceding the date of the application,

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1 or at any time preceding the date of the application, if such felony involved an act of fraud,
2 dishonesty, a breach of trust, or money laundering. (Fin. Code, § 50141, subd. (a)(3).)

3 14. As described in paragraphs 9 to 10, Villar was convicted in 2001 of felony burglary
4 with intent to commit theft in violation of Penal Code section 459. Villar was also convicted in
5 2002 of felony grand theft of credit card account information in violation of Penal Code section
6 484e, subdivision (d).

7 15. Theft is an act of dishonesty. (*People v. Wheeler* (1992) 4 Cal.4th 284, 297; *People*
8 *v. Mireles* (2018) 21 Cal.App.5th 237, 247.) Thus, Villar’s 2001 felony burglary with intent to
9 commit theft involved an act of dishonesty, as did his 2002 felony grand theft. The 2002 grand theft
10 also involved an act of fraud. (See Pen. Code, § 484e, subd. (d) [“[e]very person who acquires or
11 retains possession of access card account information with respect to an access card validly issued
12 to another person, without the cardholder’s or issuer’s consent, *with the intent to use it fraudulently*,
13 is guilty of grand theft” (emphasis added)].)

14 16. Thus, before the date of his application, Villar was convicted of two felonies
15 involving an act of fraud, dishonesty, a breach of trust, or money laundering. Under Financial Code
16 section 50141, subdivision (a)(3), the Commissioner must deny Villar’s application.

17 **Withheld Information and Material Misstatements**

18 17. The Commissioner may deny an application for an MLO license if the applicant
19 withholds information or makes a material misstatement in the application. (Fin. Code, § 50513,
20 subd. (a)(2).)

21 18. As described in paragraphs 3 to 12, Villar answered “No” to questions (F)(1) and
22 (H)(1) in his initial Form MU4 on September 7, 2018, although he was supposed to answer “Yes”
23 because of his misdemeanor and felony convictions. Villar also failed to change his “No” answers
24 in two subsequent amended Form MU4s on October 4 and 8, 2018.

25 19. Thus, Villar withheld information and made material misstatements in his
26 application for a license. Under Financial Code section 50513, subdivision (a)(2), Villar’s
27 application should be denied.

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

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

7 21. As described in paragraphs 9 to 10, Villar was convicted in 2001 of felony burglary
8 with intent to commit theft and convicted in 2002 of felony grand theft for conduct involving
9 fraudulent and dishonest use of credit cards, which are financial products. Villar was also convicted
10 of various other crimes from 1998 to 2006, including another theft, which is an act of dishonesty.
11 Villar’s extensive criminal history militates against finding that he has demonstrated the character
12 and general fitness required for licensure as an MLO.

13 22. Further, as described in paragraphs 3 to 12, Villar did not disclose any of his
14 numerous criminal convictions in his application until after the Commissioner discovered them and
15 asked Villar about them. Thus, although Villar’s criminal convictions occurred some time ago, his
16 recent failure to disclose the convictions further weighs against finding the requisite character and
17 fitness.

18 23. Thus, Villar has not demonstrated such financial responsibility, character, and
19 general fitness as to command the confidence of the community and to warrant a determination that
20 he will operate honestly, fairly, and efficiently as an MLO. Under Financial Code section 50141,
21 subdivision (a)(3), Villar’s application must be denied.

22 24. For the foregoing reasons, the Commissioner finds that Villar (1) was convicted of
23 felonies involving an act of fraud, dishonesty, a breach of trust, or money laundering before the date
24 of his application for a license; (2) withheld information and made material misstatements in his
25 application for a license; and (3) has not demonstrated such financial responsibility, character, and
26 general fitness as to command the confidence of the community and to warrant a determination that
27 he will operate honestly, fairly, and efficiently as an MLO. Under Financial Code sections 50141,

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1 subdivision (a)(2) and (a)(3), and 50513, subdivision (a)(2), the Commissioner has grounds to deny
2 Villar’s application.

3 25. On July 11, 2019, the Commissioner issued a Notice of Intention to Issue Order
4 Denying Application for Mortgage Loan Originator License, Statement of Issues, and
5 accompanying documents. On July 12, 2019, the documents were served by certified mail at
6 Villar’s latest address on file.

7 26. Villar has not requested a hearing, and the time for doing so has expired.

8 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that Socrates
9 Benson DelaCruz Villar’s application for a mortgage loan originator license is denied. This Order is
10 effective immediately.

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12 Dated: August 5, 2019
13 Los Angeles, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

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15 By: _____
16 MARY ANN SMITH
17 Deputy Commissioner
18 Enforcement Division
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