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

11 In the Matter of:) CRMLA NO.: 1749119
12)
13 THE COMMISSIONER OF BUSINESS) ORDER REVOKING MORTGAGE LOAN
OVERSIGHT,) ORIGINATOR LICENSE OF PATRICK B.
14) MCGEE
Complainant,)
15)
16 v.)
17)
PATRICK B. MCGEE)
18)
Respondent.)
19)

20 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), finds that:

21 I.

22 **Jurisdiction and Venue**

23 1. Pursuant to the California Residential Mortgage Lending Act (CRMLA) (Fin. Code
24 sections 50140, et seq.) and the rules and regulations enacted thereunder, the Commissioner brought
25 this action to revoke the Mortgage Loan Originator license issued on June 27, 2018 to Respondent
26 Patrick Brian McGee (McGee) pursuant Financial Code sections 50327 and 50513.
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1 litigation which (3) was settled for any amount?” McGee answered “Yes,” but provided no
2 explanation or documentation for this response.

3 10. In fact, McGee was named as a defendant in a February 2, 2017 civil lawsuit arising
4 out of the sale or unregistered or exempt securities, as well as fraudulent representations that were
5 allegedly made in connection with the sale of those securities. McGee never provided a copy of this
6 complaint to the Commissioner, nor did he advise the Commissioner that the subject of this
7 complaint alleged McGee committed fraud against him.

8 11. Form MU4 Question (N) asks “Is there a pending regulatory action proceeding against
9 you for any alleged violation [as described above]?”

10 12. McGee answered “no” to this question, even though was aware that he was under
11 investigation by the Department of Business Oversight in December 2017.

12 13. On July 5, 2018, the Commissioner issued a Desist and Refrain Order against McGee
13 for the following violations: (1) violations of Corporations Code section 25110 for the sale of
14 securities that are not qualified or exempt from qualification, (2) violations of Corporations Code
15 section 25401 for the sale of securities by means of written or oral communications which include
16 untrue statements or omissions of material facts, and (3) violations of Corporations Code section
17 25403 against any person who provides substantial assistance to another person in the violation of
18 the Corporate Securities Law of 1968.

19 20 14. On June 19, 2019, the Commissioner set license items² to address the deficiencies in
21 McGee’s MU4 application, requesting supporting documentation for the (K)(5) response, and an
22 explanation and documentation for the (P)(3) response.

23 15. On June 20, 2019, McGee submitted an amended MU4 filing and provided additional
24 explanation and documentation for his 2009 bankruptcy.

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28 ² A “license item” is a request from the Department on the NMLS website to a licensee or applicant to respond to a question or take an action. The NMLS website automatically generates an email to the licensee or applicant directing the person to check the NMLS website for the license item.

1 16. On June 22, 2019, McGee submitted an amended MU4 filing which included an
2 explanation and documentation for the (K)(5) response and for the (P)(3) response.

3 17. After review of the amendments described above to the MU4, the license items
4 relating to Questions (K)(5) and (P)(3) were cleared and the license was placed on “Approved-
5 Inactive” status, pending employment by a sponsoring company.

6 18. On April 12, 2019, McGee filed another MU4 through NMLS wherein he changed
7 his response to Question (K)(5) to “No”, removed the supporting documentation for the previous
8 response, and provided a new explanatory statement.

9 19. On April 15, 2019, the Commissioner set another license item on McGee’s record
10 requiring documentation to support the changed response.

11 20. Also, on April 15, 2019, McGee submitted an amended MU4 with new employment
12 history.

13 20. On April 18, 2019, McGee submitted two new Form MU4 filings. In the first filing,
14 McGee changed his response to the Regulatory Action Disclosure Question (K)(5) to “Yes,”
15 explaining he had been confused about the proper answer, prompting him to change his previous
16 erroneous response.

17 21. In the second Form MU4 filing, McGee changed the Disclosure Explanation section
18 by removing some of his previous explanation and changing it to merely state: “Real Estate License
19 revoked in 07/2011 because of failure to appear at the hearing.”

20 22. On April 19, 2019, the Commissioner removed the license item was removed, and
21 placed the license on “Approved” Status.

22 23. At no time during the application process did McGee ever disclose to the
23 Commissioner that the reason for the revocation of his real estate license - as stated in the
24 Revocation Order - was because of his making false promises, fraud or dishonest dealings, advanced
25 fee violations related to loan modifications, and substantial misrepresentations. McGee’s failure to
26 disclose the true circumstances of his real estate license revocation was false and misleading.
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III.

The Commissioner Has Authority to Revoke McGee’s MLO License

24. Financial Code section 50513 provides, in pertinent part:

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

- (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.

25. 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 finding: ...

- (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.

26. 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.

27. Title 10 of the California Code of Regulations, section 1950.122.5 subdivision (g)

provides:

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

4 **IV.**

5 **McGee’s Failure to Timely Amend His MLO License Application Constitutes Grounds**
6 **for Revocation**

7 28. The Commissioner finds that McGee failed to timely amend his MU4 to report that
8 the Commissioner had issued of a Desist and Refrain Order against him on July 5, 2018. This failure
9 to amend the MU4 in a timely manner constitutes a violation of Title 10 of the California Code of
10 Regulations, section 1950.122.9, subdivision (g) and section 1409.1, subdivisions (a) and (c).

11 29. The Commissioner further finds that Respondent provided false or misleading
12 information with regard to his application by (1) failing to provide information concerning the
13 allegations of the Alameda County civil action to report that this case involved allegations of fraud,
14 (2) failing to report that the revocation of his real estate license was for violations related to the
15 making of false promises, fraud or dishonest dealings, advanced fee violations related to loan
16 modifications and substantial misrepresentations, and (3) falsely representing that the reason for the
17 revocation of the real estate license was merely because he had failed to appear for the hearing.

18 30. The Commissioner further finds that Respondent fails to meet the minimum standards
19 for the issuance of a mortgage loan originator license under Financial Code section 50141,
20 subdivision (a)(3) in that Respondent has failed to demonstrate such character and general fitness to
21 command the confidence of the community to warrant a determination that Respondent will operate
22 honestly, fairly and efficiently within the purposes of the CRMLA.

23 31. On June 14, 2019, the Commissioner issued a Notice of Intention to Revoke the
24 Mortgage Loan Originator License of Patrick B. McGee pursuant to Financial Code Sections 50327
25 and 50513; Accusation in Support of Order Revoking Mortgage Loan Originator License of Patrick
26 B. McGee, Statement to Respondent, and the accompanying documents based on the above findings.

27 32. On October 7, 2019, attorney Matthew Corsaut indicated that he represented
28 Respondent and acknowledged he was authorized to accept the service of the Notice of Intention to

1 Revoke the Mortgage Loan Originator License of Patrick B. McGee pursuant to Financial Code
2 Sections 50327 and 50513; Accusation in Support of Order Revoking Mortgage Loan Originator
3 License of Patrick B. McGee, Statement to Respondent.

4 33. On October 8, 2019, McGee’s attorney advised the Commissioner that his client
5 would not contest the Order to revoke the MLO license.

6 NOW GOOD CAUSE APPEARING THEREFORE, it is hereby ordered that the mortgage
7 loan originator license issued to Patrick B. McGee is revoked. This order is effective as of the date
8 thereof.

9 Dated: November 25, 2019
10 San Francisco, CA

MANUEL P. ALVAREZ
Commissioner of Business Oversight

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12 By _____
13 MARY ANN SMITH
14 Deputy Commissioner
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