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7 Attorneys for Complainant

11 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
12 OF THE STATE OF CALIFORNIA

14	In the Matter of:	)	NMLS ID.: 1235844
15	THE COMMISSIONER OF BUSINESS	)	STATEMENT OF ISSUES IN SUPPORT OF
16	OVERSIGHT,	)	NOTICE OF INTENTION TO ISSUE ORDER
17	Complainant,	)	DENYING MORTGAGE LOAN
18	v.	)	ORIGINATOR APPLICATION
19	SHEILA BENNETT,	)	(Financial Code section 22109.1)
20	Respondent.	)	

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

23 **I.**

24 **Introduction**

25 The Commissioner seeks to deny the issuance of a mortgage loan originator (MLO) license  
26 to Sheila Bennett (Bennett) pursuant to Financial Code section 22109.1 because Bennett fails to  
27 meet the minimum threshold requirement that she demonstrates such financial responsibility,  
28 character, and general fitness as to command the confidence of the community and to warrant a

1 determination that the mortgage loan originator will operate honestly, fairly, and efficiently.

2 Specifically, Bennett’s application for an MLO should be denied because: (1) Bennett was  
3 the subject of a regulatory action by the California Department of Real Estate (DRE) for causing a  
4 trust fund shortage, failing to maintain accurate written control records of trust funds, and failing to  
5 perform accurate monthly reconciliations of the trust account while acting under her real estate  
6 broker license, which resulted in the revocation of her real estate broker license; and (2) filed a  
7 voluntary petition for Chapter 7 bankruptcy within the past 10 years.

8 **II.**

9 **Statement of Facts**

10 **A. The Application**

11 1. On or about February 25, 2019, Bennett filed an application for an MLO license with  
12 the Commissioner pursuant to Financial Code section 22105.1. The application was for approval  
13 of employment as a mortgage loan originator with, or working on behalf of, Summit Funding  
14 Inc., located at 2241 Harvard Street, Suites 200 and 300, Sacramento, California 95815 working  
15 out of its branch location located at 9250 Laguna Springs Blvd., Suite 101, Elk Grove, California  
16 95758. The application was submitted to the Commissioner by filing Form MU4 through the  
17 Nationwide Mortgage Licensing System and Registry (NMLS<sup>1</sup>).

18 2. In submitting her application, under the heading “Regulatory Action” Bennett answered  
19 “yes” to questions (K) (2)-(5), (9) on Form MU4, which specifically ask:

20 (K) Has any State or federal regulatory agency or foreign financial  
21 regulatory authority or self-regulatory organization (SRO) ever:

22 ...

23 (2) found you to have been involved in a violation of a financial  
24 services-related business regulation(s) or statute(s)?

25 (3) found you to have been a cause of a financial services-related  
26 business having its authorization to do business denied,

27 <sup>1</sup> The Nationwide Multistate Licensing System and Registry (NMLS) and is the system of record for non-depository,  
28 financial services licensing or registration in participating agencies, including the District of Columbia and U.S.  
Territories of Puerto Rico, the U.S. Virgin Islands, and Guam. In these jurisdictions, NMLS is the official system for  
companies and individuals seeking to apply for, amend, renew and surrender licenses authorities managed through  
NMLS.

1 suspended, revoked or restricted?

2 (4) entered an order against you in connection with a financial  
3 services-related activity?

4 (5) revoked your registration or license?

5 (9) entered an order concerning you in connection with any license  
6 or registration?

7 3. Form MU4 at Regulatory Action Question (M) asks: “Based upon activities that occurred  
8 while you exercised control over an organization, has any State or federal regulatory agency or  
9 foreign financial regulatory authority or self-regulatory organization (SRO) ever taken any of the  
10 actions listed in (K) through (L) above against any organization?” Bennet answered “yes.”

11 4. Bennett also answered “yes” to Financial Disclosure Question (A)(1) on the Form MU4,  
12 which asks: Have you filed a personal bankruptcy petition or been the subject of an involuntary  
13 bankruptcy petition within the past 10 years?”

14 5. Bennett provided copies of her bankruptcy discharge order and supporting documentation  
15 in case number H-6513SAC by the DRE revoking Bennett’s real estate broker license.

16 6. In submitting her application, Bennett attested that the answers were true and complete to  
17 the best of her knowledge.

18 **B. DRE Regulatory Action**

19 7. Documentation obtained by the Commissioner during the application process revealed  
20 that the DRE entered a Stipulation and Agreement and Decision After Rejection (Decision) against  
21 Bennett on November 28, 2018, in case number H-6513-SAC, revoking Bennett’s real estate broker  
22 license and licensing rights for multiple violations of the Real Estate Law (Bus. & Prof. Code,  
23 §10000 et seq.).

