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

11 In the Matter of:)	CRMLA LICENSE NO.: 413-1276
12 THE COMMISSIONER OF BUSINESS)	
13 OVERSIGHT,)	
14 Complainant,)	CONSENT ORDER
15 v.)	
16 LEADERONE FINANCIAL)	
17 CORPORATION,)	
18 Respondent.)	

19 This Consent Order is entered into between the Commissioner of Business Oversight
20 (Commissioner) and LeaderOne Financial Corporation (LeaderOne) (collectively the Parties) and is
21 made with respect to the following facts:

22 **I.**

23 **Recitals**

24 A. The Department of Business Oversight, through the Commissioner, is authorized to
25 administer and enforce the provisions of the California Residential Mortgage Lending Act (Fin.
26 Code, § 50000 et seq.) (CRMLA) and the rules issued under title 10 of the California Code of
27 Regulations (CCR) that regulate the business and activities of residential mortgage lenders.

28 B. LeaderOne is a residential mortgage lender and mortgage loan servicer licensed by

1 the Commissioner under the CRMLA. LeaderOne employs mortgage loan originators.

2 C. On or around March 19, 2018, the Commissioner, by and through staff, commenced
3 a regulatory examination of LeaderOne’s books and records under the CRMLA (2018 exam).

4 Based on the findings of the 2018 exam, the Commissioner maintains that LeaderOne commingled
5 trust funds with operating funds in violation of Financial Code section 50202, subdivision (a), and
6 failed to properly reconcile its trust accounts in violation of California Code of Regulations, title 10,
7 section 1950.314.1.

8 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
9 forth herein, the Parties agree as follows:

10 **II.**

11 **Terms and Conditions**

12 1. Purpose. This Consent Order resolves the issues before the Commissioner [findings
13 set forth in paragraph C above] in a manner that avoids the expense of a hearing and other possible
14 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes,
15 policies, and provisions of the applicable law.

16 2. Final Order to Discontinue Violations. LeaderOne hereby agrees that in accordance
17 with Financial Code section 50321, it will immediately discontinue the violations set forth herein.
18 LeaderOne agrees that the Order to Discontinue Violations is hereby deemed a final order.

19 3. Penalties. LeaderOne shall pay a penalty of \$12,500.00 for the violations discussed
20 herein. The Commissioner acknowledges receipt of payment of the penalty from LeaderOne
21 contemporaneous with the execution of this Consent Order.

22 4. Policies and Procedures. LeaderOne maintains that it has implemented policies and
23 procedures to correct and prevent the violations set forth in this Consent Order.

24 5. Waiver of Hearing Rights. LeaderOne acknowledges the Commissioner is ready,
25 willing, and able to proceed with the filing of an administrative enforcement action on the charges
26 contained in this Consent Order. LeaderOne hereby waives the right to any hearings, and to any
27 reconsideration, appeal, or other right to review which may be afforded pursuant to the CRMLA, the
28 California Administrative Procedure Act, the California Code of Civil Procedure, or any other

1 provision of law. LeaderOne further expressly waives any requirement for the filing of an
2 Accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such
3 rights, LeaderOne effectively consents to this Consent Order and Order to Discontinue Violations
4 becoming final.

5 6. Full and Final Settlement. The Parties hereby acknowledge and agree that this
6 Consent Order is intended to constitute a full, final, and complete resolution of the violations
7 described herein and that no further proceedings or actions will be brought by the Commissioner in
8 connection with these matters under the CRMLA or any other provision of law, excepting
9 therefrom any proceeding to enforce compliance with the terms of this Consent Order.

10 7. Failure to Comply with Consent Order. LeaderOne agrees that if it fails to comply
11 with the terms of this Consent Order, the Commissioner may, in addition to all other available
12 remedies it may invoke under the CRMLA, summarily suspend/revoke the CRMLA licenses of
13 LeaderOne until LeaderOne is in compliance. LeaderOne waives any notice and hearing rights to
14 contest such summary suspensions which may be afforded under the CRMLA, the California
15 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law
16 in connection therewith.

