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9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of: NMLS NO.: 1827057
13 THE COMMISSIONER OF BUSINESS OVERSIGHT, STATEMENT OF ISSUES
14 OVERSIGHT,
15 Complainant,
16 v.
17 JOHN ALAN ROUTH,
18 Respondent.
19

20 The Commissioner of Business Oversight (Commissioner) is informed and believes, and based
21 upon such information and belief, alleges and charges John Alan Routh (Routh) as follows:

22 **I.**
23 **Jurisdiction**

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

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1 10. In July of 2008, after hearing and considering the evidence and arguments, the court
2 found for the plaintiff and ordered Routh to pay \$75,000.00 in restitution and \$10,000.00 in damages.

3 11. On or about April 9, 2010, Chicago Title Insurance Company filed a civil lawsuit
4 against Routh and other defendants (*Chicago Title v. Routh et al.*) alleging that Routh and his co-
5 defendants conspired in a fraudulent scheme that resulted in the loan recording against the same
6 property as in the *Grace Clark v. Routh et al.* matter, and were also the recipients of the proceeds
7 from said loan transaction.

8 12. Chicago Title Insurance Company further alleged that Routh and his co-defendants
9 made false representations to execute the loan and deed.

10 13. In April of 2011, a default judgment was entered in the *Chicago Title v. Routh et al.*
11 matter against Routh in the amount of \$40,460.51.

12 14. On or about January 21, 2009, Chase Bank USA, N.A. filed a lawsuit against Routh
13 for failing to pay his credit account. A default judgment in the amount of \$8,073.77 was entered
14 against Routh on or about May 19, 2009.

15 15. On or about March 11, 2009, Citibank (South Dakota) N.A. filed a lawsuit against
16 Routh for failing to pay his credit account. A judgment in the amount of \$8,837.98 was entered
17 against Routh on or about October 7, 2009.

18 16. On or about May 11, 2009, Citibank (South Dakota) N.A. filed another lawsuit against
19 Routh for failing to pay a loan. A default judgment in the amount of \$3,404.25 was entered against
20 Routh on or about March 5, 2010.

21 17. On or about March 17, 2011, Routh filed a Chapter 7 bankruptcy petition to discharge
22 his debts including the above judgments. The discharge petition was granted on or about August 2,
23 2011. Routh had previously filed for bankruptcy in 1998.

24 18. Question K(6) of the Application asks whether any state or federal regulatory agency
25 ever “denied or suspended your registration or license or application for licensure, disciplined you, or
26 otherwise by order, prevented you from associating with a financial services-related business or
27 restricted your activities.” Routh answered “Yes” to this question.

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1 19. In or about March 2009, the California Department of Real Estate (DRE) suspended
2 Routh’s salesperson license. Routh’s DRE license expired while he was on suspended status.

3 20. On or about July 12, 2004, the DRE filed an Accusation seeking to discipline Routh
4 for failing to disclose in his renewal DRE license applications misdemeanor convictions for driving
5 under the influence of alcohol/drugs (DUI) and hit and run.

6 21. Routh had been licensed as a salesperson with the DRE since February 1990. Since his
7 licensure in 1990, Routh had filed 3 renewal applications of his real estate salesperson license, in
8 1994, 1998 and 2002.

9 22. Routh failed to disclose in his renewal applications that he pled guilty to a
10 misdemeanor DUI in April 1998, and a misdemeanor DUI and hit and run in October 2001.

11 23. Routh challenged the DRE Accusation and the matter was set for a hearing.

12 24. After receiving oral and documentary evidence and hearing Routh’s and DRE’s
13 arguments, the Office of Administrative Hearings issued a decision restricting Routh’s DRE license.
14 The decision became effective on February 23, 2005.

15 25. Routh’s DRE license was suspended in connection with a recovery claim made against
16 him. Routh’s DRE license was already restricted at the time of the suspension. Routh’s DRE license
17 has been expired since March 20, 2009 while on suspended status.

18 26. When submitting the form MU4, applicants use an electronic signature to attest, under
19 penalty of perjury, that the information contained in an application is current and complete. Routh’s
20 MLO license Application reads, in part:

21 I John Alan Routh (1827057) . . . swear (or affirm) that I executed this
22 application on my own behalf, and agree to and represent the
23 following:

24 . . .
25 That the information and statements contained herein, including
26 exhibits attached hereto, and other information filed herewith, all of
27 which are made a part of this application, are current . . . and complete
28 and are made under the penalty of perjury, or un-sworn falsification to
authorities, or similar provisions as provided by law;

To keep the information contained in this form current and to file
accurate supplementary information on a timely basis;

1 33. Further, as described in paragraphs 14 to 17, Chase Bank USA, N.A. and Citibank
2 (South Dakota) N.A. filed lawsuits and secured judgements against Routh for failing to pay his credit
3 card debts and a loan. These lawsuits resulted in judgments against Routh in the total amount of
4 \$20,316.00. Routh again did not pay these judgments. Instead, Routh filed for bankruptcy and the
5 judgements were discharged in August 2011.

6 34. Also, as described in paragraphs 18 to 25, Routh’s DRE license was restricted for
7 failing to disclose his criminal misdemeanor convictions in the DRE renewal applications. In 2009,
8 the DRE suspended Routh’s license in connection with a recovery claim made against him while he
9 had a restricted DRE license. Routh’s DRE license has since been expired.

10 35. California Code of Regulations, title 10, section 1950.122.9 requires MLO applicants
11 that disclose information changes to file an amendment, including any explanation and exhibits, with
12 the Department through NMLS within 20 days.

13 36. Finally, as described in paragraphs 26 to 30, Routh failed to timely upload the
14 documents relating to the lawsuits, DRE suspension action and bankruptcy, and uploaded the
15 documents only after the Department prompted him to do so.

16 37. Routh also admits that a state or federal agency or regulatory agency found him to
17 have made a false statement or omission or have been dishonest, unfair or unethical.

18 38. The civil lawsuit judgements against Routh coupled with his failure to pay those
19 judgments and debts; Routh’s suspended DRE license; and failure to timely submit the required
20 documents cast doubt on Routh’s financial responsibility, character and general fitness to command
21 the confidence of the community that he would operate honestly and fairly as a mortgage loan
22 originator, as described in Financial Code section 50141, subdivision (a)(3).

23 IV.

24 Commissioner’s Authority to Deny Application

25 39. Financial Code section 50141 provide in relevant part:

26 (a) The commissioner shall deny an application for a mortgage loan
27 originator license unless the commissioner makes, at a minimum, the
28 following findings:

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(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.

V.
Prayer

The Commissioner finds, by reason of the foregoing, the multiple civil lawsuits, two of which were for fraud, racketeering, breach of fiduciary duty and misrepresentation; failure to pay the debts and judgments; the DRE license suspension; and failure to timely provide the required documents show that Routh lacks the financial responsibility, character and general fitness to command the confidence of the community and the Commissioner cannot determine that Routh will be able to operate honestly, fairly, and efficiently within the purposes of the CRMLA. Routh admits that a state or federal regulatory agency or regulatory authority found him to have made a false statement or omission or have been dishonest, unfair or unethical.

Financial Code section 50141 mandates that the Commissioner shall deny the application for a mortgage loan originator license of John Alan Routh.

WHEREFORE IT IS PRAYED, by reason by the foregoing, pursuant to Financial Code section 50141, that John Alan Routh’s application for a mortgage loan originator license be denied.

Dated: September 11, 2019
San Diego, California

Manuel P. Alvarez
Commissioner of Business Oversight

By _____
Afsaneh Eghbaldari
Counsel
Enforcement Division