24 8. The DRE Decision adopted in full the Findings of Fact and Legal Conclusions in a  
25 Proposed Decision by an Administrative Law Judge (ALJ) dated July 31, 2018. Specifically, the  
26 ALJ Proposed Decision found:

27 7. As set forth in Factual Finding 11 through 18, complainant [DRE]  
28 established by clear and convincing evidence that as of the audit  
period, respondent [Bennett] caused a trust fund shortage totaling  
\$44,295.57, without obtaining prior written consent from the owners.

1 Therefore, respondent’s broker license is subject to discipline due to  
2 her violations of Business and Professions Code section 10145, in  
3 conjunction with section 10177, subdivisions (d) and (g), and  
4 California Code of Regulations, title 10, section 2832.1.

5 8. As forth in Factual Finding 19 and 20, complainant established by  
6 clear and convincing evidence that respondent failed to maintain  
7 accurate written control records of all trust funds received and  
8 disbursed from the Trust Account. Therefore, respondent’s broker  
9 license is subject to discipline due to her violations of Business and  
10 Professions Code section 10145, in conjunction with section 10177,  
11 subdivision (d) and (g), and California Code of Regulations, title 10,  
12 section 2831.

13 9. As set forth in Factual Fining 21, complainant established by clear  
14 and convincing evidence that respondent failed to perform accurate  
15 monthly reconciliations of the Trust Account. Therefore, respondent’s  
16 broker license is subject to discipline due to her violations of Business  
17 and Professions Code section 10145, in conjunction with section  
18 10177, subdivision (d) and (g), and California Code of Regulations,  
19 title 10, section 2831.2.

20 9. The DRE rejected the ALJ’s proposed order to discipline Bennett by issuing a restricted  
21 broker license. Instead, the DRE revoked Bennett’s real estate *broker* license and licensing rights  
22 and issued her a restricted real estate *salesperson* license subject to many limitations, conditions and  
23 restrictions pursuant to the provisions of the Business and Professions Code. Further, the DRE  
24 Decision ordered as follows:

25 Respondent shall not be eligible to apply for the issuance of an  
26 unrestricted real estate license nor remove any of the limitations,  
27 conditions, or restrictions of a restricted license until four (4) years  
28 have elapsed from the date of the issuance of the restricted license to  
Respondent. Respondent shall not be eligible to apply for any  
unrestricted license until all restrictions attaching to the licenses have  
been removed.”

10. Bennett stipulated to the Findings of Facts and the discipline ordered in the DRE  
Decision.

**C. Personal Bankruptcy**

11. Bennett stated in the Form MU4 that she filed Chapter 7 Bankruptcy in 2013 and was  
discharged in May of 2013. In providing details about the bankruptcy, Bennett stated that she filed  
for bankruptcy because she lost her job, went through marriage separation and was unable to pay her  
bills.

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**III.**

**The Law**

12. Section 22109.1 of the California Financing Law (Fin. Code §22000 et seq.) (CFL) provides in relevant part:

(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.

(Fin. Code §22019.1)

**IV.**

**Character of the Applicant**

13. Bennett’s financial history and conduct while licensed as a real estate broker fails to demonstrate financial responsibility, and the requisite character and general fitness to command the confidence of the community and to warrant a determination that she will operate honesty, fairly and efficiently within the purposes of the CFL. Bennett mistreated property owners’ funds when she caused a trust account shortage of \$44,295.57, failed to maintain accurate written control records and failed to accurately reconcile the trust account. Bennett also filed a voluntary petition for bankruptcy. As such, Bennett’s MLO application must be denied.

**VI.**

**Conclusion**

The Commissioner finds, by reason of the foregoing, that Bennett was involved in a financial services-related conduct, where property owners’ funds were mistreated. Further, within the past 10 years, Bennett has filed for Chapter 7 bankruptcy. Bennett’s regulatory action and financial history show that she does not have the financial responsibility, character, and general fitness as to command the confidence of the community and the Commissioner cannot determine that Bennett will be able to operate honestly, fairly, and efficiently as a mortgage loan originator.

THEREFORE, Financial Code section 22109.1 mandates that the Commissioner not issue a

1 mortgage loan originator license to Bennett.

2 WHEREFORE IT IS PRAYED that the mortgage loan originator application filed by Bennett  
3 be denied.

4 Dated: September 20, 2019

5 MANUEL P. ALVAREZ  
Commissioner of Business Oversight

6  
7 By \_\_\_\_\_  
8 BORYANA ARSOVA  
9 Counsel  
10 Enforcement Division  
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