17 8. Information Willfully Withheld or Misrepresented. This Consent Order may be
18 revoked, and the Commissioner may pursue any and all remedies available under law against
19 LeaderOne if the Commissioner discovers that LeaderOne knowingly or willfully withheld
20 information used for and relied upon in this Consent Order.

21 9. Future Actions by Commissioner. If LeaderOne fails to comply with any terms of the
22 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
23 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
24 against LeaderOne, or any of its partners, owners, officers, shareholders, directors, employees or
25 successors for any and all unknown violations of the CRMLA.

26 10. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner’s
27 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
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1 administrative, civil or criminal brought by that agency against LeaderOne or any other person
2 based upon any of the activities alleged in this matter or otherwise.

3 11. Headings. The headings to the paragraphs of this Consent Order are inserted for
4 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
5 the provisions hereof.

6 12. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
7 interest.

8 13. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
9 Consent Order it has relied solely on the statements set forth herein and the advice of its own
10 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent
11 Order it has placed no reliance on any statement, representation, or promise of any other party, or
12 any other person or entity not expressly set forth herein, or upon the failure of any party or any
13 other person or entity to make any statement, representation or disclosure of anything whatsoever.
14 The Parties have included this clause: (1) to preclude any claim that any party was in any way
15 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
16 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

17 14. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
18 of this Consent Order will be valid or binding unless it is in writing and signed by each of the
19 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any
20 other provision. No waiver by either party of any breach of, or of compliance with, any condition
21 or provision of this Consent Order by the other party will be considered a waiver of any other
22 condition or provision or of the same condition or provision at another time.

23 15. Full Integration. This Consent Order is the final written expression and the complete
24 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
25 between the Parties with respect to the subject matter hereof, and supersedes all prior or
26 contemporaneous agreements, negotiations, representations, understandings, and discussions
27 between and among the Parties, their respective representatives, and any other person or entity with
28 respect to the subject matter covered hereby.

1 16. Governing Law. This Consent Order will be governed by and construed in
2 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,
3 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
4 forum to the maintenance of such action or proceeding in such court.

5 17. Counterparts. This Consent Order may be executed in one or more separate
6 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
7 together constitute a single document.

8 18. Effect Upon Future Proceedings. If LeaderOne applies for any license, permit, or
9 qualification under the Commissioner’s current or future jurisdiction, or is the subject of any future
10 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
11 admitted for the purpose of such application(s) or enforcement proceeding(s).

12 19. Notice. Any notice required under this Consent Order shall be provided to each
13 party at the following addresses:

14 To LeaderOne: LeaderOne Financial Corporation
15 Shelly Hill, Chief Compliance Officer
16 7500 College Blvd., Suite 1150
17 Overland Park, Kansas 66210
18 shellyhill@leader1.com

19 To the Commissioner: Danielle A. Stoumbos, Senior Counsel
20 Department of Business Oversight
21 320 West 4th Street Suite 750
22 Los Angeles, California 90013
23 Danielle.Stoumbos@dbo.ca.gov

24 20. Signatures. A fax or electronic mail signature shall be deemed the same as an
25 original signature.

26 21. Public Record. LeaderOne hereby acknowledges that this Consent Order is and will
27 be a matter of public record.

28 22. Effective Date. This Consent Order shall become final and effective when signed by
all Parties and delivered by the Commissioner’s agent via e-mail to LeaderOne’s Chief Compliance
Officer, Shelly Hill at shellyhill@leader1.com.

1 23. Authority to Sign. Each signatory hereto covenants that he/she possesses all
2 necessary capacity and authority to sign and enter into this Consent Order and undertake the
3 obligations set forth herein.

4 Dated: 2/21/20

MANUEL P. ALVAREZ
Commissioner of Business Oversight

6 By: _____
7 MARY ANN SMITH
8 Deputy Commissioner

9 Dated: 2/19/20

LEADERONE FINANCIAL CORPORATION

11 By: _____
12 SHELLY HILL
13 EVP, Compliance